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**USAID/HONDURAS**  
**SEMI-ANNUAL REPORTS**

(For the period April 1, 1993 to September 30, 1993)

December 1993

# **SEMI-ANNUAL REPORT**

**APRIL 1, 1993 – SEPTEMBER 30, 1993**

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**I. MISSION DIRECTOR'S NARRATIVE**

## **MISSION DIRECTOR'S NARRATIVE**

### **Changing Realities**

In the last six months drastically reduced budget levels, evolving new U.S. foreign assistance policies and priorities, organizational changes within USAID, and a change of administration in Honduras have substantially changed both the parameters and context within which the USAID/Honduras program will operate. Our SAR review process this semester was shaped by those changes.

Our Development Assistance levels have declined steeply from \$35.2 million in FY 1992 to a projected \$18.4 million for 1994. Our ESF program, which the Mission has had since FY 1982 will be zeroed out as of FY 1995, from highs of \$131 and \$130 million in FY 1987 and FY 1990, respectively. PL-480 Title III levels have been at \$14.0 million since FY 1991 and may no longer be available after FY 1994.

Dwindling OE resources and FTE allocations have also taken a toll on personnel. Our USDH staff are being reduced from 31 in FY 1993 to 20 by the end of FY 1994. Substantial staffing reductions are also taking place among FSN and USPSC staff. We expect further reductions in FY 1995.

In general, the Mission's objectives and program established in the last Action Plan closely coincide with the new areas of emphasis and most policy directions set forth for USAID by Administrator Atwood. The Honduras program emphasizes economic growth, environment, health and population, and democracy; deals with both sectoral policy reform and strengthens grass roots, community based, participatory organizations; draws heavily on NGOs to help achieve objectives; supports programs aimed at strengthening small and microenterprises; and is relatively well coordinated with assistance from other donors, particularly the IFIs. At most, fine tuning at the margins rather than a major overhaul is needed to make the program fully consistent with new directions.

Honduran Presidential elections were held on November 28th and Dr. Carlos Reina of the Liberal opposition party won by a surprising majority. The new government's principal concerns are in the areas of rooting out government corruption, reforming the justice system, giving a more human face to structural adjustment, and consolidating the democratic system. These are themes of utmost importance to our program as well and we see tremendous potential for progress in these areas. Given the opportunities the change presents, we would like to be as responsive as possible to the new government, within the constraints of our severe budget limitations.

### **The Mission's Response**

Given the funding and staff cuts and changes in both USAID and host government policies, the Mission has taken a hard look at its current portfolio and strategies. This process will continue

through preparation of the 1995/1996 Action Plan.

The Mission will be eliminating the private sector objective – Increased Private Investment and Trade – in 1995. We will be adding no more resources to most activities currently under this objective and will be phasing them out in FY 1995 or before. Of the nine activities under this objective, six will be phased out during FY 1994 and FY 1995. Two activities, the Financial Sector Component of the Policy Analysis and Implementation Project and the Export Development Services project (also under the Agriculture Objective) will receive no further funding and will remain considerably below their authorized LOP.<sup>1</sup>

The Mission does plan to retain three projects in the private sector portfolio. The highly successful Privatization of State-owned Enterprises, which has already privatized 42 enterprises and is well underway towards privatizing the big public utilities, will be retained at least through FY 1995. The same will be true of the Public Sector Component of the Policy Analysis and Implementation Project which is supporting a policy analysis unit responding to the analytic needs of the GOH's economic cabinet. Small Business II, which provides loans and training to micro and small businesses will continue through FY 1998. These remaining activities will be brought under a reformulated objective, which combines the agriculture and private sector objectives under a sustainable economic growth rubric.

We have chosen to close out many projects early or without being fully funded. The Irrigation Development project, a \$22.5 million dollar project, was closed at \$19.09 million. The Rural Roads project has just been reduced from \$15.0 million to \$10.681 and its life of project decreased by almost three years. The Shelter project, which might have been extended in other circumstances since it accompanies a Housing Guarantee, has been terminated at the original PACD. The HG will continue its course and will support our objectives in the area of municipal development. Two other projects, Strategic Planning and Technical Support (SPATS) and the Central American Survivor's Assistance (CASA) have terminated or are in the process of being terminated.

Other projects will be scaled back considerably, such as the successful Land Use Productivity Enhancement (LUPE) project which will be reduced from \$36.0 million to \$18.0 million. All of the above changes not only accommodate the program to staffing and budget realities, but also makes it more consistent with USAID strategic objectives and with new USAID policies and strategies.

Even in this situation of sharp cutbacks in objectives, projects and personnel, the Mission is still anxious to take advantage of the opportunity presented by a new Honduran government to address some difficult institutional reform and policy issues associated with our program. The

<sup>1</sup> The financial sector component of PAIP will be reduced from \$6.0 million to approximately \$2.4. The Export Development Services project, which includes assistance to FIDE and FPX, will receive no further obligations beyond the current \$23.2 million, although it was authorized at \$28.2 million.

various projects which have been rated **C** in this Semi-Annual Review<sup>2</sup> have been assigned this rating not necessarily because they are not performing well, but rather because they involve stubborn institutional and policy issues which will require substantial front office attention. Project teams for each of these projects are currently preparing policy dialogue agendas as a framework for discussions with the transition team and new counterparts. As a result of this dialogue, we expect that most of these projects will be refocused to take advantage of the new opportunities. This will also allow the Mission to be at least partially responsive to the priorities of the new Honduran government, within existing resources.

### **Centrally and Regionally Funded Activities**

During the SAR review, the Mission conducted a thorough review of each of the centrally and regionally funded activities which are present in Honduras. Projects were identified as critical to reaching Mission objectives; complementary to Mission objectives, but not critical; and others which were neither critical nor complementary. TABLE 1 at the end of this report lists each of these projects. The Mission will address each on a case by case basis, eliminating as many as possible of the non-critical activities over the next year.

### **Expenditures**

Project portfolio expenditures during the period totaled \$19.8 million, which was 76 percent of the projected level (see Attachment A) and higher than the first semester of FY 93. Six projects had expenditures of over \$1 million, of which **Health Sector II** (522-0216) led the way with over \$3.9 million. The overall projected expenditure level was not met largely due to significant expenditure shortfalls involving a few projects. In the case of **CADERH** (522-0257), there were no expenditures due to the Mission's suspension of all **CADERH** in-plant and industry specific training programs and the redesign of its training strategy to comply with Section 599 guidance.

Other projects with expenditures significantly less than planned were **Small Farmer Organization Strengthening (SFOS)** (522-0252), **Primary Education Efficiency** (522-0273), and **Strengthening Democratic Institutions (SDI)** (522-0296). **SFOS** expended only 10 percent of its projected level due to a delay in the procurement of short-term technical assistance. Similarly, **Primary Education Efficiency** experienced delays in the contracting of local and international technical assistance by the institutional contractor, and procurement of computer equipment for the Ministry of Education. **SDI** had lower than expected expenditures due to a lack of commitment by the Supreme Court for project activities, and to the cancellation of certain pre-electoral activities by the National Elections Tribunal.

<sup>2</sup> The six projects rated as a **C** were: Policy Analysis and Implementation--Financial Sector Component; Policy Analysis and Implementation--Agriculture Sector Component; Forestry Development: Health Sector II; PL-480 Title II; and Strengthening Democratic Institutions.

## **Pipeline Analysis**

At the end of this semester, the pipeline of ongoing projects was \$81,572,000 (see Attachment B), which is nearly the same level as last period, in spite of an increase in accrued expenditures. This is mostly due to the fact that over 80 percent of the Mission's FY 93 OYB for projects was obligated during this semester.

When compared to the end of FY 92 pipeline, the ending FY 93 pipeline decreased by \$12.4 million, equivalent to 13.2 percent. This reduction is due to a sharp decrease in the Mission's OYB and a higher expenditure level in FY 93. Six projects have FY 93 ending pipelines over \$5 million: **Health Sector II** (522-0216), **Forestry Development** (522-0246), **Primary Education Efficiency** (522-0273), **Land Use and Productivity Enhancement (LUPE)** (522-0292), **Strengthening Democratic Institutions** (522-0296), and **Municipal Development** (522-0340), which add to 47 percent of the Mission's total pipeline. However, 86 percent of the funds obligated for these projects has been earmarked. One of the main reasons for some of these large pipelines has been obligations driven by earmarks for environment, population, and education.

A review of the age of our pipeline for ongoing projects shows that 73.8 percent of the FY 93 ending pipeline was obligated in FY 93, FY 92, and FY 91; 24.3 percent was obligated in FY 90, FY 89 and FY 88; and 1.9 percent was obligated in FY 87 and prior years. The main reasons for these old pipelines are decommitments as a result of 1311 reviews, and delays in submittal of advices of charge (AOCs) and Participant Training (PIO/Ps) credit transfers. For example, as a result of the most recent 1311 review, the Mission plans to deobligate \$3.4 million from projects that were ongoing at the end of FY 93. As a result of these projected deobligations, both the size and age of our pipeline will be reduced. The Mission will make every effort to further reduce the age of the pipeline over the next reporting period.

## **Strategic Objectives Progress**

Based on our portfolio review, we have concluded that the USAID/Honduras program has been contributing in important ways to the five major thrusts of our country strategy: agricultural production and exports, private sector development, the environment, health and population, and democracy. Given budgetary and staff constraints, however, objectives will be consolidated and some of the more ambitious elements of these strategies will be fine-tuned in the 1995/1996 Action Plan.

In the area of *Increased Agricultural Production and Exports*, the Mission's efforts to increase export earnings from non-traditional agricultural commodities have clearly paid off. A recent tropical storm did considerable damage to banana and coffee crops, Honduras' traditional exports, and highlighted the importance of diversifying the agricultural base. In large part as a result of USAID assistance, non-traditional agricultural exports are increasing at a rapid pace. In 1993, non-traditional exports are expected to increase by 18 percent in volume and 33 percent in value. Progress under this objective is also demonstrated by the passage and beginning implementation of the Agricultural Modernization Law, far-reaching USAID-promoted legislation that will

improve the climate for investment in agriculture and improve prospects for growth of the Gross Domestic Product of the agriculture sector.

Gains under the *Increased Private Investment and Trade* objective have likewise been notable. Bilateral trade between Honduras and the United States is expected to increase by 18 percent to \$1.87 billion in 1993. Investment, measured in terms of Lempiras, is also expected to rise 9 percent this year, while manufacturing sector employment is projected to increase an impressive 25 percent in 1993, after going up 8 percent in 1992. The key contributing factor to these increases has been trade liberalization, which our policy dialogue programs and projects have been supporting in various ways. Much could still be done to speed improvements in the investment climate and increase the private sector's competitiveness. However, we are confident that the basic framework is in place. As noted above, this objective will be eliminated and merged with the Increased Agricultural Production and Exports objective.

Our *Improved Management--Toward Long-Term Sustainability--of Selected Natural Resources* objective achieved a major step forward with the passage of a new Environmental Law (published in the official paper on June 30, 1993). This Law has two important functions: it establishes for the first time in Honduran history a Ministry of the Environment, and it sets up a *Procuraduría* (an Attorney General's Office for the environment) to enforce environmental regulations and settle disputes. With this basic legal framework in place, we expect to see substantial progress in the management of forest resources over the coming years.

Under the *Healthier, Better Educated Hondurans* objective, Ministry of Health and project level data indicate that there have been some important improvements in basic indicators. Diseases for children under 5, for example, have shown a consistent decline with the help of our Health Sector II project. Indeed, polio has been completely eradicated in Honduras and diarrheal disease is no longer the leading cause of death among this age group. Distribution outlets for contraceptives have increased to 1,907, covering practically every town in Honduras. Enrollment and retention rates in primary education have improved substantially, largely a result of efforts under the *Primary Education Efficiency* project. The project's emphasis on teacher training and textbook development has had a major impact on the *quality* of primary education. Despite the improving indicators, we are particularly concerned about one of our principal counterparts, the Ministry of Health, which continues to suffer from the weaknesses endemic in large public bureaucracies anywhere.

Democracy now appears to be taking root in Honduras. The fourth round of democratic presidential elections took place on November 28th. Our programs under the *More Responsive Selected Democratic Institutions and Processes, with Greater Citizen Participation* objective have been instrumental in supporting democratic elections (through assistance to the National Electoral Tribunal) and in instituting separate elections at the municipal level. This year for the first time ever Honduran citizens were able to vote for a president and for a mayor from different parties. In previous years, a mayor was automatically elected on the basis of the winning presidential party in any given municipality. We consider this a major step towards increased citizen participation and governmental accountability. It is fair to say that this breakthrough

would not have occurred this year had it not been for our **Municipal Development** project's efforts. Under the **Strengthening Democratic Institutions** project, improvements in an entrenched and corrupt judicial system are excruciatingly slow. There is some glimmer of hope: since January 1993, 128 investigations have been completed, 80 are in process, and 30 court officers have been fired and two prosecuted. A weak justice system, government corruption, a lack of a functioning civil service, remain salient problems that we will need to address head on to make significant progress under this objective. We believe that the newly elected government will be particularly receptive to efforts in these areas.

**II. FINANCIAL TABLES**

FINANCIAL SUMMARY OF USAID/HONDURAS PORTFOLIO  
(APRIL 1, 1993 THROUGH SEPTEMBER 30, 1993)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
PROJECT NO.	PROGRAM/PROJECT TITLE	CATE-GORY	DATE OF INIT. OBLIG.	DATE LAST REVISED PACD	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. AMOUNT OBLIG.	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED * EXPEND. (NEXT SEM.)
<b>ACTIVE PROJECTS</b>																	
<b>SO #1: INCREASED AGRICULTURAL PRODUCTION AND EXPORTS</b>																	
522-0207	Export Dev. & Services/Agriculture		08/31/84	08/29/94	91	83	12,071	900	12,071	0	2,371	664	714	108	9,985	2,086	350
522-0249	Agricultural Research Foundation		08/31/84	09/30/94	90	97	20,000	0	20,000	0	1,541	560	582	104	19,476	524	560
522-0252	Sm Fmr Organization Strengthening		09/26/85	09/30/95	80	92	17,625	0	17,625	0	2,050	345	33	10	16,181	1,444	500
522-0268	Irrigation Development		09/29/86	10/30/93	99	91	22,500	(1,800)	17,290	5,210	3,861	426	296	69	15,695	1,595	0
522-0325.02	Policy Analysis & Imp./Agriculture		03/09/90	08/27/97	53	51	14,350	1,700	9,050	5,300	4,529	1,100	735	67	4,601	4,449	1,000
522-0334	Rural Roads Maintenance		06/20/90	06/30/97	40	62	15,000	2,000	10,681	4,319	4,755	1,522	1,557	102	6,588	4,093	1,500
522-0383	Small Farmer Agribusiness Dev.		06/23/92	02/23/98	25	15	6,500	1,000	4,300	2,200	3,300	975	587	60	644	3,656	735
<b>SUBTOTAL SO #1</b>						<b>80</b>	<b>108,046</b>	<b>3,800</b>	<b>91,017</b>	<b>17,029</b>	<b>22,407</b>	<b>5,592</b>	<b>4,504</b>	<b>81</b>	<b>73,170</b>	<b>17,847</b>	<b>4,645</b>
<b>SO #2: INCREASED PRIVATE INVESTMENT, PRODUCTION AND TRADE</b>																	
522-0207	Export Dev. & Serv./Private Sector		08/31/84	08/29/94	91	85	16,161	0	16,161	0	3,099	326	322	99	13,671	2,490	150
522-0241	Small Business Development II	A	08/31/88	09/30/95	72	72	15,800	325	15,325	475	5,037	955	622	65	11,097	4,228	675
522-0289	Privatization of State Enterprises	A	08/29/86	12/31/95	76	75	7,650	1,100	4,919	2,731	471	610	310	51	3,707	1,212	300
522-0325	Policy Analy. & Imp./Public Sector	B	08/28/87	08/27/97	61	91	7,000	0	7,000	0	2,209	677	1,279	189	6,354	646	300
522-0325.01	Policy Analysis & Imp./COHEP	A	09/10/87	09/30/95	75	80	5,000	0	5,000	0	1,474	220	226	103	3,975	1,025	180
522-0325.03	Policy Analysis & Imp. AHIBA/CBH	C	09/29/92	08/27/97	20	15	6,000	0	2,400	3,600	2,400	600	314	52	352	2,048	225
522-0363	Cortes Chamber of Commerce	A	03/08/89	03/31/94	90	70	675	0	675	0	276	39	29	74	473	202	100
<b>SUBTOTAL SO #2</b>						<b>77</b>	<b>58,286</b>	<b>1,425</b>	<b>51,480</b>	<b>6,806</b>	<b>14,986</b>	<b>3,427</b>	<b>3,102</b>	<b>91</b>	<b>39,629</b>	<b>11,851</b>	<b>1,930</b>
<b>SO #3: IMPROVED MANAGEMENT -TOWARD LONG-TERM SUSTAINABILITY- OF SELECTED NATURAL RESOURCES</b>																	
522-0246	Forestry Development	C	12/29/87	12/31/94	82	59	20,000	2,848	16,020	3,980	6,053	1,140	1,313	115	9,463	6,557	1,200
522-0292	Land Use & Prod. Enhancement	B	02/09/89	02/08/97	58	60	36,000	2,300	13,990	22,010	5,087	1,175	964	82	8,385	5,605	1,250
522-0385	Honduran Env. Protection Fund	B	07/01/93	07/01/99	4	0	10,000	2,102	2,102	7,898	0	150	0	0	0	2,102	24
<b>SUBTOTAL SO #3</b>						<b>56</b>	<b>66,000</b>	<b>7,250</b>	<b>32,112</b>	<b>33,888</b>	<b>11,140</b>	<b>2,465</b>	<b>2,277</b>	<b>92</b>	<b>17,848</b>	<b>14,264</b>	<b>2,474</b>
<b>SO #4: HEALTHIER, BETTER-EDUCATED HONDURANS</b>																	
522-0216	Health Sector II	A	06/30/88	10/01/95	72	80	57,300	7,800	46,042	11,258	9,424	3,744	3,980	106	36,792	9,250	4,200
522-0257	Council Human Res Dev (CADERH)	B	07/26/84	07/15/94	92	87	6,325	0	6,325	0	1,362	708	0	0	5,519	806	500
522-0273	Primary Education Efficiency	A	08/29/86	12/31/95	76	71	24,348	1,200	22,268	2,080	8,285	3,744	1,652	44	15,819	6,449	1,847
522-0369	Private Sector Population Prgm II	B	07/19/89	06/30/95	71	63	16,000	2,504	13,408	2,592	4,662	1,280	843	66	8,441	4,967	1,115
<b>SUBTOTAL SO #4</b>						<b>76</b>	<b>103,973</b>	<b>11,504</b>	<b>88,043</b>	<b>15,930</b>	<b>23,733</b>	<b>9,476</b>	<b>6,475</b>	<b>68</b>	<b>66,571</b>	<b>21,472</b>	<b>7,662</b>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
PROJECT NO.	PROGRAM/PROJECT TITLE	CATE-GORY	DATE OF INIT. OBLIG.	LAST REVISED PACD	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. AMOUNT OBLIG.	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED * EXPEND. (NEXT SEM.)
SO #5: MORE RESPONSIVE SELECTED DEMOCRATIC INSTITUTIONS AND PROCESSES WITH GREATER CITIZEN PARTICIPATION																	
522-0296	Strengthening Democratic Inst.	C	08/12/87	08/31/95	75	75	21,800	600	20,400	1,400	6,271	1,342	636	47	15,251	5,149	900
522-0329	Honduras Peace Scholarships	A	03/25/85	09/30/94	89	92	21,830	0	21,830	0	3,002	1,246	632	51	20,057	1,773	656
522-0340	Municipal Development	A	06/29/90	06/28/97	39	46	10,000	0	9,344	656	6,972	1,120	1,072	96	4,299	5,045	1,080
522-0364	Honduras Peace Scholarships II	B	06/21/90	06/30/98	41	44	15,000	300	6,417	8,583	5,195	749	957	128	2,798	3,619	600
522-0381	Strengthening Accountability Systems		09/30/93	09/30/96	0	0	2,500	458	458	2,042	0	0	0	0	0	458	20
SUBTOTAL SO #5						73	71,130	1,358	58,449	12,681	21,440	4,457	3,297	74	42,405	16,044	3,256
SO #6: OTHER																	
522-0269	Strategic Planning & Tech Support	A	08/23/85	09/30/93	100	100	4,000	(336)	3,664	336	547	263	98	37	3,664	0	0
522-0324	Shelter Sector Program	B	07/31/87	09/30/93	100	88	1,600	0	1,600	0	237	216	34	16	1,407	193	0
522-0380	CA Survivors's Assistance MRF	B	05/01/90	11/30/93	95	94	1,630	94	1,630	0	202	62	63	102	1,536	94	94
SUBTOTAL SO #6						96	7,230	(242)	6,894	336	986	541	195	36	6,607	287	94
SUBTOTAL ACTIVE PROJECTS						75	414,665	25,095	327,995	86,670	94,692	25,958	19,850	76	246,230	81,765	20,061
TERMINATED PROJECTS																	
PRIVATE SECTOR PROGRAM																	
522-0361	Int'l Executive Service Corp.		03/08/89	12/31/92	100	97	950	0	950	0	29	0	179	0	922	28	0
HUMAN RESOURCES DEVELOPMENT																	
522-0273.1	Assoc. Socio-Econ Prom/Dev (AVANCE)		03/07/87	12/31/90	100	97	3,152	(170)	2,982	170	265	0	2	0	2,889	93	0
DEVELOPMENT ENGINEERING																	
522-0214	Rural Roads II		07/30/85	06/30/91	100	99	20,000	(173)	19,827	173	392	0	0	0	19,608	219	0
522-0998	CA Energy Self Sufficiency		06/30/89	06/30/91	100	93	1,000	(17)	983	17	210	0	120	0	910	73	0
SUBTOTAL TERMINATED PROJECTS						98	25,102	(360)	24,742	360	896	0	301	0	24,329	413	0
ACTIVE PROGRAM																	
522-0365	Structural Adjustment Program	A	09/10/92	09/30/93	100	50	25,000	0	25,000	0	25,000	12,500	0	0	12,500	12,500	12,500
522-0396	Structural Adjustment Program	B	09/30/93	09/30/94	0	0	5,000	5,000	5,000	0	0	0	0	0	0	5,000	0
SUBTOTAL ACTIVE PROGRAM						42	30,000	5,000	30,000	0	25,000	12,500	0	0	12,500	17,500	12,500

\* These expenditure projections were superseded by the figures presented for the FY94 Congressional Presentation in December 1993.

PIPELINE ANALYSIS  
USAID/HONDURAS  
September 30, 1993

PROJ No.	PROJECT TITLE	FY OBLIGATIONS							CUMULATIVE OBLIGATION	ENDING PIPELINE BY FY							PIPELINE AGE BY FY *							
		FY 87 & Prior Yrs	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93		FY 87 & Prior Yrs	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 87 & Prior Yrs	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	
207	EXPORT DEV AND SERVICES	21,850	0	1,650	0	332	3,500	900	28,232	16,711	11,329	7,161	4,104	3,777	5,469	4,575	9.8%	0.0%	7.3%	0.0%	5.7%	57.6%	19.7%	
216	HEALTH SECTOR II	0	9,076	790	6,318	6,643	8,415	7,800	46,042	0	9,076	12,083	9,780	9,759	9,424	9,250	0.0%	5.1%	14.2%	4.3%	7.7%	8.7%	64.0%	
241	SMALL BUSINESS II	0	7,475	859	1,957	1,499	3,210	325	15,325	0	7,475	4,903	4,184	3,720	5,037	4,228	0.0%	22.7%	0.0%	2.0%	0.9%	55.4%	18.9%	
246	FORESTRY DEV	0	6,172	2,000	2,000	3,000	0	2,848	16,020	0	6,152	7,042	7,510	7,999	6,053	6,557	0.0%	26.4%	10.3%	1.5%	18.4%	0.0%	43.4%	
249	AG RESEARCH FOUNDATION	10,709	4,475	2,200	1,000	1,616	0	0	20,000	3,720	3,995	4,089	2,405	2,863	1,542	525	3.6%	16.4%	26.2%	9.6%	44.2%	0.0%	0.0%	
252	SFOS	9,500	1,000	5,500	0	1,125	500	0	17,625	8,799	6,326	8,398	5,267	3,400	2,049	1,443	10.9%	0.0%	52.3%	0.0%	13.5%	23.2%	0.0%	
257	CADERN	2,080	1,123	1,500	1,622	0	0	0	6,325	1,025	1,152	1,882	2,688	1,875	1,362	806	0.0%	0.0%	0.3%	99.7%	0.0%	0.0%	0.0%	
268	IRRIGATION	12,000	0	2,090	2,500	2,500	0	(1,800)	17,290	11,894	10,636	7,771	4,548	4,947	3,861	1,595	9.2%	0.0%	54.9%	17.3%	18.6%	0.0%	0.0%	
273	PRIMARY EDUC EFF	9,522	2,573	3,300	2,524	1,549	1,600	1,200	22,268	9,108	8,372	7,229	7,803	8,350	8,285	6,449	1.9%	9.2%	26.1%	24.5%	9.5%	10.3%	18.6%	
289	PRIVATIZATION	4,000	0	0	0	(181)	0	1,100	4,919	3,620	2,338	629	218	609	491	1,212	21.6%	0.0%	0.0%	0.0%	0.0%	0.0%	78.4%	
292	LUPE	0	0	4,000	3,090	4,600	0	2,300	13,990	0	0	3,868	5,084	6,932	5,087	5,605	0.0%	0.0%	4.1%	11.6%	43.2%	0.0%	41.0%	
296	STRENGTH. DEMO. INST.	4,030	1,600	5,370	5,000	500	3,300	600	20,400	4,030	3,334	5,065	6,878	4,897	6,271	5,149	2.3%	0.0%	3.9%	21.9%	0.0%	60.2%	11.7%	
325	POLICY PLANNING	3,300	2,700	1,000	0	0	0	0	7,000	3,300	5,950	6,005	5,229	3,144	2,209	646	0.0%	1.3%	98.7%	0.0%	0.0%	0.0%	0.0%	
325.1	COHEP	200	1,800	3,000	0	0	0	0	5,000	200	1,686	3,659	2,725	2,168	1,474	1,025	0.0%	73.7%	26.3%	0.0%	0.0%	0.0%	0.0%	
325.2	POLICY ANALYSIS & IMPLM.	0	0	0	3,000	1,350	3,000	1,700	9,050	0	0	0	2,611	2,876	4,530	4,450	0.0%	0.0%	0.0%	1.3%	5.6%	55.1%	38.0%	
325.3	POLICY ANALYSIS & IMPLM.	0	0	0	0	0	2,400	0	2,400	0	0	0	0	0	2,400	2,048	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	
329	HOND PEACE SCHOLARSHIPS	4,700	5,700	7,630	3,800	0	0	0	21,830	4,545	8,029	9,896	9,029	4,221	3,002	1,773	16.0%	15.5%	4.0%	64.5%	0.0%	0.0%	0.0%	
334	RURAL ROADS III	0	0	0	2,500	4,181	2,000	2,000	10,681	0	0	0	2,500	3,888	4,756	4,094	0.0%	0.0%	0.0%	11.1%	8.5%	31.5%	48.9%	
340	MUNICIPAL DEVELOPMENT	0	0	0	1,000	4,144	4,200	0	9,344	0	0	0	1,000	4,322	6,972	5,045	0.0%	0.0%	0.0%	0.1%	20.1%	79.9%	0.0%	
363	CORTES CHAMBER COMMERCE	0	0	300	375	0	0	0	675	0	0	193	442	342	276	202	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	
364	HOPS II	0	0	0	1,217	2,900	2,000	300	6,417	0	0	0	1,217	4,069	5,194	3,618	0.0%	0.0%	0.0%	1.2%	35.3%	55.3%	8.3%	
369	PRIVATE SECTOR POPULATION	0	0	1,131	4,751	2,949	2,073	2,504	13,408	0	0	685	3,898	4,760	4,662	4,967	0.0%	0.0%	3.0%	12.9%	26.2%	13.0%	44.9%	
380	CA SURVIVORS ASSIS (MRF)	0	0	0	1,280	0	256	94	1,630	0	0	0	1,132	0	202	94	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
381	STRENGTHENING ACC SYSTEMS	0	0	0	0	0	0	458	458	0	0	0	0	0	458	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
383	SMALL FARMER AGRIBUSINESS	0	0	0	0	0	3,300	1,000	4,300	0	0	0	0	0	3,300	3,656	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	72.9%	27.1%
385	HOND ENV PROTECTION FUND	0	0	0	0	0	0	2,102	2,102	0	0	0	0	0	0	2,102	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
TOTAL		81,891	43,694	49,320	43,934	38,707	39,754	25,431	322,731	66,952	85,850	90,558	90,252	86,918	93,908	81,572	1.9%	6.0%	9.0%	9.3%	12.0%	30.7%	31.1%	

\* Calculations for pipeline age are based on actual unexpended obligations by FY.

**III. PROJECT STATUS REPORTS**

**STRATEGIC OBJECTIVE No. 1**

**INCREASED AGRICULTURAL PRODUCTION AND EXPORTS**

*Overview of Strategic Objective Progress*

- 1) 522-0207 Export Development and Services
- 2) 522-0249 Honduran Agricultural Research Foundation
- 3) 522-0252 Small Farmer Organization Strengthening
- 4) 522-0268 Irrigation Development
- 5) 522-0325.2\* Policy Analysis and Implementation (Agriculture)
- 6) 522-0383 Small Farmer Agribusiness Development
- 7) 522-0334 Rural Roads Maintenance
- 8) PL-480 Title III

## STRATEGIC OBJECTIVE 1 INCREASED AGRICULTURAL PRODUCTION AND EXPORTS

**Agricultural Growth:** The agriculture sector has responded positively to the policy reforms being implemented by the GOH. These reforms have increased production, employment and household income. The three principal reforms which account for most of the impact to date are: the devaluation of the lempira, the decontrol of agriculture commodity prices, and the restructuring of tariffs. There has been a positive shift in the terms of trade for agriculture. Agricultural production has grown at an average annual growth of 5.4 percent during the 1988–92 period. This rate is significantly better than the 2.2 percent experienced during the 1980–87 period and the 4.3 percent rate of the 70's.

**Agricultural Exports:** Owing mainly to tropical storm Gert which flooded about 30 percent of Honduras' bananas<sup>1</sup> export earnings are expected to be lower than projected for 1993. Banana production is so large compared to the rest of the sector that any reduction in output has a significant effect on overall sector performance. Coffee, the other principal traditional export has been adversely affected by international prices. However, most analysts are forecasting a strengthening of coffee prices in the near term. The target growth rate of 3.5 percent for the agricultural sector may not be achieved in 1993, but the causes are exogenous to the USAID program.

**Non-traditional Agricultural Exports:** Although still small at about \$100 million (15 percent of total agricultural exports), non-traditional exports are expected to increase by 18 percent in volume and 33 percent in value in 1993. Non-traditional exports such as shrimp and melons continued to make impressive gains of 22 and 33 percent respectively. While these are projections, it appears that targets will be exceeded.

**Agricultural Employment:** With the exception of rural, agricultural households, real household incomes declined from 1989 to 1990. In 1991, real incomes fell even more on a national level, but increased in rural households, both agricultural and non-agricultural. During the period 1989–1991, real household income declined by 8.2 percent nationally and 28.4 in urban households. During the same period, rural households experienced an increase in real income of 7.2 percent, 14.7 percent for agricultural households and zero for non-agricultural households.

### **Profitability and Investment Climate**

**Prices:** In the decade of the 70's, agricultural prices grew at an average annual rate of one percent while the consumer price index (CPI) grew at 8 percent. In the period 1980–89, agricultural prices declined by more than 25 percent, while consumer prices grew at 7.8 percent. Only in the last three years have agricultural prices increased at or faster than the CPI. Agricultural prices have increased by 30 percent annually during the 1989–92 period while the CPI has increased at 14.8 percent. In these three years the sector has recuperated all that was

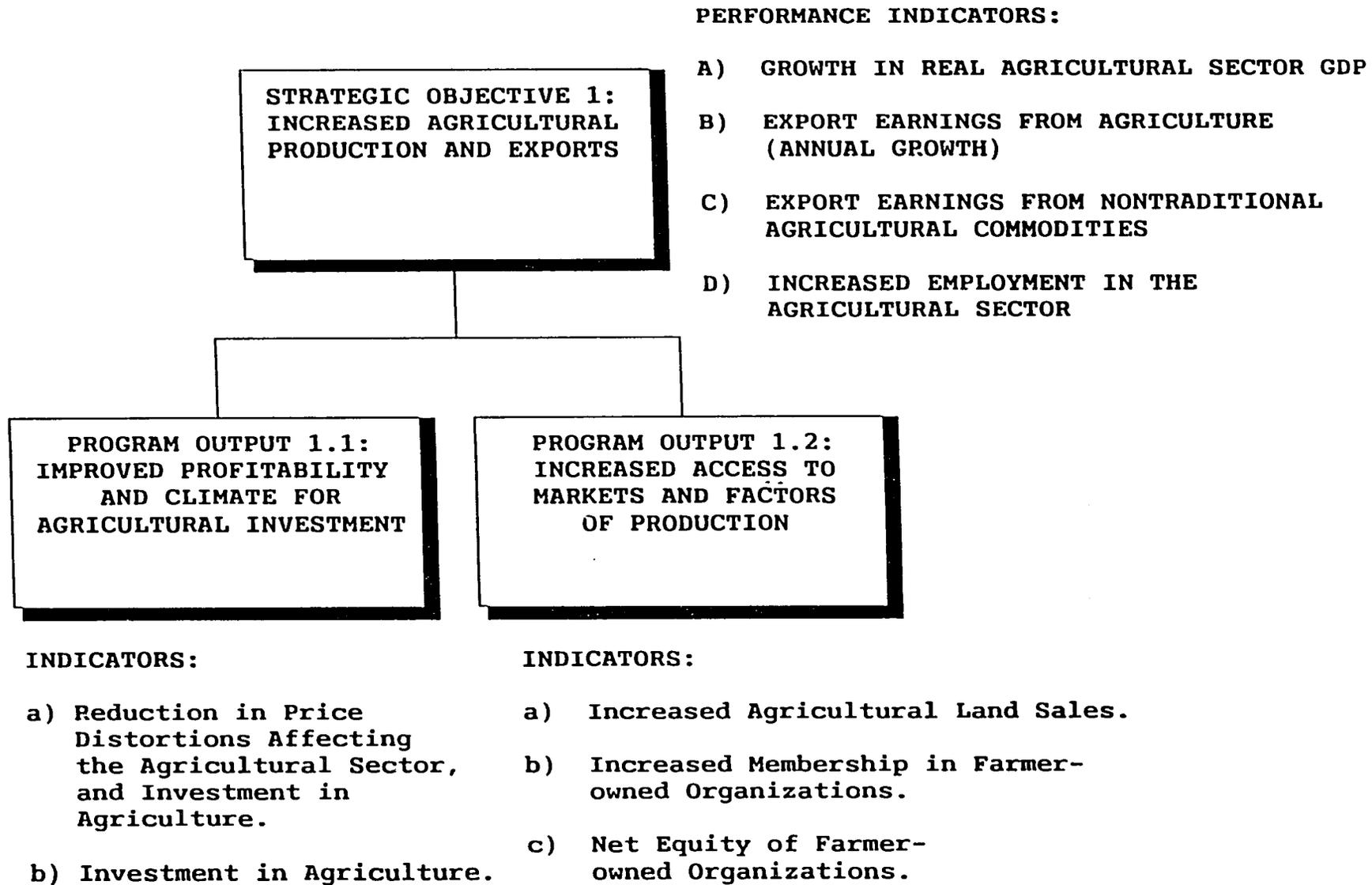
<sup>1</sup> Even prior to the storm, banana production was expected to be negatively affected by the quota system in the EEC market which went into effect in July 1993.

lost since 1978 in prices relative to the rest of the economy.

**Investment:** Central Bank figures on investment in agriculture now available show a marked increase in 1992 over 1991. The increase of 13.6 percent compared to 3.6 percent in 1991 over 1990. This is yet another indicator that the improved policy environment is having the desired impact.

The sector needs to continue to diversify from bananas and coffee and to increase the production and export of non-traditional crops. This will require actions on two principal fronts: maintenance and continued implementation of policy reforms; and continued promotional and extension work to expand non-traditional exports.

*Note:* The program output level indicators related to "Reduced Price Distortions" and "Increased Agricultural Land Sales" has not been updated due to the hiatus which has occurred in the Policy Analysis Project Technical Assistance Team. Also, the indicators on "Membership" and "Net Equity in Farmer Owned Businesses" is being developed by the SFAD Project Technical Assistance Team but will not be ready for inclusion in the SAR until April 1994.



PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Export and Development Services  
 Project Number: 522-0207  
 Date of Authorization: original 08/30/84 Amendment 09/27/91  
 Date of Obligation: original 08/31/84 Amendment 06/23/93  
 PACD: original 06/30/91 Amendment 08/29/94

Implementing Agencies: Ministry of Economy and Commerce (MOE), Foundation for Investment and Development of Exports (FIDE), Federation of Honduran Agricultural Producers for Export (FPX), the Central Bank of Honduras (BCH)

Major Contractors: N/A  
 Project Managers: Scott Taylor/Albert Merkel  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 03/30/88 Next Evaluation: 01/15/94  
 Planned No. of NFAs: 4 NFA contracted/completed: 2  
 Date of Last Audit: 02/12/93 Next Audit: 12/31/93

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$16,000,000 amended to \$12,951,167  
 DA/ESF Grant: original \$ 7,500,000 amended to \$15,280,997

Amount Obligated: DA Loan: original \$16,000,000 amended to \$12,951,167  
 DA/ESF Grant: original \$ 7,500,000 amended to \$15,280,997

Amount Committed: Period: \$ 749,971  
 Cumulative: \$24,975,908

Accrued Expenditures: Period - Projected: \$ 990,000  
 Period - Actual: \$ 1,030,152  
 Cumulative: \$23,656,228  
 Period - Next: \$ 500,000

Counterpart Contribution: Planned: \$40,618,000  
 Actual: \$46,544,800

% LOP Elapsed: 91%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 84%  
 % of Total Auth. Exp.: 84%

II. PROJECT PURPOSE

To increase nontraditional exports.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project addresses the Mission's Strategic Objectives Nos. 1 and 2: Increased Private Investment and Trade and Increased Agricultural Production and Exports respectively. The EDS project helps achieve these objectives by addressing specific issues related to improving the investment climate, developing exports, and strengthening private sector institutions which service the export sectors.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The main components of the project are: Export Policy and Promotion (Ministry of Economy and Commerce), Export Development (FIDE and FPX), and Financial Services (Central Bank).

IV. PROJECT STATUS

A. Planned EOPS

Progress to Date

- |   |   |
|---|---|
| <p>1. Policy environment which favors exports.</p> <p>2. Export institutional capability established.</p> <p>3. Adequate financial services available.<sup>1/</sup></p> <p>4. \$53MM in value added from project-aided exports by 1990.</p> | <p>1. The new Investment Law was approved on 5/29/92 and published in the official Gazette on 6/20/92. The implementing regulations were approved on 9/19/92. An amendment to the law derogating all laws in conflict with this new law was approved on 11/14/92 and published in the official Gazette on 3/30/93. IPR legislation was passed on 8/30/93.</p> <p>2. FIDE and FPX are established export promotion organizations.</p> <p>3. Over \$240 million was generated in exports through September 30, 1993, through the US\$7.8 million and L170 million in financing provided by the project credit lines.</p> <p>4. \$180 million in foreign exchange has been generated through September 30, 1993.</p> |
|---|---|

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
<b>FIDE:</b>							
1. New Investments <sup>2/</sup>	10	13	94	5	5	89	890%
Value (\$MM)	N/A	N/A	N/A	N/A	4.4	178	N/A
2. Employment <sup>3/</sup>							
Total	N/A	3000	36121	3000	1620	31741	N/A
Male	N/A	900	10836	900	486	9522	N/A
Female	N/A	2100	25285	2100	1134	22219	N/A
<b>FPX:</b> <sup>4/</sup>							
1. Agricultural Exports (millions)	\$16	2	33.4	2	9.0	43.0	392%
2. Employment							
Total	N/A	1566	9850	N/A	2323	10537	N/A
Male	N/A	790	6445	N/A	824	6918	N/A
Female	N/A	776	3405	N/A	1499	3619	N/A

<sup>1/</sup> Credit has been tracked from the initial date of operations through December 31, 1992. Since all credit has been suspended, beginning January 1, 1993, the project will no longer track nor report on this output.

<sup>2/</sup> In view of Section 599/547 legislation, USAID requires FIDE to obtain certifications from potential investors prior to providing assistance, in which the potential investor certifies that its interest in investment opportunities in Honduras, as a result of such assistance, is not and will not, be made for the purpose of, or with a view to, relocating any production facility in the U.S. offshore at the expense of U.S. jobs, and that it will not take actions to prevent its local employees from lawfully exercising their internationally recognized workers' rights.

<sup>3/</sup> Calculation for female employment generated is based on 70% of total employment.

<sup>4/</sup> FPX publishes export and employment information annually in June at the end of the export cycle.

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PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

The Export Development and Services Project was designed to increase Honduran exports. During the first several years of the project the GOH had in place a policy regime which was biased against export growth. Two NGOs, FIDE and FPX, have implemented targeted export and investment activities which are yielding substantial results. These two NGOs also successfully promoted a more appropriate policy environment for export development. The project as a whole has achieved notable success in assisting Honduran entrepreneurs establish new export industries, enter new markets and increase volumes and improve quality. The project has attracted foreign investment to Honduras and has dramatically improved the export documentation process. Most of this growth has occurred in Export Processing Zones (EPZs), cultivated shrimp, and melons.

Industrial Export and Promotion

This component aims to increase private investment, expand and diversify manufactured exports and maximize productive employment in sectors with greatest potential. The project targets specific export and foreign exchange earning sectors based on their potential for growth, the cost and benefit to the economy, including employment, and the ability to have a measurable impact on investment, production and exports.

To date, FIDE has attracted 89 new investments and has helped to create nine export processing zones (EPZs). In terms of export development, FIDE has provided technical assistance to a total of 204 companies, of which approximately 133 are currently exporting. [This was prior to US legislation restricting such assistance -- see below.]

FIDE's program also focuses on helping to create a business environment which will attract international producers and motivate Honduran companies to export. During this reporting period, FIDE was engaged in discussions and lobbied for passage of new export promotion and intellectual property rights (IPR) legislation. FIDE will continue to assist the Ministry of Economy in the implementation of these laws by maintaining close and frequent contact with policy-makers and government officials to resolve policy and legislative bottlenecks on behalf of local and foreign investors. FIDE currently is lending its support and lobbying for passage of a new banking law.

FIDE has created a think tank to develop a private sector strategy for the new government that will take office in January 1994. The think tank is comprised of technical experts in the areas of wood products, tourism, labor relations, public services, industrial reconversion and housing. As spokesperson for the private sector, the Honduran Council for Private Enterprise (COHEP) will deliver the strategy, first to each of the political parties during the second week of November, and subsequently, and in far more detail, to the new GOH administration elect.

For some time now, FIDE has been conducting negotiations with the GOH and the Honduran Association of Maquiladores to establish a textile monitoring system, which would contain statistics regarding the amount and the categories of clothing exported from Honduras by firm. However, the GOH recently determined that this should be a government function, and has decided to establish such a system within the Ministry of Economy. FIDE will, however, provide assistance to the MOE to set up the office that will be responsible for monitoring textiles. This information system will be crucial to the GOH and the private sector at such time as quotas on textile imports to the US are negotiated and established.

The Mission contracted Price Waterhouse to update an in-depth baseline study which measures the socio-economic impact of EPZ growth on the communities surrounding the EPZs. Price Waterhouse presented its final report in May, 1993. According to the report, the fast-paced growth of the EPZs has continued, with the number of factory shells growing from 50 in March 1992 to 60 in December 1992. Between March 1992 and

March 1993, the number of firms operating in the EPZs rose from 38 to 50, with jobs increasing by 43 percent, to 22,342. The report has been widely circulated to the mayors in the municipalities where the EPZs are located and the private sector.

FIDE continues to play a lead role in addressing concerns regarding labor abuses in in the maquila sector. The labor/management symposium held in February 1993, in the Dominican Republic, where FIDE was represented, generated strong interest on the part of the Hondurans to form a permanent working group to address labor/management issues. Thus far, an informal group comprised of FIDE, the Cortés Chamber of Commerce and Industry (CCIC), the Honduran Maquiladora Association (AHM), the Ministry of Labor, and Immigration has been formed. FIDE continues to organize meetings with the Ministry of Labor, American Institute for Free Labor (AIFLD), private sector representatives, and union officials to continue dialogue concerning labor abuses and the protection of workers' rights.

In a show of appreciation for the good work FIDE has done over the years, the San Pedro Sula municipality donated approximately 5,058 square meters of land valued at L1.8 million to FIDE for its new office.

In view of the Section 599 of P.L. 102-391 legislation (Section 547 of FY94 Appropriations Act) and initial guidance from AID/W, as of October, 1992, all funding for EPZ development under the project's ESF funded credit lines was suspended. Moreover, these credit lines are being phased out in accordance with GOH financial sector reforms. In addition, as of January 1, 1993, no project funds have been expended in support of FIDE's U.S. offices. As of that date, USAID provides support only to FIDE's local export development and investment promotion program. All activities will be completely phased out by the current PACD of August 29, 1994.

Agricultural Export Promotion

FPX continues to provide technical assistance to producers of non-traditional agricultural exports and has helped develop essential support industries. Export figures show a significant increase in cultivated shrimp exports (5,872 MT for 1992, an increase of up to 36% over 1991) and approximately 7,000 MT are projected for 1993. Direct employment in this industry was 12,250 jobs with an indirect employment figure of 15,254, an increase of 11% from the previous year in each category.

Melon exports (approximately 3.5 million boxes compared with less than 3.0 million boxes last year) have generated \$17,500,000 in foreign currency and 10,500 jobs.

Other non-traditional crops account for \$20.8 million in exports for 1992, showing an average increase of approximately 39% in the last two years, and with a potential growth of around \$100.0 million in the next five years.

FPX continues to improve its income generating capacity. It has signed contracts to provide technical assistance to the management of three shrimp firms which pay it a monthly fixed fee plus a percentage of the production over a defined amount. This same type of technical assistance with a negotiated percentage on expected return is being applied in other product areas. In addition, FPX's businesses have begun to generate income. It had its first harvest and export of fresh fish from its tilapia farm, and its first harvest of cashew nuts during July which will be processed for export from its processing plant during this fiscal year. The shrimp processing plant will process approximately 3.5 million pounds with an expected net earning of L. 795,000.

Other export promotion activities involve services to the export sector which include training through seminars (31%), use of library facilities (30%), access to price and market regulation information via satellite (33%) as well as rental of equipment and conference facilities to its members (6%). During this year 1,568 persons/businesses made use of these services.

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PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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FPX and Stevedoring Services of America have completed a feasibility study for a cold storage and break bulk handling facility at Puerto Cortés. This investment is estimated to be made early next year in a joint effort with the Honduran government. FPX postponed a decision on constructing a tilapia processing facility until next year. In the meantime, it has negotiated a fish packing contract with the only other processing plant in the country.

D. Problems and Delays

FIDE: None

FPX: A follow-on project with FPX is being planned. As FPX does not have an income base sufficiently large to assure self sufficiency, one option now being studied is for FPX to unite with another organization such as the Honduran Agricultural Research Institute (FHIA). However, this would result in much reduced operations in support of export trade in non-traditional ag products.

E. Major Activities or Corrective Actions During the Next Six Months

FIDE:

1. Through COHEP, present the think tanks' findings and recommendations to the presidential candidates and the new government elect.
2. Formulate strategies to enter into the tourism and mining sectors.
3. Work with private and public sector representatives in an effort to bring about greater awareness regarding workers' rights in the maquila sector.
4. Assist the Ministry of Economy in the implementation of the new Intellectual Property Rights law and in the development of a textile monitoring system.

FPX:

1. Begin the project's final evaluation in January, 1994.
2. Final proposal for melon pre-inspection service drafted November, 1993.
3. Shrimp larva laboratory in commercial production by February, 1994.
4. Follow-on project design activities completed by March, 1994.
5. Quality standards developed for export onions and distributed to growers and exporters by March 1994.
6. Regional seminar on environmental and labor rights concerns in the shrimp industry planned and scheduled by March, 1994.
7. Complete feasibility study for mechanization of the cocoa industry in Honduras by November, 1993.

PROJECT STATUS REPORT

October 1, 1992 - March 31, 1993

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I. BACKGROUND DATA

Project Title: Honduran Agricultural Research Foundation (FHIA)  
 Project Number: 522-0249  
 Date of Authorization: original 08/29/84  
 Date of Obligation: original 08/31/84 Amendment 03/19/91  
 PACD: original 09/30/94  
 Implementing Agencies: Honduran Agricultural Research Foundation  
 Major Contractors: N/A  
 Project Manager: Albert Merkel  
 Status of Cps/Covenants: Met

Date of Last Evaluation: 07/01/89 Next Evaluation: 01/15/94  
 Planned Number of NFA's: 1 NFAs Contracted/Completed: 0  
 Date of Last Audit: 11/15/93 Next Audit: 05/15/94

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$20,000,000  
 Amount Obligated: DA/ESF Grant: original \$ 230,000 amended to \$20,000,000  
 Amount Committed: Period: \$ 509,492  
 Cumulative: \$19,910,589  
 Accrued Expenditures: Period - Projected: \$ 560,060  
 Period - Actual: \$ 582,000  
 Cumulative: \$19,476,382  
 Period - Next: \$ 560,000  
 Counterpart Contribution: Planned: \$ 6,500,000  
 Actual: \$ 4,737,000  
 % LOP Elapsed: 90%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 97%  
 % of Total Auth. Exp.: 97%

II. PROJECT PURPOSE

To establish a private, non-profit and financially viable agricultural research organization to expand and improve the agricultural research system in Honduras and enable it to be responsive to Honduran needs.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project supports the Mission's Strategic Objective No. 1 - Increased Agricultural Production and Exports. The project directly addresses Program Output 1.2: Increased Access to Markets and Factors of Production. The FHIA project helps achieve these objectives through adaptive research, informational technological transfer, training (procedures, professionals and students) and publications. They coordinate their activities with other private and public sector organizations in Honduras and the region to reduce overlap.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

FHIA operates five principal crop-oriented research programs: plantain and bananas, cacao, vegetables, diversified tropical fruits and spices, and seeds. FHIA's research is oriented toward adapting technologies and crops. FHIA's technicians interact with small and medium-scale farmers and other agricultural professionals, realizing an important outreach activity. FHIA also provides a variety of production-related services, under contract, to individuals and businesses.

V. PROJECT STATUS

A. Planned EOPS

1. Internationally recognized research foundation.
2. Ongoing research program consistent with the needs of Honduran producers.
3. Communications network ensuring two-way flow of information.
4. Efficient analytical and laboratory capability.

Progress to Date

1. Recognized as center of excellence in region.
2. 5 major programs researching important crops.
3. All communications and training goals surpassed.
4. Functional soils, pesticide residue, and plant pathology laboratories.

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Next Period</u>	<u>Period</u>	<u>Cum.</u>	<u>% of LOP</u>
1. Research:							
a. Program/Projects	18	0	24	1	2	25	139%
b. Technologies Adapt.	20	1	31	0	1	31	155%
c. Cultivars Adapt.	40	2	88	1	5	92	230%
d. Special Studies	160	5	243	10	21	255	159%
2. Services:							
a. Lab Analyses (000)	150	6	110	5.7	3.8	106.8	71%
b. Consultations	95	12	138	10	14	144	152%
3. Communications:							
a. Courses/Seminars	100	12	158	10	11	182	182%
b. Field Days	70	3	102	2	0	93	133%
c. Publications	250	6	299	12	14	308	123%
4. Training	M/F	M/F	M/F	M/F	M/F	M/F	M/F
- Producers	950/50	200/15	2490/179	150/10	129/0	2455/137	258/274
- Professionals	240/60	225/20	1684/292	210/15	251/17	1809/274	754/457
- Students	320/80	25/5	485/110	40/10	41/18	584/188	183/235

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October 1, 1992 - March 31, 1993

A X B \_\_\_ C \_\_\_**C. Other Accomplishments and Overall Status**

FHIA is a non-profit private sector organization that was created to insulate agricultural research from the political and budgetary fluctuations faced by public sector organizations. During its first eight and one-half years of operation, FHIA has achieved significant progress, having now surpassed all of its LOP goals and objectives with the exception of one related to services. This goal also will be met by the end of the project. The institution has successfully established well-balanced and respected research and service operations that respond to the needs of Honduran farmers. Its staff is composed of highly qualified professionals, and FHIA is recognized as a center of excellence in research in the region and the world. The project emphasizes the significance of the institution building capability of Agency activities. The following highlights some aspects of FHIA's operations during the past six months.

**Research:** FHIA has obtained good results in the use of the fungus Paeecilomyces lilacinus to control nematodes in banana and plantain. Tests were carried out under field conditions and commercial size applications are now in progress. This fungus is being tested in tomatoes, cucumbers, and onions. With the restricted use of Methyl Bromide for nematode control, P. lilacinus is a biological control agent which could substitute for it.

An external review of the Cacao program was carried out by an expert funded through the Netherlands government. FHIA is considering whether they should expand the program to include agroforestry since the private sector has expressed interest. This coincides with encouraging results from intercropping studies where tropical woods and black pepper are interplanted with cacao. FHIA is transferring these results to producers.

Research in post harvest handling of plantain and banana is expanding with the arrival of a post harvest physiologist funded through the Overseas Development Administration (UK) and INIBAP. This individual will concentrate on evaluating FHIA's advanced breeding material for post harvest characteristics.

FHIA has been invited to participate in the review of the Australian National Banana Program and just completed a production system evaluation in Ecuador for export producers. These activities are in recognition of FHIA's research and technical expertise.

**Consulting Services:** FHIA has signed contracts with twenty-six onion producers to provide technical assistance for 300 acres of export onions. This is an increase from 40 acres last year. All the producers are using technology adapted by FHIA to Honduran conditions.

Technical services continues to expand their activities in different parts of the country carrying out soil studies on three thousand acres in the last six months. In one study, FHIA was contracted by a multi-national which is opening a fresh vegetable operation in Honduras. The study included site selection for the operation; designing the irrigation and drainage system; and land preparation. Additional services will be provided as the operation expands.

FHIA has designed and transferred to producers systems for controlling Anthracosis in mango to improve exports to Europe. These simple non-chemical systems can be built at each packinghouse reducing excess transportation which can harm fruit. Also, a waxing system for melons was designed and tested in cooperation with a private company. The system is ready for commercial application.

The consulting services and technological transfer activities have helped to stimulate new research. For example, research in whitefly control in tabasco pepper came from the initial consulting activities. This has led to a student at the local university (University of San Pedro) receiving funding to carry out his thesis project at FHIA. Research on insect control in onions came from the consulting activities last year. On-farm research is planned this year to control the pests and transfer the information directly to producers.

**Training:** FHIA continues to provide training to producers, professionals and students. They are expanding their geographic focus to include different areas in Honduras. A production guide series is under development for each crop in which FHIA works.

**Laboratory Services:** FHIA is starting a national pesticide residue study which will evaluate a group of the most commonly consumed products. The study will be completed in the next six months and provide baseline data on where additional research and

education are needed on pesticide issues. The biotechnology laboratory's activities are expanding through a modernization program and hiring of additional staff. This will continue based on demand and the ability to obtain research funds.

**WID Issues:** FHIA has surpassed all training goals for women and continues to increase the numbers. Two technical unit leaders (plant protection and biotechnology), two additional researchers and the assistant director of communications are women. FHIA continues to try and recruit woman as positions become available.

**FHIA Endowment:** The GOH, through the Central Bank, has transferred L. 50 million to the FHIA Endowment Fund (EF). L. 2.5 million interest has already been transferred to FHIA and is being invested. There are still difficulties in the actual interest rates paid on bonds issued to the EF. The Mission is continuing discussions with the Ministry of Hacienda y Credito Publico on this matter as well as on the next distribution to the EF.

**FHIA Management:****D. Problems and Delays**

1. Transfer of funds to the FHIA Endowment Fund have not been in accordance with the Memorandum of understanding between the Mission and the GOH. This problem has been discussed with the appropriate ministers and should be resolved by the end of January 1994.

**E. Major Activities or Corrective Actions During the Next Six Months**

1. Project Evaluation in January 1994.
2. The second tranche, totaling L. 50 million, of the Endowment Fund is due to be released by the central bank before January 1994.
3. FHIA FY 1994 Work Plan and Budget will be finalized and approved by November 1994.
4. Annual membership meeting and review of FHIA FY 1993 activities will be held in February 1994.
5. Major exports of new, FHIA supported non-traditional crops (onions, asparagus, and raspberries) start in the first quarter of CY 1994.
6. FHIA will participate in the Central American agribusiness trade show (Agritrade) in Guatemala City to promote their services in the region.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

A X B \_\_\_ C \_\_\_

I. BACKGROUND DATA

Project Title: Small Farmer Organization Strengthening  
 Project Number: 522-0252  
 Date of Authorization: original 09/26/85 Amendment 07/13/92  
 Date of Obligation: original 09/26/85 Amendment 07/13/92  
 PACD: original 09/30/87 Amendment 09/26/95  
 Implementing Agencies: Finance Corporation for Agricultural Cooperatives (FINACOOOP)  
 Major Contractors: World Council of Credit Unions (WOCCU), National Cooperative Business Association (NCBA), Agricultural Cooperative Development International (ACDI), and Latin American Confederation of Credit Unions (COLAC). Contract terminates in late 1993.  
 Project Managers: Lee Arbuckle/José Antonio Carranza  
 Status of CPs/Covenants: CPs met.  
 Date of Last Evaluation: 05/31/92 Next Evaluation: 3/15/95  
 Planned Number of NFA's: 3 NFAs Contracted/Completed: 1  
 Date of Last Audit: 00/00/00 Next Audit: 11/30/93

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$ 8,500,000 amended to \$ 3,000,000  
 DA/ESF Grant: original \$ 1,400,000 amended to \$14,625,000  
 Amount Obligated: DA Loan: original \$ 8,500,000 amended to \$ 3,000,000  
 DA/ESF Grant: original \$ 1,400,000 amended to \$14,625,000  
 Amount Committed: Period: \$ (3,961)  
 Cumulative: \$16,434,019  
 Accrued Expenditures: Period - Projected: \$ 345,000  
 Period - Actual: \$ 32,967  
 Cumulative: \$16,181,105  
 Period - Next: \$ 500,000  
 Counterpart Contribution: Planned: \$22,465,530  
 Actual: \$22,881,400  
 % LOP Elapsed: 82%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 92%  
 % of Total Auth. Exp.: 92%

II. PROJECT PURPOSE

To establish a viable system for delivering productive inputs (credit, technology, market services, and management skills) to growers in order to increase agricultural productivity and diversify the production base.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project supports the Mission's Strategic Objective No. 1 - Increased Agricultural Production and Exports. The project will directly impact Program Outputs of: Improving Profitability and Climate for Agricultural Investment and Increasing Access to Markets and Factors of Production.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The project was to strengthen the administrative, management, planning and capital formation capabilities of the participant agricultural cooperatives and credit unions. For the final three years 1992 to 1995, this project will reduce its target group to credit unions. The task of strengthening agricultural cooperatives has been passed to the Finance Corporation for Agricultural Cooperatives (FINACOOOP) and is being supported by Project 522-0383. The original project design targeted farmer members of credit unions and agricultural cooperatives with the objective of improving access to all factors of production, the lack of which has inhibited agricultural growth and productivity. The SFOS project is now limited to strengthening credit unions to be efficient providers of financial services to all their members, with depository and transactions services being as important as the credit services. The two components which are used to effect changes are institutional support and financial stabilization.

The project's institutional support component focuses on the organizational development of the credit unions and their Federation, FACACH. This consists of accounting and internal control systems, business policies, computer based information and decision systems, and training programs with specific modules for members, elected leadership, and staff.

Financial stabilization of credit unions involves the injection of a mere 1% of reserves into credit unions in three tranches if the credit union meets pre-established financial standards derived from U. S. credit union regulatory standards.

IV. PROJECT STATUS

A. Planned EOPS

1. 1 Financial Services Unit (FSU) created.
2. 1 Federation Strengthened
3. 37 Credit Unions Strengthened
4. 27 Credit Unions W/Computer technology

Progress to Date

1. Created by the National Credit Union Federation (FACACH).
2. Strengthening process is underway with FACACH.
3. Strengthening process is underway or completed for 34 credit unions.
4. The implementation of computer technology is underway or completed for 12 credit unions.

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
<u>1. Institutional Support</u>							
Second level Organization Cooperatives	1	0	1	0	0	1	100%
	37	2	36	0	0	34	92%
<u>2. Orgs. W/Computer technology</u>	27	5	22	5	2	17	63%
<u>3. Members Beneficiaries. (Thousands)</u>	M F	M F	M F	M F	M F	M F	M F
	38 47	4 6	37 45	4 6	4 6	29 36	76% 77%
<u>5. Training</u>	M F	M F	M F	M F	M F	M F	M F
Long Term	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Short Term							
Paratechnicals	25	5	25	5	20	20	80%
Administrative Matters	225 275	80 120	300 450	80 120	153 247	220 330	98% 120%
Computing Matters	0	20	61	24	20	37	

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

This project is an important element in the Mission's strategy to improve agricultural production. Project interventions in the rural financial sector are complementary to other USAID supported efforts in improved access to information and technology, export marketing and natural resource management. The SFOS project's work with the agricultural cooperatives was transferred to the Small Farmer Agribusiness Development (SFAD) project upon its signing in June of 1992. The start-up of the SFAD project enabled the SFOS project to focus its efforts on: 1) strengthening the rural, open credit union system, 2) the legal chartering of the Finance Corporation for Agricultural Cooperatives (FINACOOOP) to replace the FDF, and 3) establishing a self-sufficient, fee-supported regulatory activity for cooperatives in the Honduran Institute of Cooperatives (IHDECOOP). SFOS SARs cover only those three activities.

The Implementing Unit

The project's implementing unit, the FDF, was legally chartered as the Finance Corporation for Agricultural Cooperatives (FINACOOOP) on December 28, 1992. For many of the same reasons that the Mission chose to separate the agricultural cooperative assistance and credit union activities, the FDF/FINACOOOP Board of Directors decided to separate the organization's operations into two units, the Financial Services Unit (FSU) for credit unions and the Agribusiness Unit for agricultural service cooperatives. The FSU will implement SFOS project administrative and financial restructuring activities.

The FSU will cease to operate prior to the PACD. The activities of the FSU will be discontinued, absorbed by FACACH, or absorbed by other organizations. Although decision authority on project implementation activities has been reserved for the FSU, FINACOOOP's Board of Directors created a steering committee made up of credit union representatives to guide the FSU's operations through this final period. This committee is made up of one representative from the credit union federation and of seven representatives of member credit unions that have already entered into financial stabilization agreements with the FSU. Their involvement at this stage will permit them to determine which activities should be continued by the credit union system after the PACD.

The Manager of the FSU has been a key actor in carrying out the project's activities with credit unions. This has permitted the General Manager of FINACOOOP to quickly consolidate staff and refocus FINACOOOP activities on the restructuring and repositioning of the agricultural cooperatives.

Project Management

The analysis of the administrative capability of FDF/FINACOOOP done for USAID by a local accounting/consulting firm made 36 recommendations. FINACOOOP has responded to 30 of the recommendations to the satisfaction of the Mission. FARS is presently assessing FINACOOOP's response to the remaining 6 recommendations. It appears that all will be satisfactorily addressed.

Technical Assistance

All field activities under the technical assistance contract with the World Council of Credit Unions (WOCCU) have been completed and the contract will be terminated early in the upcoming period. The credit union advisor hired directly by the Mission continues to support the FSU's activities with the credit union system very effectively. Proposals to provide a series of very specific short-term technical assistance for the credit union and FACACH are expected to be evaluated and selected early in the upcoming reporting period. During the final two year wind-down period of the project, technology transfer is taking place very rapidly because of prior groundwork and clear evidence of the advantages of sound credit union management practices.

Credit Union System

Credit union financial stabilization agreements continue to be monitored on a quarterly basis using CAMEL derived indicators. The resulting letter grades from A to D are proving to be powerful motivators for corrective actions that lead to greater safety and soundness. The fact that schoolteachers are a significant portion of credit unions' elected leadership is significant in explaining the effectiveness of the letter grade in communicating the condition of the individual credit union to its elected leadership and management. FACACH will learn about

L1,000,000 for the 1993 calendar year, the third year of evidence that the financial restructuring has been successful.

The FSU's 1993 work plan is being effectively implemented. Highlights are:

- Administrative restructuring agreements in place in 30 credit unions.
- 30 credit unions have adopted the standard accounting chart of accounts.
- Eight credit unions have installed the project recommended computerized accounting and decision package and six more are in the process of converting accounting and operations to the system and will go on-line in the next three months. In addition six other credit unions have installed hardware and are using it for word processing, spreadsheet, and database applications. Thus, 20 of the expected 27 credit unions are advancing through the computerization process. During FY 1994 we expect that at least 7 more will begin the process.
- Implementation of the training strategy reached 570 people, using 20 training modules with members, leaders, managers, and staff.

- Financial stabilization agreements are in place in 25 credit unions.

- In an activity developed jointly with the Peace Corps, six of the smallest credit unions are being advised by Peace Corps Volunteers who are either economists or accountants. The activity appears to be off to a good start.

IHDECOOP

After a long delay, IHDECOOP requested assistance from the project to help it become a fee supported regulator. An implementation letter was issued in September with detailed conditions and procedures for disbursement. It remains to be seen if IHDECOOP will accept the conditions.

Participation of Women in the Project

Credit unions continue to provide an avenue for the advancement of capable women. Management of credit unions seems to pass from one gender to the other rather easily and in both directions. At this point the bigger issue is the development and acceptance by the credit unions system of a model personnel policy to assure that both genders have clear, logical rules for selection, compensation, training and promotion.

D. Problems and Delays:

1. The non-federal audit of FINACOOOP has not yet been completed by Price Waterhouse although the field work is largely done.
2. The acceptance by IHDECOOP of a restructuring program is still in doubt.
3. The translation of the user's manual for the credit union accounting software package is advanced but not complete.

E. Major Activities or Corrective Actions During the Next Six Months:

1. The short-term technical assistance for the credit union strengthening activities is expected to be awarded by the end of calendar year 1993.
2. Deliver the report for the non-federal audit of the SFOS project.
3. The agreement between IHDECOOP and FINACOOOP should be signed as a precondition for disbursement of funds for the restructuring.

PROJECT STATUS REPORT  
 April 1, 1993 - September 30, 1993

A X B \_\_\_ C \_\_\_

I. BACKGROUND DATA

Project Title: Irrigation Development Project  
 Project Number: 522-0268  
 Date of Authorization: original 09/19/86 Amendment 04/13/89  
 Date of Obligation: original 09/29/86 Amendment 03/15/91  
 PACD: original 09/30/93 Amendment 10/30/93  
 Implementing Agencies: Directorate of Water Resources (DRH)  
 Ministry of Natural Resources (MNR)  
 Major Contractors: Winrock International  
 Project Managers: John P. Warren/Armando Busmail  
 Status of CPs/Covenants: CPs met

Date of Last Evaluation: 09/30/93 Next Evaluation: N/A  
 Date of Last Audit: 09/30/93 Next Audit: N/A  
 Planned No. of NFAs: 0 NFAs Contracted/Completed: 1

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$18,500,000 amended to \$4,000,000  
 DA/ESF Grant: original \$4,000,000 amended to \$13,290,000  
 Amount Obligated: DA Loan: original \$2,500,000 amended to \$4,000,000  
 DA/ESF Grant: original \$1,000,000 amended to \$13,290,000  
 Amount Committed: Period: (1,124)  
 Cumulative: \$16,851,703  
 Accrued Expenditures: Period - Projected: \$426,000  
 Period - Actual: \$296,390  
 Cumulative: \$15,695,364  
 Period - Next: \$0  
 Counterpart Contribution: Planned: \$10,480,000  
 Actual: \$10,670,200  
 % LOP Elapsed: 99%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 91%  
 % of Total Auth. Exp.: 91%

II. PROJECT PURPOSE

To improve farmer productivity and production by providing irrigation technology and on-farm technical assistance related to improved agricultural practices.

A. Specific Linkage to S.O. No. 1: The Project addresses the critical problem of underdevelopment of Honduras's irrigation potential which constrains food production and productivity for both the domestic and export markets. The Project has contributed to the Mission's S.O. of Increased Agricultural Production and Exports by increasing irrigated agricultural production mainly for the export market.

B. Percent of LOP Funds relating to S.O.: 100%

III. PROJECT DESCRIPTION

The project is composed of four components: irrigation systems design and construction; on-farm extension related to water management and improved agricultural practices; credit for production and irrigation system construction; and institutional development directed at strengthening the capacity of Honduran private and public sector institutions to plan and implement irrigation activities.

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

- |   |  |
|---|--|
| 1. Doubling on-farm productivity.       | 1. 63% increase in on-farm productivity. |
| 2. Minimum 15% increase in farm income. | 2. 722% increase in farm income.         |
| 3. 5,000-6,000 has. under irrigation.   | 3. 5,258 hectares constructed.           |

B. MAJOR OUTPUTS

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Designs							
No. of projects	270	38	283	0	8	253	94%
Hectares	6450	688	7076	0	396	6784	105%
2. Construction							
No. of projects	150	20	169	0	11	160	107%
Hectares	5075	480	5383	0	355	5258	104%
3. Credit							
No. of loans	271	12	131	0	9	128	47%
Amts. approved (LC)	32.M	8	52	0	5	49	154%
Rediscounts (LC)	32.M	4	48	0	2	46	143%
4. On-Farm Water Mgmt.							
Site Visit & Demons.	2000	374	1773	0	0	1399	70%
Demonstrations Guides	28	0	28	0	0	28	100%
5. In-Country Training							
Technicians	350	50	766	0	33	749	214%
Farmers	328	100	663	0	12	575	175%
6. Institutional Strength.							
Water Law to Congress	1	0	1	0	0	1	100%
National Irrigation Plan	1	0	1	0	0	1	100%
Norms & Standards (Design)	1	0	1	0	0	1	100%
(Construction)	1	0	1	0	0	1	100%
7. Participant Training	M F	M F	M F	M F	M F	M F	M F
Long-term	8 2	0 0	7 2	0 0	0 0	7 2	88% 100%
Short-term	60 6	14 4	68 15	0 0	17 3	71 14	118% 233%

\*This table shows revised final outputs accomplished during LOP.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

During this reporting period, the PACD was extended to October 30, 1993 to provide enough time for the execution of the final evaluation. Highlights of the evaluation will be provided during the next and final reporting period.

Final cumulative project data show a total of 253 irrigation systems designed covering an area of 6,784 hectares. Of the systems designed, 160 were constructed and/or rehabilitated covering an area of 5,258 hectares. Project activities in the Comayagua irrigation districts also resulted in improved irrigation efficiency that allowed additional irrigation coverage of 856 hectares. Thus the final number of irrigated hectares amounts to 6,114.

As of September 30, 1993, seventy nine sub-projects have received financial assistance for irrigation infrastructure, and forty-nine for production loans. Total financial assistance provided by the project amounted to L45.7 million, including L13.7 million in reflow funds. Approximately fifty percent of the loan funds used and area developed were for the production of bananas. Other export crops assisted by the project included melons, watermelons, tomatoes, plantains and winter vegetables.

Training activities were finalized during this reporting period with the execution of an innovative special program for 10 irrigation engineers from the private and public sectors. A two week course was given by the University of New Mexico and in the areas of design principles; costs and benefits for sprinkle, drip and various surface irrigation methods; basic concepts in applied hydraulics and irrigation system evaluation; soil-plant-water relationships and crop water requirements. Participants were very satisfied with this training given that it emphasized the basic principles of irrigation and practical applications of those principles; available irrigation system alternatives; and rationale for the selection of appropriate irrigation systems.

Overall, the project's training activities were successful in that Honduras now has a corps of competent and experienced engineers to execute irrigation design and construction activities. According to the project's irrigation advisor, irrigation designs are now more compatible with the physical characteristics and conditions of each sub-project; and designers have a much broader view of irrigation system design and are capable of presenting much more flexible designs that are in line with the needs and wants of the farmer. The project provided training to engineers; farmers; water user groups in the Comayagua irrigation districts; and private sector project beneficiaries. Continued training in on-farm water management will be the key for sustainable development and success of irrigated agriculture in Honduras.

Significant progress was made towards complete privatization of the three irrigation districts in the Comayagua Valley and in the privatization of farm level irrigation developments. Water Users Associations (WUAS) are very well organized and have developed workable rules and regulations for the management, operation and maintenance of the districts. The WUAS have been able to significantly increase the collection of water charges. These funds are used by the districts to cover maintenance and operation costs, in accordance with the association's priorities. According to the Directorate of Water Resources, 118 headgates have been installed and approximately 4,400 linear meters of concrete lined canals have been constructed in the irrigation districts since 1991, with GOH project counterpart funds. Rehabilitation of the Comayagua irrigation districts is about 40% complete.

The project supported the privatization of irrigation districts by providing WUAS with technical assistance in the areas of management and irrigation technology. However, to reach complete privatization, farmers in the irrigation districts should be given their water rights and pending land titling should be completed. Provision of water rights and titles would allow land sales and rentals in order to create larger units of farmland adequate for commercialized agriculture.

The project Water Law presented to Congress in early March, 1993 has a very low probability of being approved. This draft law includes provisions for the creation of an Instituto Hondureño de Recursos Hídricos (IHRH) to carry out water resource development planning; operation of hydrologic and meteorologic services; granting concessions for the use of water; maintaining records, facilitating the formation of WUAS; promoting the financing and execution of irrigation and related developments; among others. Project management agreed with the water law technical advisor that the proposed law would only create a centralized bureaucratic water authority with the mandate to do everything but with very little budgetary, technical and administrative capacity.

The GOH, through the Ministry of Finance, approved USAID's request to deobligate \$1.8 million in unearmarked project grant funds. This deobligation of funds is justified given that the project met its principal objectives without needing all planned project funding.

D. Problems and Delays

The PACD was extended to October 30, 1993, because of unforeseen problems that delayed the procurement process of the final evaluation. Reimbursement of project grant funded expenditures has been halted pending a RIG investigation of irregularities identified during the execution of the Non-Federal Audit. The final audit report has not been issued. This situation will show very low expenditure rate for the reporting period.

E. Major Activities or Corrective Actions during the next Six Months

1. Receipt of final evaluation.
2. Issuance of final audit report.
3. Execution of the project close-out report.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Policy Analysis and Implementation/Agriculture  
 Project Number: 522-0325.02  
 Date of Authorization: original 03/05/90 Amendment 7/21/92  
 Date of Obligation: original 03/09/90 Amendment 4/27/93  
 PACD: original 08/31/94 Amendment 8/27/97  
 Implementing Agencies: Ministry of Natural Resources  
 Agricultural Sectoral Planning Unit (UPSA) and  
 General Directorate of Statistics and Census (DGEC)  
 Major Contractors: Sigma One Corporation, Abt Associates Inc., Ateneo de  
 la Agro Industria (ADAI), Mississippi State University  
 and Chemonics  
 Project Managers: John Warren (Guillermo Alvarado:Liaison Officer)  
 Project Support Officer: Kelly Flowers  
 Status of CPs/Covenants: Met

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 4,350,000 amended to: \$ 14,350,000  
 Amount Obligated: DA Grant: original \$ 3,000,000 amended to: \$ 9,050,000  
 Amount Committed: Period: \$ 2,800,209  
 Cumulative: \$ 6,884,843  
 Accrued Expenditures: Period - Projected: \$ 1,100,000  
 Period - Actual: \$ 735,000  
 Cumulative: \$ 4,600,640  
 Period - Next: \$ 1,000,000  
 Counterpart Contribution: Planned: \$15,500,000  
 Actual: \$ 5,052,700  
 % LOP Elapsed: 53%  
 % of Total Auth. Oblig.: 63%  
 % of Total Oblig. Exp.: 50%  
 % of Total Auth. Exp.: 32%

Date of Last Evaluation: 00/00/00 Next Evaluation: 09/30/94  
 Planned No. of NFAs: 0 NFAs Contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

II. PROJECT PURPOSE

To strengthen the Honduran capacity to formulate and implement economic policy and administrative reforms.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This component of the PAIP supports Strategic Objective No. 1. Increased Agricultural Production and Exports by formulating and implementing policy reforms aimed at increasing agricultural investment. The new amendment also supports Strategic Objective No. 3. Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources by supporting policy analysis and reforms aimed at improving natural resources management and environmental conservation.

B. PERCENT OF LOP FUNDING RELATED TO S.O.: 100%

III. PROJECT DESCRIPTION

The aim of this project is to improve Honduran capabilities for carrying out policy analyses and implementing policy reforms in the areas of agriculture and natural resources management via cooperative undertakings, seminars and workshops, and through an improved agricultural statistics base. Both short-term and long-term technical assistance is being utilized. Short-term training, specifically as it supports the analytical capability of the Honduran counterparts, is also provided.

IV. PROJECT STATUS

A. Planned EOPs

1. Strengthened institutional capacity within the public/private agricultural sector in policy formulation and analysis.

Progress to Date

1. The project is strengthening the capacity of the GOH and selected private sector groups for policy formulation and analysis, principally through the analysis and preparation of policy position papers, development of an agricultural statistics data base, and short-term training for counterpart personnel.

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
1. Joint Policy Analysis Studies	16	2	18	0	2	32	200%
2. Reports and Conference Proceedings Disseminated	1800	0	2700	0	100	3400	189%
3. Proposals for Executive Decrees, Interministerial Agreements	0	0	26	0	8	34	N/A
4. Legislative Reform Bills Introduced to Congress	0	0	10	0	3	13	N/A
5. Rural Household Survey	1	1	3	1	1	3	300%
6. National Agricultural Survey	4	1	3	1	0	2	50%
7. Agricultural Census	1	1	0	1	0	0	N/A
8. Land Titles Issued	10,000	0	0	0	0	0	N/A
9. Established Farmer Owned Financial Institutions	4	0	0	0	0	0	N/A
10. Reorganization of Ag Public Sector Agencies	3	0	0	4	0	0	N/A
11. Environmental Strategy Developed	1	0	0	0	0	0	N/A

	LOP		Next		Next		% of LOP		
	M	F	M	F	M	F	M	F	
12. Participants Attending Project Sponsored Seminars	500	100	0	0	652	88	0	0	1118 585 5366 1589 1073% 1589%
13. Training Short-term	80	20	21	8	41	11	0	0	2 1 69 6 86% 30%

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

As the major employment sector of Honduras, agriculture represents the largest potential source of economic growth. Project activities center on policy analysis and implementation for reforms in such critical areas as price structures, land and resource base utilization, and access to markets and technology.

The Agricultural Component of the Mission's Policy Analysis and Implementation project was initiated as a separate project component in March 1990 to respond to a favorable environment for policy change in the agricultural and natural resources sectors. Due to the recent adoption of substantially improved sectoral policies by the current GOH administration as a result of project advice, this project component was amended in September of 1992 to extend and increase USAID support to the GOH in the analysis and implementation of agricultural and environmental policies.

The core element of policy reforms to date is an omnibus agricultural bill (the Agricultural Modernization Law) which revises several laws related to the agricultural and natural resources sectors. Congress approved the Law on March 5, 1992. It was published in the Gazette (official journal of the GOH) and became effective as Decree Number 31-92 on April 6, 1992.

The Law provides for: a) elimination of state intervention in product and factor markets; b) elimination of price and trade controls, and a shift from generalized price subsidies to targeted economic assistance to the needy; c) a reduction of the threat of expropriation of private agricultural land; d) legalization of private land rentals; e) promotion of land markets development; f) protection from expropriation of forest; g) return of ownership of trees to land owners; and h) the legal basis for the privatization and decentralization of GOH agricultural services (research, extension and credit).

During the reporting period the project assisted the Agricultural Sector Policy Unit (UPSA) and farmer organizations in finalizing regulations for the Law. The Law required the drafting of 11 regulations and two new ancillary laws for its proper interpretation and implementation. Project personnel assisted the working groups responsible for drafting the regulations for the Law through conducting meetings, analyzing and clarifying concepts, and generating viable mechanisms for implementation of the Law. These efforts to draft regulations have been generally successful, but more complex than expected. All regulations have been finalized and approved by the main interest groups and President Callejas. Two articles of the Law required special laws due to the complexity of the reform. These are the "cajas rurales" and land financing mechanisms for the establishment of a land market. These two ancillary laws were passed by Congress, with pressure from campesino and farmer interest groups, but contain clauses which are expected to create implementation problems.

The project also assisted the GOH and the private sector in implementing its policy to develop a private seed industry. During this reporting period the project continued to provide long-term technical assistance in seed science through a contract with Mississippi State University. It assisted the GOH and private sector in finally reaching agreement on a new seed law. It also assisted the private sector and the Pan-American Agricultural School to enhance its seed processing facilities and operations, and in promoting the use of improved seed throughout the country. The long-term assistance came to an end during this reporting period, but two short-term assignments are planned for the following semester.

The project's effects on women are expected to be positive and felt at both the institutional and sector-wide levels. For instance, the new Law eliminates discrimination against women with respect to land tenure. The project's analytical exercises, dissemination events, and short-term training objectives target a higher percentage and involvement of women than is currently found in these types of activities. Reforms that improve financial returns to agriculture and open access to markets will benefit female segments of producer populations.

With respect to the National Agricultural Census (NAC), the GOH, with local currency financial resources and TA from the U.S Bureau of the Census (BUCEN) provided by the Project, completed the field work and initiated data processing.

D. Problems and Delays

1. Implementation of the reform programs (including the privatization of grain marketing and storage, land titling, and forestry) has stagnated. During the reporting period the Mission contracted for second phase technical services under a proposed performance based contract. A new firm was selected and the existing firm filed a protest with the General Accounting Office (GAO). The GAO upheld the selection of the new firm. The protest has caused a serious delay in providing the required TA in support of the reform program. Although a new TA team is expected to arrive soon, the coming elections and probable change of administration will not allow for an immediate full scale and intensive implementation effort.

E. Major Activities or Corrective Actions During the Next Six Months

1. The project will bring in the new technical assistance team, and establish relationships with the new GOH administration for the intensive implementation of the agricultural reforms. Simultaneously, local currency will be programmed for the implementation of the Law. The focus during the next period will be in implementing the Agricultural Modernization Law. Also, analysis will be provided for the correction of the "cajas rurales" and Land Fund laws.

2. Continue to support processing and publication of the National Agricultural Census.

3. Continue to assist the seed industry through two short-term assignments.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Small Farmer Agribusiness Development  
 Project Number: 522-0383  
 Date of Authorization: original 06/23/92  
 Date of Obligation: original 06/23/92 Amendment 04/26/93  
 PACD: original 02/23/98  
 Implementing Agencies: Finance Corporation for Agricultural Cooperatives (FINACOOP)  
 Major Contractors: Agricultural Cooperative Development International (ACDI), National Cooperative Business Association (NCBA), ATMA  
 Project Managers: Lee Arbuckle/José Antonio Carranza  
 Status of CPs/Covenants: CPs: Met  
 Covenants:  
 Counterpart Provision: On-going  
 Evaluations: On-going  
 FDF Information System: Pending  
 Separation FDF/FACACH: Met  
 Removal Fund/BANADESA: Pending  
 Stabilization Support: On-going  
 Inclusion Reform FOBs: On-going  
 IHDECOOP Audit Unit: Pending  
 Pesticide Use/Proc.: On-going  
 Date of Last Evaluation: 00/00/00 Next Evaluation: 9/94  
 Planned No. of NFAs: 5 NFAs Contracted/ Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: N/A

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$ 6,500,000  
 Amount Obligated: DA/ESF Grant: original \$ 3,300,000 amended to \$4,300,000  
 Amount Committed: Period: \$ 2,997,120  
 Accrued Expenditures: Cumulative: \$ 3,447,262  
 Period - Projected: \$ 975,000  
 Period - Actual: \$ 586,408  
 Cumulative: \$ 643,644  
 Period - Next: \$ 735,000  
 Counterpart Contribution: Planned: \$ 6,560,000  
 Actual: \$ 147,300  
 % LOP Elapsed: 25%  
 % of Total Auth. Oblig.: 66%  
 % of Total Oblig. Exp.: 15%  
 % of Total Auth. Exp.: 10%

II. PROJECT PURPOSE

To increase production, value-added processing and agricultural exports of participating farmer-owned businesses.

III. PROJECT DESCRIPTION

The project will continue and expand upon the strengthening activities begun under the Small Farmer Organization Strengthening (SFOS) Project to restructure participating farmer-owned businesses (FOBs) and carry out project Growth activities with those strengthened FOBs that demonstrate the potential to make significant contributions to agricultural production, value-added processing and foreign exchange earnings.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project supports the Mission's Strategic Objective No. 1 - Increased Agricultural Production and Exports. The project will directly impact sub-objective 1.1: Improving profitability and climate for agricultural investment and increasing access to markets and factors of production.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

IV. PROJECT STATUS

A. Planned EOPS

Progress to Date

- |  |  |
|--|--|
| 1. Estimated average production gains of 30% to 40% for members of participating FOBs in melons, rice, corn, and coffee. | 1. Information system is being developed and implemented. Information not yet available. |
| 2. Annual foreign exchange earnings for FOBs will increase by approximately \$15 million.                                | 2. Information system is being developed and implemented. Information not yet available. |
| 3. Annual value-added processing of FOBs will increase by approximately \$10 million.                                    | 3. Information system is being developed and implemented. Information not yet available. |

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Cum.	LOP	% of LOP
1. FOBs restructured:							
Administrative restructured	40	15	15	1	22	22	55%
Financial restructured	40	12	12	6	9	9	23%
2. Orgs. with computer technology	30	12	12	6	12	12	30%
3. FOBs operating at a profit	36	5	5	5	6	6	17%
4. FOBs increasing average sales at least 50%	40	5	5	5	3	3	8%
5. Feasibility studies for new business activities prepared	40	2	0	0	0	0	0%
6. Number of new agribusiness investments being undertaken by FOBs and Federations	40	0	0	0	0	0	0%
7. Number of participating federations having return equity invested equal to or greater than 35%.	4	0	0	0	0	0	0%
8. Number of participating FOBs having owner equity and reserves equal to or greater than 30% of assets	40	3	3	3	2	2	5%

April 1, 1993 - September 30, 1993

A \_\_\_ B X C \_\_\_C. Major Accomplishments and Overall Status:

This project is an important element in the Mission's strategy to improve agricultural production. Planned project interventions with rural agricultural cooperative businesses complement other USAID supported efforts to improve access to information and technology, domestic and export processing, and marketing services for small farmers who are member-owners of farmer-owned businesses (FOBs). Access can only be provided by the FOBs if they have efficient operations and make profitable capital investments that reduce costs, improve quality, and add value to the farmers' product. The project focuses its efforts on those FOBs, and their second level federations that have proven a willingness to make the fundamental changes required to become viable businesses. These FOBs include some of the cooperatives affiliated to UNIOCOOP, the umbrella organization for model agricultural cooperatives; to AHPROCAFE, the Association of Honduran Coffee Growers; to FECORAH, an Agrarian Reform Cooperative Federation; and to ANACH, the National Association of Agrarian Reform Cooperatives. Any other FOB can participate if it meets project requirements even if not affiliated with the above organizations.

The Implementing Unit: The principal implementation unit is the Finance Corporation for Agricultural Cooperatives (FINACOOP), which was chartered in late December, 1992. FINACOOP assumed the implementation responsibilities and assets of the FDF, the implementation entity until that time. Over the years FDF's transitory nature as an administrative unit within FACACH had been a major concern to the Mission and to the two project evaluation teams.

At the end of October, 1992 after a competitive selection process, the FDF's Board of Directors hired a new General Manager. The Manager's contract was renewed by the FINACOOP Board when FINACOOP was chartered. The new GM moved quickly to refocus FINACOOP's activities. FDF's staff, functions and activities in support of the credit union sector were consolidated in the Financial Services Unit (FSU), which reports separately to the Board of FINACOOP. Upon the completion of the Small Farmer Organization Strengthening Project in 1995, the FSU will cease to exist. The separation of implementation responsibilities into two administrative units has greatly accelerated project implementation with the credit unions.

FINACOOP has created two "line" departments, "Agribusiness", and Finance. "Agribusiness" has responsibility for the implementation of the SFAD project through the "Project Officers", who are responsible for the development and management of the restructuring agreements with the FOBs. The "Project Officers" are supported by staff specialists in accounting services, training, and computing. The other "line" department is Finance, which is responsible for managing FINACOOP's credit resources as well as the drafting and administration of the financial restructuring agreements. Staffing is now complete and most central organizational procedures and practices have been developed. During this period FINACOOP's first operating plan was approved by the Mission and disbursement of project counterpart funds has begun.

Project Administration: The technical assistance consortium led by Agricultural Cooperative Development International (ACDI) under a performance based contract has arrived in-country and begun an accepted and effective working relationship with FINACOOP staff. The consortium consists of ACDI, the National Cooperative Business Association (NCBA), ATMA (an 8(a) firm) and VOCA. The ACDI team's workplan for the four year life of contract is being reviewed in draft by FINACOOP and the Mission as of the date of this report.

Strengthening and Growth Component Results: 1. COMARCA: The Administrative Restructuring process with the Coffee Cooperative of Marcala (COMARCA) is showing dramatic results, especially in the area of the consistency of the accounts receivable, the financial root of the COMARCA's weakened situation. The FOB had taken numerous steps to restructure itself over a four year period prior to participating in the project. Management and staff had been changed, delinquent members were disqualified from election to the Board, an analysis of the financial responsibility and productivity of each of its 1,200 enrolled members was carried out, and membership rolls were reduced to 850 members in good standing. With project support, the leadership and management of COMARCA then conducted extensive training in on-farm coffee processing and in the functioning of local membership groups. Accounting and internal controls are also being addressed. COMARCA produces a superior coffee known as SHG (strictly high grown) which is very merchantable even in periods of heavy world coffee supply. For the coffee year which ended September 30, 1993 COMARCA handled 52,000 hundredweight of coffee, over 2% of national production and a record amount by the FOB, and its profit totaled L1,700,000, a record level of profitability in a year of significant worldwide weakness in the coffee market. Two further tranches of the Financial Restructuring loan will be made

in the next year to be invested in further processing improvements. Projections are that processing costs will be reduced from about L50 per hundredweight to about L30. This is a dramatic first affirmation of the appropriateness of project design.

2. UNIOCOOP: Based on analysis by the TA team and FINACOOP, administrative restructuring steps were taken by UNIOCOOP, a federation whose main business is the wholesaling of inputs to affiliated cooperatives. Sales are increasing dramatically, market share is growing, and UNIOCOOP is now the #3 fertilizer wholesaler in the country. For the 1993 year UNIOCOOP will earn from L800,000 to L1,000,000. UNIOCOOP's strategy of coalition with a Guatemalan firm that is Central America's largest wholesaler has proven sound. Until the coalition with UNIOCOOP, the other party was unable to find a Honduran distributor willing to or capable of meeting commitments. UNIOCOOP's tightly managed line of credit from FINACOOP for working capital has made UNIOCOOP's growth possible. Participation with the coalition partner in volume imports to the Central American region has led to a 60% increase in inventory turnover. The efficiencies reduce the costs of fertilizer to member-farmers and leads to UNIOCOOP's growth in market share. FINACOOP's advice on accounting and information systems has been very effective in producing 11 daily and weekly reports on inventory management which have led to improved decision-making.

3. COHORSIL: COHORSIL's earnings are expected to increase to about L500,000 this year and carefully selected membership will approach 400. COHORSIL is a graduate of the project's strengthening process. They are now considering a number of Growth component investments.

4. La Proveedora: La Proveedora is a service cooperative owned by several of the production cooperatives of the Federation of Cooperativas de la Reforma Agraria (FECORAH). The FOB was formed to supply the cooperatives and independent farmers in the area with agricultural supplies. FINACOOP's strengthening agreement focuses on accounting, internal controls, and inventory management principles.

5. CARPIHL: This is a cooperative of independent plantain growers affiliated to the National Association of Campesinos (ANACH). FINACOOP's Strengthening Agreement focuses on the problem of farmer productivity by contracting for Technology Transfer from the Honduran Agricultural Research Foundation (FHIA). Over half of Honduran plantain is grown in the area of CARPIHL. A very active export trade to Salvador already operates despite the damage to fruit from Sigatoka. FINACOOP has contracted with FHIA to demonstrate varieties of Sigatoka resistant plantain developed by FHIA to CARPIHL's member-growers. Possible increases in yield, improvement in quality, and lowered production costs due to the reduced levels of fungicide are expected.

6. The melon cooperatives COAGROVAL, CREHSUL, and Algosur: Negotiations with COAGROVAL to develop a Restructuring Agreement fell apart when the FOB entered into an unsound one-sided exclusive commitment of product to one broker which would have assured that any FOB profits would be captured by the broker. CREHSUL, after a profitable year, distributed profits to growers rather than honor their commitment to retain all earnings and thereby build up the capital base during the life of the Financial Restructuring Agreement. Support to Algosur will be withheld until it commits to restructuring decisions required to restore the FOB to profitability.

D. Problems and Delays:

1. The Covenant to the Project Agreement providing that by March 28, 1993 the Model Cooperative Trust Fund would be removed from the National Bank of Agricultural to Development (BANADESA) had not been met at the end of the past reporting period.
2. Implementation of the ACDI project baseline information system and the commodity system analysis have been delayed, but will be finished during the next period.

E. Major Activities or Corrective Actions During the Next Six Months:

1. FINACOOP will present its report on 1993 activities and an Operating Plan for calendar year 1994 by January 20, 1994.
2. The ACDI life-of-contract workplans will be approved by FINACOOP and the Mission.
3. ACDI will complete the commodity system analysis.
4. FINACOOP and the GOH will complete the documentation required for removal of the Model Cooperative Trust Fund from BANADESA.
5. UNIOCOOP will take steps to separate its business activities and the associative functions of a coop federation.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Rural Roads Maintenance Project  
 Project Number: 522-0334  
 Date of Authorization: original 06/20/90  
 Date of Obligation: original 06/20/90 Amendment 04/27/93  
 PACD: original 06/30/97  
 Implementing Agencies: Ministry of Public Works and Transport (SECOPT)  
 Major Contractors: N/A  
 Project Managers: Roberto A. Aguero  
 Status of CPs/Covenants: CP to first disbursement: Met  
 CP to maintenance disbursement: Met  
 CP to construction disbursement: Met  
 CP to Pilot Project: Met  
 CP after second year disbursements: Met  
 Covenants:  
 Ongoing evaluation of progress.  
 Reports on provision of counterpart.  
 Date of Last Evaluation: 00/00/00 Next Evaluation: 6/94  
 Planned No. of NFAs: 1 NFAs contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 11/31/93

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$15,000,000  
 Amount Obligated: DA Grant: original \$ 2,500,000 amended to \$10,681,000  
 Amount Committed: Period: \$ 2,268,373  
 Cumulative: \$ 7,907,257  
 Accrued Expenditures: Period - Projected: \$ 1,522,000  
 Period - Actual: \$ 1,557,209  
 Cumulative: \$ 6,587,930  
 Period - Next: \$ 1,500,000  
 Counterpart Contribution: Planned: \$ 6,866,000  
 Actual: \$ 5,793,500  
 % LOP Elapsed: 46%  
 % of Total Auth. Oblig.: 71%  
 % of Total Oblig. Exp.: 62%  
 % of Total Auth. Exp.: 44%

II. PROJECT PURPOSE

To establish a long term sustainable maintenance system for rural roads and expand roads network in areas with potential for agricultural export production.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVE

- A. SPECIFIC LINKAGE TO S.O.: The project supports the Missions Strategic Objective of Increased Agricultural Production and Exports by providing better access to markets and other factors of production.  
 B. PERCENT OF LOP FUNDS RELATING TO S.O: 100%

III. PROJECT DESCRIPTION

The project consists of three components:

1. Institutional strengthening of the General Directorate of Maintenance (DGM).
2. Maintenance of rural roads constructed under AID funded programs.
3. Construction of additional rural roads.

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

1. Long-term sustainable rural roads maintenance program in operation. Three thousand kms. will be receiving, as required, both regular and periodic maintenance by the end of the project. 747 kms.
2. Rehabilitation of 300 km. of roads constructed under Rural Roads I (522-0164). 200 kms.
3. Construction of 264 km. of rural roads. 89 kms.

B. Major Outputs

	Planned		Next		Accomplished		
	LOP	Period	Cum.	Period	Period	Cum.	% of LOP
1. Construction of rural roads (kms)	264	32	98	31	23	89	34%
2. Rehabilitation of rural roads (kms)	300	2	202	0	0	200	67%
3. Regular, periodic maint. of rural roads (kms)	3000	102	576	516	273	747	25%
4. Peon Caminero maintenance (kms)	3000	1750	1750	0	0	0	0%
5. DCM Institutional Strengthening							
Privatization of Maintenance Operations (%)	80	10	110	0	55	125	125%
Reduction in Personnel	2,000	N/A	N/A	N/A	N/A	5,250	263%
Road Inventory System	1	N/A	N/A	N/A	N/A	1	100%

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PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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**C. Other Accomplishments and Overall Status**

This project is the successor to the Rural Roads II Project (522-0214). As the name of this project implies, primary emphasis is given to institutionalizing regular maintenance work on rural roads, although some new construction has taken place over the life of the project. One important aspect of this project is the emphasis on road maintenance by private contracting. This is a revolutionary trend in Honduras and elsewhere in the developing countries. It is oriented toward maximizing use of project resources by promoting the growth of private construction companies.

During the reporting period twelve rural roads maintenance projects (609 km) commenced. Seven rural roads maintenance projects totalling 215 kilometers were completed, including the last four projects (123 km) from the 1992 program and three projects (92 km) from the 1993 program. To date, 747 km (66%) from a total of 1,124 kilometers of rural roads maintenance projects contracted have been completed. It is expected that by the next period the remaining nine projects (517 km) from the 1993 program will be completed. Five groups of maintenance projects totalling 315 kilometers were sent out for bid during the first week of September. It is expected that these projects will commence in January 1994 and will be completed by September 30, 1994. Therefore, by September 1994 a total of 1,439 kilometers (48% of the total planned LOP goal) will have been maintained with project funding.

In accordance with the new sectorization plan currently being implemented by SECOPT, 579 kilometers of rural roads constructed with USAID funding will be maintained with local O1 funding between 1994 and 1996, in addition to the 500 kilometers currently being maintained with GOH funding in 1993.

During the reporting period one construction project (25 km) commenced. Four construction projects totalling 89 kilometers were completed (34% of the planned LOP goal of 264 kilometers). Two construction projects totalling 43 kilometers will commence next period. Upon completion of these projects 157 kilometers will have been completed (59% of the planned LOP goal). The remaining 107 kilometers will have to be financed with local funding since no more USAID grant funding for this activity remains. SECOPT has agreed to come up with the funding required to meet the shortfall. A total of \$384,000 of additional O1 national funding has been programmed in SECOPT's 1994 budget.

One 20 kilometer rural road rehabilitation project was completed during the reporting period. A total of 200 kilometers (67% of the planned LOP goal of 300 kilometers) have been completed. The remaining 100 kilometers will have to be financed with local funding since there is no more USAID grant funding available for rehabilitation projects. SECOPT has agreed to come up with the funding required to meet the shortfall. A total of \$732,000 of additional O1 national funding has been programmed in SECOPT's 1994 budget. Also, the GOH has signed two loan agreements with the World Bank (WB) and the Government of Kuwait (GOK) to finance rural road maintenance and rehabilitation. A total of 490 kilometers of rural roads will be rehabilitated with these funds. These projects will be executed between 1994 and 1997, allowing for the completion of the remaining 100 kilometers.

Privatization of road maintenance has started. Twenty-nine out of 53 "sector contracts" (totalling 7,250 kilometers) have been awarded by SECOPT. Five more will be awarded using project funding and local GOH counterpart funding. By 1994 all sectors will be privatized with funding from the WB, GOK and local funding generated by the Trust Fund ("Fondo Vial"). As part of the privatization effort, SECOPT's General Directorate for Roads and Airports Maintenance (GDRAM) has reduced its staffing to 750 employees, a reduction of 87% out of its original 1989 labor force of 6,000 people.

The Fondo Vial legislation was approved by the Honduran Congress in August 1993 and will take effect in January 1994. The Fondo Vial is represented by 7 directors, of which 4 are members from the private sector and the remaining three are from the GOH. The GDRAM will continue as the Fondo Vial Implementation Unit. The Fondo Vial will manage all road maintenance operations. It will collect revenues from tariffs and taxes on the use of the Honduran road network and will finance the maintenance of the entire 14,200 kilometer road network in Honduras. The contracts for the maintenance of the sectors will be awarded by competitive bidding.

A study to evaluate the capacity of local construction firms to absorb the demand of services required by the privatization of the road maintenance system was completed. The main conclusion of the study is that local construction companies currently lack sufficient heavy equipment to absorb the demand for services generated by the

privatization of road maintenance in Honduras. Nevertheless, the selling of approximately 750 pieces of heavy equipment owned by SECOPT to the local contractors will increase the capacity of the companies to absorb all the work generated by the maintenance of the entire road network in Honduras.

The process of selling of the equipment has already started. Three public auctions have been performed; others will follow during the last quarter of 1993. One possible problem derived from the transfer of the heavy equipment to private contractors is the possibility of an increase in the unit costs of road maintenance, due to the removal of SECOPT from a market of high demand for services. Another problem will be SECOPT's inability to perform emergency road repair operations that require heavy equipment.

A contract was signed by USAID with a Honduran consultant firm to update the current methodology and evaluate the environmental impacts derived from road construction and maintenance. The results of the study, including the issuance of a manual on environmental practices and the training of 80 people, are expected by January 1994.

A Non-Federal Audit of the project is currently underway. The final results are expected by the end of October 1993. The Regional Inspector General performed an audit on counterpart contributions to the project. The audit determined that the GOH was in full compliance with USAID and host country counterpart contribution requirements.

Due to privatization of road maintenance, the rural road routine maintenance Peon Caminero component was not implemented by SECOPT. This operation will be incorporated as part of the contracts with private contractors. The Mission has advised SECOPT that the project will no longer finance the Peon Caminero component and associated activities, including ESF contribution for salaries.

The number of companies participating in bidding has increased. The road maintenance privatization plan has promoted the growth of existing construction companies and new companies have been formed.

**D. Problems and Delays**

Due to a need to focus and consolidate the USAID portfolio and a shortfall in Development Assistance funds for Honduras, the Mission decided to terminate the Rural Roads Maintenance Project and reduce the planned USAID LOP grant funding from the original \$15.00 million to the \$10.681 million currently obligated (a reduction of 29%). The project PACD will be changed from 06/30/97 to 09/30/94.

An in-house costs analysis for basic rural road maintenance operations was performed and showed that the current cost being paid by SECOPT to private contractors is approximately 17% higher than engineer estimates. This is mainly due to the high demand for construction services brought on by the privatization of road maintenance.

Heavy rains during the months of August and September have caused heavy flooding causing extensive damage to sections of the road network, specially on the north coast of Honduras.

Lumbersome procedures to legalize contracts is still a cause of contract delays. This problem will not be resolved until the decentralized Fondo Vial commences operations in January 1994.

**E. Major Activities or Corrective Actions During the Next Six Months.**

1. Contracts for 5 groups (315 km) of rural road maintenance will be awarded and signed.
2. Nine projects (517 km) of rural road maintenance will be completed.
3. Two on-going rural road construction projects totalling 44.7 km will be completed.
4. Two rural road construction projects totalling 43 km will commence.
5. An environmental study (including the issuance of a manual) to update the current methodology on Environmental Impact Assessments applied to road construction and maintenance will be completed.
6. A Non-Federal Audit will be completed.
7. A PROAG amendment will be negotiated with the GOH to reflect the reduction in project financing, the PACD, modification of the project's original goals and modification of project component financial elements.

## PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

A \_\_\_ B X C \_\_\_I. BACKGROUND DATA

## ACTIVE MONETIZED FOOD AID AGREEMENTS:

<u>PROGRAM</u>	<u>AGREEMENT</u> <u>AMOUNT (Dollars)</u>
Title I (FY82-90)	\$101,500,000
Title III (FY82-94)	\$ 68,500,000
Section 416 (FY86-90)	<u>\$ 12,800,000</u>
<b>TOTAL</b>	<b>\$182,800,000</b>
Implementing Agency:	Ministry of Finance and Public Credit (MFPC) and the Ministry of Natural Resources (MNR)
Major Contractors:	N/A
Project Managers:	Vincent Cusumano/Armando Busmail
Date of Last Evaluation:	09/01/87                      Next Evaluation: 03/01/95
Planned No. of NFAs:	N/A                      NFAs contracted/completed: N/A
Date of Last Audit:	10/31/92                      Next Audit: 11/31/93

A. FINANCIAL DATA: (in Lempiras)

<u>Program</u>	<u>Agreement</u>		<u>Programmed</u>		<u>Semester</u>
	<u>Amount</u>	<u>Generations</u>	<u>Local Cur.</u>	<u>Total Disbursed</u>	<u>Disburs.</u>
Title III (FY82)	25,000,000	26,630,988	26,630,988	25,232,021	(1,386,963)
Title III (FY91)	74,200,000	73,633,978	73,633,978	48,633,978	28,582,028
Title III (FY92)	75,600,000	73,037,999	73,498,191	22,673,714	22,403,714
Title III (FY93)	<u>87,100,000</u>	<u>47,692,000</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
<b>Total Title III</b>	<b>261,900,000</b>	<b>221,994,965</b>	<b>173,763,157</b>	<b>96,539,713</b>	<b>41,068,701</b>
<b>Total Title I (FY82-90)</b>	<b>203,000,000</b>	<b>246,587,551</b>	<b>246,587,551</b>	<b>218,244,300</b>	<b>12,352,882</b>
<b>Total Section 416 (Corn/Wheat/Soya) (FY86-90)</b>	<b>36,404,075</b>	<b>36,404,075</b>	<b>36,404,075</b>	<b>34,404,075</b>	<b>5,036,875</b>

II. PROGRAM PURPOSE

The purpose of the Title III Program is to reduce malnutrition, encourage improvement of agricultural production and marketing; and enhance food security by increasing broad-based economic growth.

RELATIONSHIP TO MISSION STRATEGY OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. Nos. 1 & 3: Increased Agricultural Production and Exports; and Improved Management -- Towards Long-Term Sustainability -- of selected Natural Resources. The program has contributed towards these Strategic Objectives by the allocation of local currency generations to finance counterpart requirements of the Mission projects supporting this objective.

B. PERCENT OF LOP FUND RELATING TO S.O.: 100%

III. PROGRAM STATUSA. SELF HELP MEASURES

The three year Title III Agreement signed on March 6, 1992, states that program performance must be measured in three areas: 1) Policy Reform --- the extent to which the GOH has complied with the Self-Help Measures requirements due in 1992, 1993 and 1994; 2) Economic Growth --- changes in sectoral and macro-economic growth as indicated by donor and GOH reports; and 3) changes in income and nutrition levels of rural households as measured by national surveys.

In the policy reform area, maintenance of the land tenure, pricing and trade policies were closely monitored for implementation and continued compliance. In the Callejas administration's final year in office, the Mission still has been concerned with what appears to be a reversal in agricultural policy, specifically with respect to liberalized agricultural markets. The need to obtain a phytosanitary permit has been used by the Ministry of Natural Resources as a way to limit legitimate trade. The recent and continuous use of the GOH's National Bank for Agricultural Development (BANADESA) and BANASUPRO retail stores to import and distribute beans at below market prices is an example of market intervention to keep prices artificially low. Other examples include de facto price controls on milk, poultry and sugar.

Although this might be explained as a short-term attempt to address some politically sensitive market issues during an election year, it is something that the Mission will continue to monitor given the long-term implications for true market reforms.

The following summary provides an overview of pending SHM compliance for the period ending September 30, 1993; each SHM is listed, the required policy changes are described as well as the current status of the SHM.

A) Environmental Protection and Natural Resource Conservation: Elaborate environmental protection strategy by June 30, 1993, and capitalize an environmental fund by December 1993.

Status: Satisfied. A joint GOH-IBRD team has completed the design of an environmental action plan (EAP). It describes the country's major environmental concerns and problems and formulates policies and actions to address the problems. In March 1993, the GOH enacted the National Environmental Law and in 1992 created Environmental Protection Fund. The GOH will provide thirty million lempiras to the fund in five equal yearly tranches. The mission estimates that the GOH will require a considerable amount of additional resources to fully implement the EAP. The World Bank has expressed interest in contributing financial resources to this effort.

B) Strengthen Agricultural Research and Extension: Elaborate a plan for decentralization and/or privatization of the Ministry of Natural Resources' (MNR) agricultural research and extension activities by December 31, 1992, and establish models and mechanisms for provision of private technical assistance to the agricultural sector.

Status: In December, 1992, the GOH finalized the subject plan which calls for a major overhaul of the Ministry of Natural Resources to allow implementation of effective research and extension programs targeted for the small agricultural community. The plan, to be implemented by the new Directorate of Science and Agricultural Technology (DICTA), includes a system for agricultural technology generation and transfer essential to ensure increased production and productivity in the sector and make more food available for domestic consumption and export. This is one of a series of major steps to promote broad-based and sustainable economic growth and employment.

The MNR is in the process of implementing models for semi-autonomous agricultural extension services and mechanisms for provision of technical assistance to the private agricultural sector through private organizations. It also has been successful in securing the start-up funding and political support to implement DICTA in early 1994. In addition, the GOH created the endowment fund for the private Agricultural Research Foundation (FHIA) in the amount of 100 million lempira (\$14 million). This SHM is considered satisfied.

C) Continuation of Previous Self-Help Measures: Complete privatization of the IHMA silos by December 31, 1993; and two sugar mills (ACENSA and ACANSA) by June 30, 1994.

Status: The ACENSA sugar mill was finally privatized in May/93. The ACANSA sugar mill was scheduled for direct negotiation in late August/93, but because of actual legal problems this activity has been postponed for completion until June, 1994. Legislation is in place for the implementation of IHMA's privatization program. Appraisals of all fifteen warehousing facilities have been completed. According to

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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the MNR's SHM status report, the regional plants in Danli, Juticalpa and La Entrada; together with the rural silos located in Catacamas and Tocoa are currently being negotiated directly with the private sector. The San Marcos and the Cerro de Hula silos were auctioned and are pending adjudication. The facilities in Comayagua, Choluteca and San Pedro Sula are scheduled to be auctioned in late november.

Two additional self-help measures were included in the 1993 amendment to the PL-480 Title III agreement:

(1) Elimination of the Physical Strategic Grain Reserve.

A continuing benchmark under this SHM is that IHMA'S management of the physical strategic grain reserve complies with the regulations set forth in the operational directives of the import price band system and the strategic reserve; and that IHMA does not intervene in the basic grains market for price stabilization purchases. In this regard, IHMA has complied with the above regulations. Imports duties on grain imports from Central American countries have been reduced to five percent ad valorem. The price band system is applied to imports from third countries.

Another benchmark under this SHM refers to the completion and presentation to USAID of a plan for the elimination of the physical strategic grain reserve and a proposal for the establishment of a financial reserve (deadline: September 1993). Status: In process. The MNR and the Central Bank are still analyzing the convenience of maintaining the physical strategic grain reserve and the implications of managing the physical strategic grain reserve and/or the financial reserve.

The final benchmark refers to the actual GOH elimination of physical strategic grain reserve and replace it with a financial reserve to be used in case of national emergencies. Deadline: No later than March 1994. Status: In process.

(2) The GOH will complete the organizational restructuring of the National Agrarian Institute (INA) and the Honduran Forestry Development Corporation (COHDEFOR). Deadline: June, 1993.

Status: Satisfied. An executive order approved the new functional and organizational structure of INA, and established a limit of 800 employees nationwide. Under its new structure, INA has defined an agrarian policy based on the implementation of three programs: Land Adjudication, Land Titling and Reconversion and Entrepreneurial Strengthening. On December 13, 1992, COHDEFOR's board of directors approved the new functional and organizational structure, and established a limit of 1000 employees nationwide. In response to the new agricultural sectoral policy framework, COHDEFOR will implement the forestry policy as defined in the Agricultural Modernization Law and take on new responsibilities in the area of forest protection and biodiversity conservation.

B. ECONOMIC GROWTH

Regarding the second area of program performance, economic growth, the Mission is assisting the GOH to design and execute a series of surveys which started with an agricultural census in May. Census preliminary data will be available in early January, 1994. The Census will be followed by periodic surveys to gauge the impact of policy reform on the overall economy. In reviewing GOH economic data, real GDP in 1992 grew by 4.3 percent from 2.2 percent in 1991, and the annual inflation rate dropped from 36.4 percent in 1990 to 6.5 percent in 1992. Agricultural policy reforms yielded good results in agricultural production during 1991 with increases in output of 6.3 percent in real terms, and approximately 2.9 percent in 1992 despite the deteriorating situation of the coffee international market. The policy changes that will spur significant economic growth are already in place with the enactment of the Agricultural Modernization Law but the impact of this legislation will not be significant until implementation is well underway. Much of the implementation will fall on the new government in 1994.

C. INCOME AND NUTRITION STATUS

In the final area of program performance, income and nutrition status, AID/W guidance on Title III Program Design cited the need for periodic reporting from the field on progress toward achieving food security (I.E., the access by all people at all times to sufficient food supplies). The Mission is committed to support periodic household surveys to assess food security by determining caloric consumption patterns.

In May a contract was awarded to a local agricultural economics consulting firm, ADAI, to execute a continuous nutrition survey during an eleven month period and the

corresponding assessment of results, covering both rural and urban areas of Honduras.

The implementation of this activity began in September, 1993 and will cover a sample of 2,800 household focusing on education; health; caloric consumption; household income, including farm income, expenditure and employment information; household composition and gender; and child anthropometric. Results of the survey will be included in subsequent Title III reports.

D. LOCAL CURRENCY USES:

During the reporting period approximately 40,500 metric tons of wheat were imported under the program. The sale of this wheat has generated 47.7 million Lempiras that will be programmed for disbursement in CY 1994 to directly support GOH activities in the agricultural and natural resources/environment sectors, aid programs to the poorest sectors of the economy and to finance counterpart requirements of the Mission's DA projects with the public and private sectors, i.e. Forestry Project, Land Use and Productivity Enhancement Project, Family Food Coupon Program, Honduran Environmental Protection Fund and Small Farmer Organizational Strengthening.

E. PROBLEMS AND DELAYS

No major problems and delays occurred during the reporting period.

F. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING THE NEXT SIX MONTHS

1. Coordinate delivery of remaining wheat for 1993 under the Multi-Year PL-480 Title III Agreement.
2. Follow-up with GOH on pending and new SHM's.
3. Follow-up on the implementation of the Nutrition Survey.

**STRATEGIC OBJECTIVE No. 2**

**INCREASED PRIVATE INVESTMENT AND TRADE**

*Overview of Strategic Objective Progress*

- 1) 522-0241 Small Business II
- 2) 522-0289 Privatization of State-Owned Enterprises
- 3) 522-0325\* Policy Analysis and Implementation (Public)
- 4) 522-0325.1\* Policy Analysis and Implementation (COHEP)
- 5) 522-0325.3\* Policy Analysis and Implementation (Financial)
- 6) 522-0363 Chamber of Commerce and Industry of Cortés
- 7) 522-0365 Structural Adjustment Program I
- 8) 522-0396 Structural Adjustment Program II

## STRATEGIC OBJECTIVE 2: INCREASED PRIVATE INVESTMENT AND TRADE

The goal level indicators chosen to measure progress under this objective are 1) gross private investment; 2) U.S.–Honduran trade; and 3) increased employment in the manufacturing sector. Projects under the Strategic Objective directly contribute to 1) a sound investment climate; and 2) the improved competitiveness of the private sector.

*Investment*, measured in terms of lempiras, is expected to rise by nine percent in 1993. The GOH continues to make progress in promoting investment—efforts that are reflected in the increasing private investment figures. In addition to a new Investment Code, Congress recently approved a world class Intellectual Property Rights law which includes copyrights, patents and trademark legislation.

*Bilateral Trade* between Honduras and the United States is expected to increase 18 percent, rising to \$1.87 billion in 1993, up from \$1.59 in 1992. Honduras exports of manufactures to the United States in 1993 are even more significant with data expected to show a 50 percent increase to \$623 million. The key contributing factor to the trade increases has been trade liberalization. In addition to encouraging Honduras to produce, based on comparative advantage, trade liberalization has promoted the transfer of much needed technological improvements. In April, all Central American countries, including Honduras, harmonized tariff schedules. Tariffs within the region, with few exceptions, have been eliminated and, generally, all goods now carry like-tariffs with non-Central American countries.

Manufacturing sector *employment* is projected to increase 25 percent in 1993.

**Sound Investment Climate:** Progress made during this period resulted from analyses and strong advocacy for implementation of policy reforms and agreements that remove impediments to increased investment flows. The strengthening of private sector institutions has enabled strong public support for improving the investment climate and developing exports. Specific accomplishments include the submission of banking reform legislation to the Congress, elimination of 95% of controls on interest rates, and restructuring of the Central Bank and adoption of procedures for creating a secondary market for government securities. Mission counterparts participated in all negotiations for Honduras to accede to the GATT. During this reporting period, progress was made on the privatization of HONDUTEL and nine additional privatizations were completed for a total of 41, 300% of original project goal.

**Improved Competitiveness:** In the financial sector, barriers to capital formation were eased with the establishment of a second stock exchange and three new banks; a second tier lending institution was established to provide liquidity to PVOs working with microenterprises and a local PVO, FUNADEH, expanded its small business assistance coverage to the southern half of Honduras. The goal for loans was exceeded by 9% with women having received more than 55% of loans under the Small Business II project.

Total employment created through USAID–assisted project activities in manufacturing, small business and privatizations increased to a total of 63,617 jobs.

**PERFORMANCE INDICATORS**

**STRATEGIC OBJECTIVE 2  
INCREASED PRIVATE  
INVESTMENT AND TRADE**

- A) GROSS PRIVATE INVESTMENT
- B) U.S. - HONDURAN TRADE
- C) INCREASED EMPLOYMENT IN THE MANUFACTURING SECTOR

**PROGRAM OUTPUT 2.1  
SOUND INVESTMENT CLIMATE**

**PROGRAM OUTPUT 2.2  
IMPROVED COMPETITIVENESS  
OF THE PRIVATE SECTOR**

**PROGRAM  
INDICATORS**

- a) Removal of Impediments to Increased Investment Flows.
- b) Increased Number of Privatized State-owned Enterprises.
- c) Improved Financial Intermediation.

- a) Improved Competition Among Formal/Informal Financial Institutions.
- b) Loans to Small Enterprises/ Access to Credit.
- c) Increased Manufactured Exports to the U.S.
- d) Incremental Employment Attributable to USAID-Projects in Manufacturing.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Small Business II  
 Project Number: 522-0241  
 Date of Authorization: original 08/26/88  
 Date of Obligation: original 08/31/88  
 PACD: original 09/30/93  
 Amendment 04/02/91  
 Amended 09/30/95

Implementing Agencies: The National Association of Industrialists (ANDI)  
 Honduran National Development Foundation (FUNADEF)  
 Central Bank of Honduras (BCH)  
 Seventeen private financial institutions

Major Contractors: Nathan & Associates  
 Project Managers: Bernal Velarde  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 09/11/91  
 Planned No. of NFAs: 1  
 Date of Last Audit: 10/05/92

Next Evaluation: 6/95  
 NFAs Contracted/Completed: 0  
 Next Audit: N/A

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$15,000,000 amended to \$15,800,000  
 Amount Obligated: DA Grant: original \$ 7,475,000 amended to \$15,325,082  
 Amount Committed: Period: \$ 200,177  
 Cumulative: \$12,586,833  
 Accrued Expenditures: Period - Projected: \$ 955,000  
 Period - Actual: \$ 621,000  
 Cumulative: \$11,097,124  
 Period - Next:

Counterpart Contribution: Planned: \$39,360,600  
 Actual: \$63,500,700

% LOP Elapsed: 72%  
 % of Total Auth. Oblig.: 97%  
 % of Total Oblig. Exp.: 72%  
 % of Total Auth. Exp.: 70%

II. PROJECT PURPOSE

To strengthen and expand an institutional system that will increase and improve the supply of credit, training, technical assistance and services to Small Scale Enterprises (SSEs); and improve the policy and regulatory environment in which SSEs operate.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.

The Small Business II Project Amendment supports the Strategic Objective No. 2 of Increased Private Investment and Trade by advancing the Program Outputs of Sound Investment Climate and Improved Competitiveness of the Private Sector. This project provides economic opportunities for the poor and disadvantaged people in Honduras by promoting micro and small business development.

B. PERCENT OF LOP FUNDS RELATIVE TO S.O.: 100%

III. PROJECT DESCRIPTION

The project is composed of two interrelated components: 1) an SSE Support System component to strengthen and expand the services of the institutional intermediaries and 2) a technical assistance and research unit. The first component is implemented through two Operational Program Grants (OPGs) and an ESF-generated local currency loan and guarantee fund. Under this component, ANDI provides institutional support to Honduran organizations that serve SSEs by offering them training and technical assistance. In addition, ANDI works with local PVOs to enhance informal sector access to capital through village banks and other poverty lending programs. FUNADEF is expanding its institutional outreach and developing new programs to meet the future needs of micro and small enterprises. The Small and Medium Entrepreneurs Fund (FOPEME) provide financing for loans to SSEs through Honduran private financial institutions (PFIs). Under the second component, the project funds research activities, training, evaluations and long term technical assistance to the GOH and the Honduran private sector institutions.

IV. PROJECT STATUS

A. Planned EOPs

Self-sustaining financial mechanism in place, that in 1993 will be capable of:

1. 7,500 loans/year
2. 6,500 jobs per year
3. PVOs access to commercial credit
4. Self-sustaining credit/guarantee mechanism

Progress to Date

The financial mechanisms of FOPEME and FUNADEF are self-sustaining.

1. 4,200 loans per year
2. 5,100 jobs per year
3. FUNADEF has access to GOH funds at commercial rate.
4. Self-sustaining credit/guarantee mechanism in FOPEME and FUNADEF.

B. Major Outputs 1/

	LOP	Planned		Next Period	Accomplished		% of LOP
		Period	Cum.		Period	Cum.	
1. FOPEME (Data through Oct. 22/93)							
a. Number of Loans	1153	500	4224	N/A	1293	5017	435%
Women	N/A	120	987	N/A	303	1170	N/A
Men	N/A	380	3237	N/A	990	3847	N/A
b. Amount (Lps.MM)	69	20	143	N/A	44	167	242%
Women	N/A	N/A	29	N/A	9	33	N/A
Men	N/A	N/A	114	N/A	35	134	N/A
c. Guarantees							
Number	1153	50	1038	N/A	26	1503	130%
Amount (Lps.MM)	30.4	2.0	25	N/A	0.1	36	118%
2. ANDI (Data through Sept. 30/93)							
No. of Loans	8125	900	8438	1000	934	9783	120%
Women	3331	450	4979	550	601	6296	189%
Men	4794	450	3460	450	333	3487	73%
b. Participant Training							
No. of Courses	300	190	1476	200	235	1807	602%
No. of Particip.	3000	3675	25548	5000	5146	33646	1110%
Women	1230	1000	13696	2750	3864	25265	2054%
Men	1770	1000	10187	2250	1282	8380	473%
3. ASEPADE (Data through June 30/92)*							
a. No. of Loans	25000	N/A	10578	N/A	615	10893	44%
Women	N/A	N/A	6932	N/A	N/A	7163	N/A
Men	N/A	N/A	3646	N/A	N/A	3730	N/A
b. Amount (LPS.MM)	30	N/A	12.8	N/A	1.9	14	47%
Women	N/A	N/A	7.8	N/A	0.6	8	N/A
Men	N/A	N/A	5.0	N/A	1.3	6	N/A
4. FUNADEF (Data through Sept. 30/93)							
a. No. of Loans	3800	250	2516	750	1427	3693	91%
Women	1275	100	962	340	615	1477	138%
Men	2475	150	1554	410	812	2216	77%
5. Research/Studies	10	1	9	0	1	9	90%

\* This component was terminated in June 1992.

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C. Other Accomplishments and Overall Status

The Small Business II Project has continued to have a significant impact in Honduras. The project has assisted a network of commercial banks, and private voluntary organizations (PVOs) to disburse over 29,300 loans which have created nearly 26,100 new jobs. Approximately 55% of the loans have gone to women managed or owned enterprises. Over 55% of the loans are of a value of less than \$300.00. In addition, the PVO network has provided business training to over 40,740 participants.

FOPEME:

FOPEME has a network of twelve commercial banks, one private finance company and five savings and loan associations. These institutions have made over 5,017 loans for an approximate value of L.67 million (approximately \$24 million at the current average exchange rate of \$1.00 = L6.95). Over 58% of the loans are a value of less than \$4,316. About 32% of the loans went to new businesses. The loans disbursed by the private financial institutions have created over 10,431 new jobs for an average credit to job ratio of \$2,300. About 23% of the borrowers in this component are women.

The FOPEME Guarantee Fund was established with an initial capital of L2.0 million in January 1989. Through September 30, 1993, the capital base of the Guarantee Fund has gone from L2.0 million to L6.0 million. This means that the Guarantee Fund has earned an average yearly return on investment of 21.1%. From January 1988 to October 22, 1993 FOPEME has guaranteed 1,503 loans for a total amount of L35.7 million. There are currently 913 outstanding guarantees. Nine financial institutions have claimed partial reimbursement for 52 loans which have defaulted. The Guarantee Fund has advanced a total of L857,400 for the loans in default status. About L280,200 has been recovered by the Guarantee Fund, while L222,000 of the advance has been liquidated. Since its creation the Guarantee Fund has collected almost L2.0 million in premiums plus L2.8 million in short term investment from the original L2.0 million project grant.

FUNADEH:

During this semester a new board of Directors was elected. The new President's priority will be to expand FUNADEH's loan and technical assistance program to the southern part of Honduras. As programmed, FUNADEH contracted and trained the personnel that manages the new regional office for the Capital City. The office was inaugurated on July 30, 1993. During the first eight weeks of operation, the regional office made 62 loans for a total amount of L566,500. The average loan size is about \$1,315. Fifty two percents of the loans approved in the Regional Office have been in the industrial sector while 25% has been in service and 23% in commerce.

The management information system developed by the Project Technical Unit for FUNADEH was completed. All the supporting documentation of the system were finalized and presented to senior and technical management in FUNADEH.

ANDI:

The Mission signed an amended cooperative agreement with ANDI. The purpose of this amendment is to strengthen and concentrate the focus and activities of the Small and Micro Enterprise Program (PYME) through which ANDI provides institutional support to other PVOs that serve micro and small businesses. The agreement will improve the ability of ANDI to offer credit, training and technical assistance to client organizations who in turn provide direct assistance to the informal sector with particular emphasis on women.

The Mission submitted a proposal to PRE/SMIE requesting assistance to finance ANDI's poverty lending program. The Proposal was approved by USAID/W for a total amount of \$800,000. These funds were obligated during the semester. To disburse loan funds to PVOs ANDI will create a second tier lending facility through the Jose Maria Covelo Foundation.

ANDI assessed the microenterprise programs of two Honduran PVOs affiliated to US PVOs (World Relief and Meals for Millions) to determine their eligibility to receive funds under the Small Business II Project. World Relief qualified but Freedom from Hunger did not. ANDI prepared a reference document for Freedom from Hunger recommending specific actions that needed to be implemented by this PVO prior to its eligibility.

ANDI Board Member and staff visited micro and small business programs financed by USAID in the Dominican Republic. The trip provided valuable insight for the establishment of ANDI's second tier lending facility.

D. PROBLEMS AND DELAYS

FOPEME: None

FUNADEH:

The Project Technical Unit did not assist FUNADEH in setting up and connecting a computer communication network between San Pedro Sula and Tegucigalpa because the telephone company did not install the communication lines. This activity will no longer be financed under the project since the management information system specialist contract ended on September 30, 1993. FUNADEH has relied on a courier system to transfer information to its headquarters in San Pedro Sula. As soon as the telephone company installs the communication line FUNADEH will contract a commercial firm to assist them in this endeavor.

ANDI:

ANDI requested an extension to implement the special provision which requires that it sign a cooperative agreement with the Jose Maria Covelo Foundation to manage the anti-poverty lending program. USAID has agreed to this extension and will issue a modification of the cooperative agreement for this purpose.

The project technical unit provided additional technical assistance to reduce the percentage of loans in arrears of two PVOs. These PVOs will not be eligible to receive loan funds from ANDI until that have lowered their arrearages to an acceptable level.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING THE NEXT SIX MONTHS

FOPEME:

The Mission supported the decision of the Central Bank of Honduras to phase out the directed lines of credit. The FOPEME project component reached its PACD on September 30, 1993. The final project evaluation is pending. If funds are available, the activity will be undertaken during the next reporting period; if not, a close out report will be drafted by the technical office. The Mission will discuss with GOH officials the option of reprogramming some of the funds that were utilized to finance FOPEME's line of credit to support other micro initiatives in Honduras. Specifically, the Mission will discuss the option of reinsuring the Guarantee Fund with private insurance companies. If the private insurance companies agree to this, FOPEME's Guarantee Fund will be leveraged and it would be a first step toward the creation of a private credit insurance mechanism in Honduras.

FUNADEH:

FUNADEH plans to inaugurate its new headquarters building in San Pedro Sula during the month of March 1994. The new Board of Directors will continue its effort to obtain private sector donations to finance this construction.

The project technical unit will perform an assessment of FUNADEH credit and collection system. In addition, an evaluation system to assess the investment returns of the branch offices will be established.

ANDI:

During the next semester, ANDI will establish and make its first loans under its second story credit facility. It will finance the loan portfolios of the PVOs involved in poverty lending. The resources will be combined with those of other donors such as the Inter-American Development Bank to permit the participating PVOs to expand their portfolios at levels which will generate sufficient income to cover their expenses and eventually reach self-sufficiency. The credit program will also give ANDI additional leverage to insure that the PVOs utilize sound financial policies in their microbusiness programs.

ANDI will submit to USAID a cooperative agreement with the Jose Maria Covelo Foundation to manage the poverty lending program as its financial agent. In addition, ANDI will submit its credit manual. The credit manual will determine the criteria and eligibility requirements of the borrowers, terms and conditions of the loans, disbursement and collection procedures, collateral requirements and other related policies. Both of these documents will be approved by USAID during the next semester.

ANDI will assess the microenterprise program of Save the Children to determine if they are eligible to receive funds from the Small Business II Project. Save the Children has a poverty lending program that uses the village bank methodology.

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April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Privatization of State-Owned Enterprises  
 Project Number: 522-0289  
 Date of Authorization: original 08/29/86  
 Date of Obligation: original 08/29/86 Amended to 08/28/87  
 PACD: original 09/30/89 Amended to 12/31/92  
 Amended to 12/31/95  
 Implementing Agencies: Ministry of Finance and Privatization Commission  
 Major Contractors: N/A  
 Project Managers: Phillip Hubbard/Victor Paz  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 09/30/91 Next Evaluation: 09/30/95  
 Non-Federal Audit Planned: None NFAs contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 4,000,000 amended to 7,650,000  
 Amount Obligated: DA Grant: original \$ 1,000,000 amended to 4,919,000  
 Amount Committed: Period: \$ 455,842  
 Cumulative: \$ 3,924,609  
 Accrued Expenditures: Period - Projected: \$ 610,000  
 Period - Actual: \$ 310,115  
 Cumulative: \$ 3,707,496  
 Period - Next: \$ 300,000

Counterpart Contribution: Planned: \$13,000,000  
 Actual: \$ 7,290,000

% LOP Elapsed: 76%  
 % of Total Auth. Oblig.: 64%  
 % of Total Oblig. Exp.: 75%  
 % of Total Auth. Exp.: 48%

II. PROJECT PURPOSE

To support GOH initiatives to plan and implement the privatization of state-owned enterprises (SOEs).

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This project contributes to the achievement of Strategy Objective 2: Increased Private Investment and Trade, under Program Outputs 2.1. Sound Investment Climate and 2.2. Improved competitiveness of the Private Sector, by creating new jobs, reducing domestic and foreign debt, increasing foreign exchange inflows, and increasing investment.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

B. Major Outputs

	Planned		Next		Accomplished		
	LOP	Period	Cum.	Period	Period	Cum.	% of LOP
1. Institutional framework (analytical support) established	1	X	X	X	X	1	100%
2. Privatization support components established	1	X	X	X	X	1	100%

III. PROJECT DESCRIPTION

The project consists of two main activities: 1) technical assistance to the National Development Corporation (CONADI) and other parastatals to plan and implement privatization actions, to include identification of investors; 2) support for actions such as evaluations, title searches, etc., to close the sale of state-owned enterprises. This latter element is funded solely with ESF local currency.

IV. PROJECT STATUS

A. Planned EOPs \*

Progress to Date

- |   |  |
|---|--|
| 1. Privatize 55 SOEs                                | 1. To date, 41 SOEs have been privatized.                        |
| 2. \$48 million in domestic and foreign investment. | 2. \$20.0 million have been invested in new plant and equipment. |
| 3. 4,000 new jobs                                   | 3. The project has generated 3,365 new jobs.                     |

\* EOPs were revised in the June 1993 Project Paper Amendment No. 1.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

The major activities outlined in the last report were completed as projected. The Government of Honduras (GOH) privatized nine state-owned enterprises (SOEs) since the last report. A total of 41 entities have been privatized since the GOH began its privatization program in 1986.

The sale of another five SOEs totalling 10 million dollars should be concluded within the next 90 days. These include Mejores Alimentos S.A., a tomato processing plant; BOBICASA, a manufacturer of paper bags; the duty free zone in the port of La Ceiba; a grain silo, and a sugar mill, Azucarera Cantarranas. In addition to the above initiatives, the GOH expects that by December 1993, it will have turned over to the private sector the management of the customs warehouses, and the National Forest School (ESNACIFOR), which would make it independent from the Honduran Forest Development Corporation (COHDEFOR). The school will operate as an autonomous entity with a Board of Directors made up largely of private sector representatives.

The Project Agreement was amended in July of 1993. In accordance with the amended agreement, the Ministry of Finance has implementation responsibility for the project. A Privatization Consultative Committee (PCC), chaired by the Minister of Finance, will formulate privatization policy and have oversight of the privatization process. Other members of the PCC include the President of the Central Bank, the President of the Commission for the Modernization of the State, the President of the Honduran Council for Private Enterprise, and the Minister of Telecommunications and Transportation. The PCC replaces the former National Privatization Commission.

Technical assistance to privatize the telephone company, HONDUTEL, is being provided by Price Waterhouse International. The work of the consultants is behind schedule because of insufficient financial data in HONDUTEL. The contractor will have to increase the level of effort to complete this work, now expected to be completed in the first quarter of 1994.

30 A survey was conducted in March of this year to evaluate the impact of this project on gender and economic results. At the time of the survey, 31 companies had been privatized, of which 28 replied to the questionnaire. These companies reported that since they were privatized they have generated \$18.0 million in new exports and the local currency equivalent of \$55.0 million in local sales per year. New investment in plant and equipment was reported to be the equivalent of \$20.0 million. In addition, these enterprises have generated 3,365 permanent jobs, of which 1,012 are held by women. Indirect employment created by the privatization of the above enterprises is estimated at no less than 8,000 new jobs.

D. Problems and Delays

None.

E. Major Activities or Corrective Actions During the Next Six Months

1. Complete the technical work for the privatization of HONDUTEL.
2. Carry out the privatization of five additional enterprises during the next reporting period.
3. Discuss with the new GOH their privatization objectives.
4. Through COHEP, carry out a public awareness campaign for the privatization of HONDUTEL and other enterprises.

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PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Policy Analysis and Implementation (Public Sector Component)  
 Project Number: 522-0325  
 Date of Authorization: original 08/28/87  
 Date of Obligation: original 08/28/87 Amendment 05/17/89  
 PACD: original 08/31/94 Amendment 08/27/97  
 Implementing Agencies: Ministry of Finance and Public Credit (MOF) and Central Bank of Honduras (BCH)  
 Major Contractors: Latin American Scholarship Program of American Universities (LASPAU) (Grantee) Clapp & Mayne, Inc.: Management Systems International (MSI).  
 Project Manager: Vicente Diaz  
 Status of CPs/Covenants: Met

A. FINANCIAL DATA

Amount Authorized: ESF Grant: original \$ 7,000,000  
 Amount Obligated: ESF Grant: original \$ 3,300,000 amended to \$ 7,000,000  
 Amount Committed: Period: \$ 79,594  
 Cumulative: \$ 6,416,154  
 Accrued Expenditures: Period - Projected: \$ 677,000  
 Period - Actual: \$ 1,279,146  
 Cumulative: \$ 6,354,158  
 Period - Next: \$ 300,000  
 Counterpart Contribution: Planned: \$ 2,450,000  
 Actual: \$ 477,800

Date of Last Evaluation: 01/31/91 Next Evaluation: 9/30/94  
 Planned No. NFAs: 0 NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

% LOP Elapsed: 61%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 91%  
 % of Total Auth. Exp.: 91%

II. PROJECT PURPOSE

To strengthen the Honduran capacity to formulate and implement economic policies and administrative reforms.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project directly supports Mission's S.O. Nos. 1. Increase Agricultural Production, and Exports, and No. 2, Increase Private Investment and Trade. Through the provision of TA and training, the Honduran capacity to formulate, analyze and implement macroeconomic policies will be enhanced. Sound macroeconomic policies are requisites for successful structural adjustments that are key to progress toward the S.O.s.

B. PERCENT OF LOP FUNDS RELATING TO S.O. 100%

III. PROJECT DESCRIPTION

The project provides technical assistance (TA) and training. In the short-term, the TA supplements existing GOH capacity in policy analysis, planning and implementation. Over the medium-term, the project strengthens Honduras' human resource base by providing advanced degree training in economics to more than 35 scholars.

IV. PROJECT STATUS

A. Planned EOPS

Significantly increased GOH capacity to undertake economic analysis and implement policies as evidenced by policy changes in the areas of foreign trade, customs administration, public sector expenditures, and export competitiveness.

Progress to Date

The project has continued working with the Central Bank and the Ministry of Finance (MOF) in support of the GOH economic program. A new Policy Analysis Unit was established by the GOH with Project support, to assist the President's Economic Cabinet in policy decision making and implementation. A total of 36 project-financed scholars --28 males and 8 females-- with masters degrees in either economics or business administration have returned to Honduras and are already working in the public and private sectors. Two additional Ph.D. participants in economics, for a total of eight, were placed at U.S. universities.

B. Major Outputs

	Planned			Next			Accomplished		
	LOP	Period	Cum.	Period	Period	Cum.	LOP	% of	
1. Technical Assistance (Total Months)									
a. Short term	100	6	179	10	1	107		107%	
b. Long term	120	6	36	4	0	24		20%	
2. Training (Persons)									
Long Term									
Initiated	35	5	47	0	2	0	48	10 166%	
b. Short-term									
Completed	15*	0	146	0	0	0	487	251 *	

\* LOP short-term training target in log frame was intended for international training. That figure has been enormously exceeded by both external and local short-term training, which was found to be more cost-effective.

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PROJECT STATUS REPORT

April 1, 1993 - September 31, 1993

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C. Other Accomplishments and Overall Status

The Policy Analysis and Implementation Project has four interrelated components: a Public Sector, an Agricultural Sector, a Private Sector, and a Financial Sector component. The Public Sector component supports the GOH economic reform program by strengthening the capacity of the Honduran public sector institutions to formulate sound economic policies and administrative reforms. This component has two interrelated elements: 1) TA for policy analysis and implementation; and 2) participant training in economics at the graduate level.

The GOH continues making substantial use of this project's resources in implementing its comprehensive economic reform program. The GOH Policy Analysis Unit, created to assist the President's Economic Cabinet to formulate and implement a coordinated macroeconomic program, was started in April and is at this time fully staffed with ten well qualified economists. Its governing body, the Economic Cabinet, holds weekly meetings to discuss and decide on policy issues with Unit support. The Unit Director attends the Central American Presidents summit meetings as well as those of the regional economic cabinets. The Unit has been appointed by the GOH as its liaison with IFI missions periodically visiting Honduras, and monitors GOH conditionality compliance with the World Bank, IDB and the USG ESF and PL-480 Title III. The Unit has coordinated the drafting of bills of law for Congress approval on village banks and land fund, and has participated in the drafting of the GOH environment plan, the analysis of the public investment system, and the discussion of progress on the harmonization of phytosanitary controls in Central America. Five short term studies on fiscal policies, trade and information have been identified. Especially significant is the already completed Preliminary Evaluation of the Honduran Fiscal System which has been submitted to the GOH. Short reports on banana, coffee, subsidies to transportation, temporary imports, and an opinion on a bidding for purchasing medicines for State owned hospitals, have been presented to the Economic Cabinet. The other Unit governing body at the technical level, the Executive Committee, had its first meeting to review the program of Unit activities. Provision of Project funded TA for the Unit was formalized through a buy-in to the AID/W Implementing Policy Change Project. This TA was preceded by a short-term mission that assisted the Unit in its establishment, preparation of its work plan and training of its staff. A long-term expatriate resident advisor had been selected but, after receiving a personal plea from the President of Bolivia, felt compelled to take the position of Vice-Minister of Finance. The consulting firm under the buy-in is in the process of selecting his replacement. Meanwhile, Mission staff is filling the gap by deepening its involvement in designing scopes of work for short term studies. A workshop is being designed for the users of the services of the Policy Unit in order to organize and prioritize its activities. ESF generated counterpart currency has been used in funding the Unit's local currency needs for CYs 1993 and 1994.

Due to budget constraints, the Project is no longer processing requests for short-term training of GOH staff outside Honduras. Instead, Unit staff is being given short-term training in country by consultants. A workshop to monitor GOH policy implementation was delivered on July 21 through 24 and attended by 10 participants. This training is complemented with attendance by Unit members to short-term seminars on economic matters offered in country. These include economic adjustment, financial sector, tax administration, regional integration, human development, trade and investment, agriculture reform, environment and electronic information.

The economic policy reforms currently being implemented should, over the long term, yield significant improvements in family income and substantially greater employment opportunities for women. Out of 10 professional staff in the Policy Unit, 5 are women, including the Unit Director.

D. Problems and Delays

1. Contracting of the long term resident advisor by consulting firm has been delayed due to the last minute appointment of the already identified candidate to a top position in the new Bolivian Government;
2. \$400,000 in follow-on monies were not received in FY93 as had been expected by the Mission. Unless restored, the Unit will have to deal either with a smaller number of issues or with issues in a less substantive manner.

E. Major Activities or Corrective Actions During the Next Six Months

1. Hire the long term resident advisor for the Unit.
2. Develop a work plan for the second year of the Unit's operation.
3. Conduct workshop for Policy Unit users.
4. Have Unit top officers visit their counterparts in Bolivia to benefit from experiences of similar organizations.
5. Complete at least five additional studies for the GOH.
6. Identify additional Ph.D. candidates for placement at top economics programs in U.S. universities for the three positions still available.



C. Other Accomplishments and Overall Status

The Policy Analysis and Implementation Project has four interrelated components: a Public Sector, an Agricultural Sector, a Private Sector, and a Financial Sector component. The Cooperative Agreement with the Honduran Council for Private Enterprise (COHEP) is the Private Sector component of the project.

The objective of this project component is to strengthen COHEP and its capacity to formulate and implement economic policies and administrative reforms. This Cooperative Agreement has brought about a fundamental change in COHEP, from what was an organization comprised of a select group of private individuals, the old guard of commercial enterprise, lobbying to protect their own best interests, to an organization whose members are a wide and diverse number of institutional members that represent the broader, national interests of the private sector. Thus, COHEP has become a dynamic force of change in the Honduran economy.

COHEP has continued to organize conferences, seminars and workshops, covering topics related to IPR legislation, income tax, regional and international trade, new labor code, minimum wage, social security and the Presidential debate. These, and others, were highly debated issues that affect private sector interests, that impact on the future of the Honduran economy.

Public education and consensus building efforts continued this period with the publication of documents, bulletins, position papers and newsletters. The Administrative Simplification studies developed by COHEP in the areas of business registry, import permits and export permits that were presented by COHEP in the previous reporting period to the Commission to Modernize the Honduran State, were used, for example, as the basis for the enactment of the GOH Executive Decree No. 110-93 dated July 20, 1993 to simplify the Income Tax Law and in the operational design of the "One Stop" window for investors at the Ministry of Economy (MOE), under the new Investment Law.

Also, COHEP actively analyzed and lobbied for reforms and/or new legislation on IPR, Patents and Brands, new Banking Law, social security, income tax, repatriation of capitals and labor law. COHEP continued to be very active in participating in a number of commissions that the GOH has created to promote reforms and consensus such as Commissions for Economic and Social Accord, for Minimum Wage, for Reform of the Labor Code, for the Supervision of Public Utilities, for Industrial Reconversion, for Modernization of the Honduran State, and the COHEP-Central Bank Committee.

COHEP met its commitment to raise no less than L. 1,500,000 by September 30, 1992 as its first contribution/tranche to the Capital Endowment Fund. During this reporting period COHEP raised an additional L. 500,000 in cash and L. 3,000,000 in CONADI Certificates as its second contribution/tranche to the Capital Endowment Fund. In December 1993, the GOH has committed itself to convert these National Investment Corporation (CONADI) Certificates (donated to COHEP by the private sector) into interest bearing GOH bonds, to be redeemed in five years. This is evidence of the capacity and the continued support and recognition COHEP receives from the private sector and the GOH as the legitimate lead organization representing broad national interests in Honduras.

The following is a list of covenants and their current status:

<u>Covenants</u>	<u>Status</u>
a. Review and modify by-laws to increase membership.	a. Met
b. Building consensus on national economic issues.	b. Permanent on-going activity.
c. Strengthening private sector associations.	c. Met
d. Organizational reform.	d. Met
e. Establish a major fund-raising drive.	e. The second stage of the self-sufficiency plan was completed successfully as planned.
f. Significant increase in membership dues.	f. Modification of statutes to increase dues was approved in the October 1991 Extraordinary Assembly.
g. Raise Lps. 2MM for Capital Endowment Fund.	g. Lps.2MM in cash raised to date, plus L.3MM in CONADI Certificates.

The policy research conducted by COHEP will emphasize equity by bringing the benefits of development to women. Policy reform itself promotes the further integration of women into economic development.

D. Problems and Delays

E. Major Activities or Corrective Actions During the Next Six Months

1. Continue to promote and lobby for a new Banking Law, Privatization Law, Anti-monopoly Law, Export Promotion Law, Labor Law, and financial sector, judicial and administrative simplification reforms. Seminars, Conferences and workshops, will be organized by COHEP to create consensus and policy dialogue on these topics.
2. Continue to promote the advantages of free markets and free enterprise (press, secondary school students, politicians, etc.) among targeted groups.
3. Continue to publish and distribute economic studies, weekly bulletins, quarterly review magazines, as well as needed reports/position papers and its weekly radio program.
4. COHEP and GOH sign MOU to establish the capital endowment fund and obtain the GOH ESF local currency contribution of L.5,400,000. COHEP expects to reach their minimum contribution to the endowment early-on in the next reporting period.
5. COHEP continues to raise contributions to the capital endowment fund, above and beyond the L.5,400,000 minimum requirement.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Policy Analysis and Implementation/Financial Sector Development Component  
 Project Number: 522-0325.03  
 Date of Authorization: original 09/24/92  
 Date of Obligation: original 09/29/92 Amendment 09/30/92  
 PACD: original 08/28/97

Implementing Agencies: Central Bank of Honduras (BCH), Honduran Bankers Association (AHIBA), Honduran Council for Private Enterprise (COHEP)

Major Contractors: N/A  
 Project Managers: Guillermo Bolaños  
 Status of CPs/Covenants: 1. Submission/Passage of Banking Law: Submitted/Not passed  
 2. Submission of BCH Restructuring Plan: Met

Date of Last Evaluation: 00/00/00 Next Evaluation: 6/94  
 Planned No. of NFAs: 0 NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 6,000,000 amended to \$5,400,000  
 Amount Obligated: DA Grant: original \$ 1,900,000 amended to \$2,400,000  
 Amount Committed: Period: \$ 504,075  
 Cumulative: \$ 894,138  
 Accrued Expenditures: Period - Projected: \$ 265,000  
 Period - Actual: \$ 240,241  
 Cumulative: \$ 278,467  
 Period - Next: \$ 225,000

Counterpart Contribution: LOP Planned: \$ 1,140,000  
 Actual: \$ 212,100

% LOP Elapsed: 20%  
 % of Total Auth. Oblig.: 40%  
 % of Total Oblig. Exp.: 15%  
 % of Total Auth. Exp.: 7%

II. PROJECT PURPOSE

To strengthen the Honduran capacity to formulate and implement economic policies and administrative reforms. The Financial Sector Component is designed to increase the Honduran capacity to formulate and implement reforms that improve financial intermediation.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This project component supports Strategic Objective No. 2, Increased Private Investment Production and Trade. The activities it supports are key elements of the Program Output of improved financial intermediation.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		<u>% of LOP</u>
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Next Period</u>	<u>Period</u>	<u>Cum.</u>	
1. 3-4 policy conferences per year	20	0	0	2	0	0	0%
2. Seminars	139	0	0	0	0	0	0%
3. Revised Laws	3	0	0	1	0	0	0%
4.a Training (persons)	2,500	0	0	100	0	0	0%
4.b Training % Short-term	MF 80 20	MF 00 00	MF 00 00	MF 00 00	MF 80 20	MF 80 20	MF N/A

III. PROJECT DESCRIPTION

The Financial Sector Component of the PAIP will: 1) improve the regulation/supervision of the financial system; 2) promote private sector involvement in financial sector reform; 3) strengthen commercial bank skills; and 4) develop new medium and long term financial instruments.

IV. PROJECT STATUS

A. Planned EOPS

1. New Banking Law passed.
2. BCH Restructuring Plan implemented.
3. All controls on interest rates removed.
4. Reserve requirement reduced from 35% to 20% in 96.
5. Automatic BCH rediscounts at market rates.
6. Bank spreads reduced from 6% in 93 to 3% in 96.
7. Secondary market for BCH bonds established.
8. Securities Law passed.

Progress to Date

1. Submitted\Not passed.
2. Restructuring plan approved and implemented.
3. 95% of controls eliminated.
4. Reserve requirement has fluctuated from 34% to 36%.
5. BCH moved all rediscounts to market rates.
7. Approval of 3 new banks will increase competition.
7. Procedures finalized by BCH.
8. Securities law being drafted.

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C. Other Accomplishments and Overall Status

The Financial Sector Component of the PAIP has four major components: 1) Strengthening the capacity of the Central Bank and the Superintendency of Banks to regulate and supervise the financial system; 2) Increase the involvement of the private sector in financial sector reform through the Honduran Council of Private Enterprise (COHEP); 3) Strengthening of commercial bank skills, which will particularly finance training courses for commercial bankers through the Honduran Bankers Association; and 4) Develop new financial instruments that will attract domestic savings and investment, in coordination with the Central Bank and the stock exchanges.

The Project Agreement Amendment for the Financial Sector Component to the PAIP was signed on September 29, 1992. The Project Agreement for this component contains two Conditions Precedent to disbursement of funds. The first CP, requiring the Central Bank to develop and implement a restructuring plan, was met in the first semester of project implementation.

The second CP, requiring submission to the Honduran Congress and approval of a revised Banking Law, has been partially met this period with presentation to Congress of the revised Banking Law. Passage of the Banking Law is required before the provision of training and commodities to the Superintendency of Banks, and the financing of training for the 14 commercial banks that belong to AHIBA. The Mission has taken over from the IDB the coordination of efforts with counterparts to support passage of the Banking Law over the strong opposition of three influential banks. The law will be considered by the Congress in December 1993, in the last session of Congress before the new government takes over.

Mission encouragement of the Superintendency of Banks to facilitate the entry of new financial institutions to promote competition and lower intermediation costs has resulted in approval of a second stock exchange and three new banks and the favorable review of four more bank applications. Increased access to credit will benefit small enterprises, which are largely headed by women. Technical assistance will be provided to the Superintendency to have in place procedures for market exit by inefficient banks.

During this period project activities have gained momentum: The Central Bank completed its strategic planning and internal reorganization exercise. The design of the financial library was finalized. A strategy for the development of the capital market was completed. Work began on the draft of a new securities law. Computers for the Central Bank have been procured. Technical assistance teams are being contracted to design the Central Bank training program and computerize the operations of the Securities and Credit department of the Central Bank. Scopes of work for technical assistance for the Superintendency have been drafted and consultants are being selected. The Mission has encouraged a joint venture of US and Honduran investors to establish an independent credit reference bureau instead of the one that was to be established at AHIBA with project financing. The Cooperative Agreement with COHEP and the contract for the policy advisor are being held until a review of project activities takes place next period in light of expected funding cuts. In anticipation of funding cuts the project has obtained technical assistance from AID/W's LAC/TI project.

D. Problems and Delays

The major project delay is the non approval by the Honduran Congress of a revised Banking Law, an activity that was led by the IDB. The delay has prevented the initiation of training and data systems activities with the Superintendency of Banks (\$203,000 in training and \$484,000 for computer equipment) and activities with AHIBA (\$750,000 in commercial bank training). If the law is not passed in December, donor agencies, particularly the IDB, will include the law in their conditionality of economic assistance programs to be discussed with the Honduran Government scheduled to take office in January 1994. The Mission will coordinate with major donors, particularly the IDB, continued support for the law's passage. Due to expected budget cuts, next period the Mission will eliminate the commercial bank training activity and, in consultation with the IDB, will review the various options for project implementation (reduced funding level, change in project design, elimination of certain activities, etc.) even if the Banking Law is passed within the next few months.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING THE NEXT SIX MONTHS

- 1) Continue to work with the GOH and the private sector to overcome private banks' opposition to the new Banking Law.
- 2) Redesign project activities.
- 3) Develop a training program and initiate BCH staff training activities.
- 4) Contract for technical assistance to strengthen the Superintendency of Banks.
- 5) Complete the drafting of the Securities and Insurance laws.
- 6) Coordinate with the IDB Financial Instruments Development Activities.

PROJECT STATUS REPORT  
April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Cortés Chamber of Commerce and Industry (CCIC)  
 Project Number: 522-0363  
 Date of Authorization: original 03/08/89  
 Date of Obligation: original 03/08/89 Amendment 03/31/90  
 PACD: original 03/07/92 Amendment 03/31/94  
 Implementing Agencies: Cortés Chamber of Commerce and Industry (CCIC)  
 Major Contractors: N/A  
 Project Managers: Scott Taylor  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 00/00/00 Next Evaluation: 1/15/94  
 Planned No. of Non Federal Audits: 1 NFAs contracted/completed: 0  
 Date of Last Audit: 09/28/90 Next Audit: 1/15/94

A. FINANCIAL DATA

Amount Authorized:	DA	Grant: original	\$ 675,000	
Amount Obligated:	DA	Grant: original	\$ 300,000	amended to \$ 675,000
Amount Committed:		Period:	\$ 0	
		Cumulative:	\$ 675,000	
Accrued Expenditures:		Period - Projected:	\$ 39,000	
		Period - Actual:	\$ 29,804	
		Cumulative:	\$ 473,439	
		Period - Next:	\$ 100,000	
Counterpart Contribution:		Planned:	\$ 2,140,516	
		Actual:	\$ 2,140,500	
% LOP Elapsed:			90%	
% of Total Auth. Oblig.:			100%	
% of Total Oblig. Exp.:			70%	
% of Total Auth. Exp.:			70%	

II. PROJECT PURPOSE

To advance the development of private enterprise and generate productive employment by supporting the activities of the CCIC.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. This project is directly related to the Mission's Strategic Objective No. 2, Increased Private Investment and Trade. The project has contributed to the program outputs of creating an attractive investment climate and increasing the competitiveness of the export sector.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The project will promote employment generation and increase new private investment, exports and production by supporting the CCIC's activities.

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

- |  |  |
|--|--|
| 1. Self-sufficiency and institutional strengthening.                               | 1. CCIC is financially self-sufficient.  |
| 2. Export and investment promotion.  | 2. CCIC continues to support export processing zones and provide information to potential investors. USAID resources are not used for this purpose in compliance with section 599 legislation. |
| 3. Export Processing Zones   | 3. Nine EPZs and three privately owned Free Trade Zones (FTZs) are operating. USAID resources are no longer used for this purpose in compliance with section 599 legislation.                  |
| 4. Public educated on privatization issues and supportive of GOH economic program. | 4. The CCIC continues to address key privatization issues with the GOH, particularly the privatization of public utilities, and to support the GOH's economic reform program.                  |

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
1. Major new investments facilitated	4	6	16	2	2*	14	350%
2. New jobs resulting from investments	1000	400	3280	250	250*	3030	300%
3. Policy dialogue actions completed	36	10	78	6	8	72	200%
4. Investment missions	12	2	22	2	2*	20	167%
5. Potential investors hosted	45	10	49	5	5*	44	98%

\* Note: This is an original output of the project. However, project resources no longer support this activity.

April 1, 1993 - September 30, 1993

A X B \_\_\_ C \_\_\_C. Other Accomplishments and Overall Status

The Cortés Chamber of Commerce and Industry (CCIC) is one of the country's leading private sector organizations and is the most influential organization of its type in the North Coast region of Honduras. The CCIC continues to contribute substantially to the economic development of Honduras. As a result of a longstanding tradition of involvement in the Honduran socioeconomic and political environment, the Chamber has evolved into a powerful presence in national affairs, especially in San Pedro Sula where the CCIC is based, as well as in the surrounding Sula valley region, the most important economic development pole in Honduras.

CCIC has made considerable progress towards implementing the principal findings and recommendations of the EPZ baseline study carried out by Price Waterhouse in October 1992 and updated in May 1993.

In the area of transport, specifically a study to determine the feasibility of a privately-run rail transportation and freight service, the CCIC obtained copies of studies performed by the National Railroad authority, which served as the basis for developing the terms of reference for the study.

CCIC has developed the terms of reference for a study of industrial pollution in the Sula Valley region. Bids have been received and CCIC is now in the process of awarding this contract. This study will be the basis for the design of an appropriate industrial waste treatment system for the region.

In accordance with the Grant Agreement, CCIC is committed to promoting worker-affordable housing, childcare facilities, improved medical care, and generally improve conditions for workers in the Sula Valley. To this end, the CCIC has organized working meetings with the industrial parks, private hospitals and local authorities to develop strategies. CCIC continues to be the main forum and mediator in the region between business owners and trade unions, for the enforcement of the labor code and to ensure respect of the legal rights of workers.

In terms of policy dialogue, the CCIC's advocacy role has continued to be the strongest and most active in the region, representing private sector interests. The CCIC has strengthened its Legal Department and is working with the Honduran Council for Private Enterprise (COHEP) to develop a new labor code. CCIC provided valuable analysis and was involved in negotiations which resulted in the passage of comprehensive Intellectual Property Rights legislation, approved by Congress in August 1993. Finally, CCIC continued to analyze and lobby for new export promotion and banking laws.

CCIC supported the Ministry of Economy in organizing and hosting the Conference for Investment and Trade in Central America (CITCA) held in San Pedro Sula during the period from June 28 to July 1, 1993. By showcasing a regional portfolio of infrastructure, tourism and mining related projects, the conference sought to foster foreign investment and to encourage expanded dialogue between the CA countries. Some 278 regional and international businessmen were in attendance. Overall, CITCA was considered a very successful trade and investment event. CCIC has also actively supported regional trade liberalization by participating in meetings to review proposed free trade agreements between Central America, Colombia, Venezuela, Mexico, Chile, and Panama.

CCIC continues to support and promote the GOH's privatization program, especially the privatization of the state-owned telephone and electric companies, Hondutel and ENEE, respectively. CCIC is also directly involved in the privatization of the management of the "Ramon Villeda Morales" international airport, which serves the Sula Valley region, and the privatization of the customs warehouse which services the airport.

D. Problems and Delays

None

E. Major Activities or Corrective Actions During the Next Six Months

The CCIC will:

1. Complete the terms of reference and contract the technical assistance needed to develop a feasibility study for a privately-operated rail passenger transport and freight service for the Sula Valley region and award contract for an industrial pollution study of the Sula Valley

2. Complete procurement of the computer equipment needed to strengthen and support CCIC's data base.
3. Continue to coordinate meetings with the private sector to achieve the establishment of medical programs in two businesses in the Sula Valley, which satisfy the basic health needs of their workers.
4. Continue to coordinate working meetings with the public and private sectors aimed at monitoring and resolving allegations of labor abuses.
5. Continue to promote within the private sector, the establishment of childcare nurseries that will provide care for at least 200 children of working parents.
6. With public and private sector officials, continue to organize working meetings to analyze and formulate frameworks for negotiating treaties to improve Honduras' trade ties with its neighbors, Mexico, Venezuela, Panama and Columbia.
7. Continue its support for the privatization of the national electric company (ENEE) and the national telephone company (HONDUTEL).
8. Continue efforts to bring about worker-affordable housing, with the participation of at least two businesses.
9. Continue policy dialogue and lobbying effort to obtain Congressional approval of new legislation related to banking, export promotion, and labor.
10. Contract for a final evaluation and audit of the project.

I. BACKGROUND DATA

Program Title: Structural Adjustment Program I (SAP I)  
 Program Number: 522-0365  
 Date of Authorization: original 08/05/92  
 Date of Obligation: original 09/10/92  
 PACD: original 09/10/93 - Amended 9/30/93  
 Implementing Agencies: Ministry of Finance and Public Credit and Central Bank of Honduras  
 Major Contractors: None  
 Program Managers: Don Harrison, Leon Waskin (Local Currency)  
 CPs/Covenants: Substantive CPs have been met. The first tranche was disbursed in early January 1993 and the second tranche will be furnished in mid-October.

Date of Last Evaluation: 00/00/00 Next Evaluation: 00/00/00  
 Planned No. of NFAS: N/A NFAS Contracted/Completed: N/A  
 Date of Last Audit: 00/00/00 Next Audit: \*

\*To be conducted next February by the country's Office of the Controller General.

A. FINANCIAL DATA

Amount Authorized:	ESF Grant: original	\$25,000,000
Amount Obligated:	ESF Grant: original	\$25,000,000
Amount Committed:	Period:	0
	Cumulative:	\$25,000,000
Accrued Expenditures:	Period - Projected:	\$12,500,000
	Period - Actual:	\$ 0
	Cumulative:	\$12,500,000
	Period - Next:	\$12,500,000
Counterpart Contribution:	Planned:	N/A
	Actual:	N/A
% of Total Auth. Oblig.:		100%
% of Total Oblig. Exp.:		50%
% of Total Auth. Exp.:		50%

II. PROGRAM PURPOSE

To (a) support structural adjustment of the Honduran Economy and b) provide balance of payments support to Honduras, permitting urgently needed private sector imports.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. The SAP directly supports S.O. Nos. 1 (increased agricultural investment, production, and exports) and 2 (increased private investment, production, and trade) by conditioning funds disbursement on specific policy improvements that are essential to achievement of the S.O.s.

B. PERCENT OF LOP FUNDS RELATING TO S.O.s 100%

III. PROGRAM DESCRIPTION

The SAP focuses on policy improvements in the agriculture, trade and investment, and financial sectors. It also includes a stabilization component, despite IMF leadership in this area. Stabilization underpins importantly the structural adjustment progress that the GOH has made.

IV. PROGRAM STATUS

A. Planned EOPS

The FY 1992 SAP calls for disbursement in two equal tranches of \$12.5 million.

1. First Tranche Disbursement

Disbursement of the first tranche was to be based on (a) progress in implementing the Agricultural Modernization Law (AML) and the Investment Law, (b) absence of State intervention in agricultural markets, (c) tariff reform, (d) financial sector liberalization, (e) movement toward a market-based exchange rate system, and (f) stabilization progress.

2. Second Tranche Disbursement

Disbursement of the second tranche disbursement was to be based on (a) publication of the implementing regulations for the Agricultural Modernization Law in La Gaceta, (b) progress in carrying out the investment law, (c) progress in implementing financial sector reforms, (d) evidence of progress in implementing tariff reforms, (e) progress on privatization, and (f) economic stabilization.

B. Progress to Date<sup>1</sup>

1. First Tranche Disbursement

The first disbursement of \$12.5 million was made in early January 1993 based on an overall assessment of progress in implementing the conditions precedent. For details, please see the project status report of October 1, 1992 - March 31, 1993.

2. Second Tranche Disbursement

On balance, the GOH has made sufficient progress to justify disbursement of the second tranche in mid-October 1993. To be sure, there have been some difficulties. But this is an election year, and, in light of that, the country's reforms efforts can be considered surprisingly strong.

(1) Evidence that the implementing regulations for the Agricultural Modernization Law have been published in La Gaceta

♦ For the AML, there are twelve implementing regulations ("reglamentos") and two new decrees. Eleven already have been approved by the Attorney General and published in La Gaceta. USAID concurs in the substance of the GOH approach to define the remaining "reglamento" and the two new decrees.

The letter from the GOH that accompanied the Program Agreement also contained two other provisions in the area of agricultural policy.

♦ The GOH was not to utilize price interventions or subsidies in agricultural markets. While on balance this has been the case, there have been important exceptions.

♦ The Honduran Congress also was to approve a uniform import tariff on basic grains and wheat. All the basic grains and wheat flour carry either a 15 or 20% tariff; the exception is hard end other wheat on which the tariff is 5%. AID would like to see the tariffs unified to reduce an implicit subsidy provided to the country's millers. Honduras's tariffs are now under review as part of comprehensive bilateral negotiations between the U.S. and Honduras for GATT accession.

<sup>1</sup> As SAP I is a policy-based "program" rather than a "project", there are no Outputs per se.

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(2) Evidence of progress in carrying out the Investment Law

♦ The law derogating all laws contrary to the investment law -- Decreto Numero 179-92 -- was published in La Gaceta in March 1993. This guarantees that the stipulations of the new and improved law will take precedence over any previous legislation.

♦ The physical space for unique "one stop registration windows" -- ventanillas únicas -- for investors, both domestic and foreign, has been constructed in Tegucigalpa and San Pedro Sula, and these windows have begun to function. As would be expected, some growing pains have been encountered in the operation of the ventanillas únicas.

(3) Evidence of progress in financial sector reforms

♦ The reserve requirement is 36%. The GOH was to lower it to 30 percent under this program. While it is unfortunate that the GOH has not been able to lower this requirement, USAID understands the economic imperatives that have prevented its reduction -- a decreasing value of the country's currency in terms of the U.S. dollar, difficulties in financing the budget deficit, and a desire to limit inflation.

♦ The new banking systems law was presented to Congress May 21.

♦ Open market operations, the importance of which lies in their ability to be used by the monetary authority for stabilization purposes, have been initiated. However, while the operations are conducted every two weeks as envisaged, these operations, according to the IMF, are not operating in the most transparent manner.

♦ Following Congressional approval of legislation, the Central Bank issued a "reglamento" which provides for foreign currency trading on the part of foreign exchange houses. While included in the side letter as a condition for the second disbursement, the approval of the implementing regulations was accomplished prior to the first disbursement under the FY 1992 ESF program last December. Twenty-one exchange houses are now exchanging foreign currency at freely-determined rates, a most noteworthy development.

♦ Incorporation of pension funds in the system of supervision by the Superintendency of Banks is provided for in the revision of the new Central Bank law. While this law has been sent to Congress, it has yet to be passed. It, together with the new banking systems and monetary laws, will be considered as a package in this December's Congressional session.

In terms of progress in financial sector reforms, the key item USAID was looking for was introduction of the new banking system law into Congress. This was accomplished.

(4) Evidence of progress in implementing the tariff reforms

♦ Under the program with the IMF, the GOH is to eliminate the import surcharge by the end of the year. In the absence of the surcharge, tariffs would be in the 5 to 20 percent range, consistent with the GOH commitment to the Central American regional integration movement. In the interim, the GOH has not moved to reintroduce customs exemptions.

(5) Evidence of progress in implementing Honduras's privatization program

♦ As evidence of such progress, the GOH was to implement five privatizations in addition to those implemented as part of the FY 1991 program. Subsequent to signature of the FY 1992 ESF program in August 1992, 15 privatizations have taken place.

(6) Evidence of economic stabilization

♦ A review of the IMF's \$53 million Enhanced Structural Adjustment Facility arrangement, negotiated in the summer of 1992, was concluded successfully this July. This permitted a continuation of disbursements under the Program. The GOH signed a Letter of Intent on July 7 and the IMF's Board ratified the letter on July 23.

C. Other Accomplishments and Overall Status

This ESF program, together with those in FY 1990 and FY 1991, are beginning to generate benefits.

♦ While it is true that some of the growth can be attributed to GOH "pump-priming" in advance of this year's election, the country did grow 4.9% in 1992, the first time in per capita terms since 1989.

♦ Inflation, which had accelerated to almost 34 percent in 1991, is approaching single digit rates. The GOH is committed to no longer financing government expenditures through printing money.

♦ Nontraditional agricultural exports, including shrimp, pineapples, and melons, are increasing. Shrimp are now the country's third most important agricultural export. Exports of shrimp, after increasing nearly 30 percent in both production area and output in 1992, will reach \$50 million this year, up from \$39 million in 1992. Manufactured exports to the U.S. have increased from \$117 million in 1989 to a projected \$623 million in 1993.

♦ Maize, the most important basic grain produced in Honduras, has recorded increases in output for five consecutive years, including three straight years of record production.

♦ Through a USG-led arrearage clearance exercise, Honduras has re-established relations with multilateral and bilateral creditors. In light of its solid progress on economic reforms, the country received under the aegis of the Paris Club last October some of the most generous rescheduling terms ever received by a recipient -- so called "Trinidad Terms." As a consequence, the country's debt profile is improving, albeit modestly; external debt-to-GDP and debt service ratios have started to decline.

D. Problems and Delays

The primary Condition Precedent that had been holding up disbursement was publication of the implementing regulations for the Agricultural Modernization Law. That took longer to accomplish than we had anticipated, owing to the complexity and large number of actions that the GOH had to undertake.

E. Major Activities or Corrective Actions During the Next Six Months

1. Make second disbursement of \$12.5 million (mid-October).
2. Begin implementation of the follow on \$5 million Structural Adjustment Program II.

I. BACKGROUND DATA

Program Title: Structural Adjustment Program II (SAP II)  
 Program Number: 522-0396  
 Date of Authorization: original 09/30/93  
 Date of Obligation: original 09/30/93  
 PACD: original 09/30/94  
 Implementing Agencies: Ministry of Finance and Public Credit,  
 Central Bank of Honduras, Ministry of Natural Resources  
 Major Contractors: None  
 Program Managers: Don Harrison, Leon Waskin (Local Currency)  
 Status of CPs/Covenants: Please see below -- Progress to Date

Date of Last Evaluation: 00/00/00 Next Evaluation: 00/00/00  
 Planned N. of NFAS: N/A NFAS Contracted/Completed: N/A  
 Date of Last Audit: 00/00/00 Next Audit: \*  
 \*To be conducted at a later date by the country's Office of the Controller General.

A. FINANCIAL DATA

Amount Authorized:	ESF Grant: original	\$5,000,000
Amount Obligated:	ESF Grant: original	\$5,000,000
Amount Committed:	Period:	\$5,000,000
	Cumulative:	\$5,000,000
Accrued Expenditures:	Period - Projected:	\$ 0
	Period - Actual:	\$ 0
	Cumulative:	\$ 0
	Period - Next:	\$ 0
Counterpart Contribution:	Planned:	N/A
	Actual:	N/A
% of Total Auth. Oblig.:		100%
% of Total Oblig. Exp.:		0%
% of Total Auth. Exp.:		0%

II. PROGRAM PURPOSE

To (a) support structural adjustment of the Honduran Economy and b) provide balance of payments support to Honduras, permitting urgently needed private sector imports.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. The SAP directly supports S.C. Nos. 1 (increased agricultural investment, production, and exports) and 2 (increased private investment, production, and trade) by conditioning funds disbursement on specific policy improvements that are essential to achievement of the S.O.s.

♦ Congress has approved a bill creating the "Cajas Rurales" which will provide the "campesinos" access to credit.

♦ The GOH has prepared in draft a plan to restructure the forestry parastatal CONDEFOR into a public forestry agency charged with implementation of the national protected areas plan and with management of the first resources.

♦ Under the program, the country's agricultural parastatal IHMA is to privatize all of its 14 silos. Five have been sold; deals on three more are close to finalization; one will go on the selling block shortly; while bids were solicited for the one in San Pedro Sula, no offers were made; and there are four more smaller ones, currently not in use, for which no one has expressed interest.

♦ The system of tradeable warehouse receipts which will facilitate the storage and marketing of agricultural produce, has been designed but not implemented.

♦ Finally, the framework for the market information system has been outlined.

C. Other Accomplishments and Overall Status

Please consult the Project Status Report for the Structural Adjustment Program (522-0365).

D. Problems and Delays

We expect to encounter difficulties in securing passage of the new banking systems law, and GOH intervention in agricultural markets also may pose difficulties for the successful implementation of the program. A steering committee, consisting of USAID and other Country Team personnel involved in implementation, has been established to assure that the GOH has made sufficient progress on economic reform to warrant disbursement. This disbursement is now expected to take place sometime in the first six months of calendar year 1994.

E. Major Activities or Corrective Actions During the Next Six Months

1. The Mission's Private Sector and Economic Policy Analysis Offices together with the State Econ Counselor are involved in a "full court press" to conciliate differences between the banking community and the Central Bank to achieve Congressional approval of the new banking systems law this December.

III. PROGRAM DESCRIPTION

The SAP focuses on policy improvements in the agriculture, trade and investment, and financial sectors. It also includes a stabilization component, despite IMF leadership in this area. Stabilization underpins importantly the structural adjustment progress that the GOH has made.

IV. Program STATUS

A. Planned EOPs

The FY 1993 SAP II is to be disbursed in one tranche of \$5 million which is expected to take place in the first half of calendar year 1994. The CPs for the Program consist of (a) satisfactory progress in implementing financial sector reforms, (b) satisfactory progress in implementing Honduras's privatization program, (c) effective enforcement of trade reforms, (d) satisfactory progress in implementing the Agricultural Modernization Law, (e) maintenance of a liberalized price regime in the agricultural sector and non-intervention in agricultural markets, and (f) progress in implementing the Economic Stabilization Program. A Program Implementation Letter (PIL) was furnished to the GOH providing details on what will constitute sufficient progress to ensure satisfaction of the CPs.

B. Progress to Date<sup>1</sup>

The program was obligated on September 30. Hence, it is too early to expect substantive progress. Nonetheless, further progress already has been made in implementing the Agricultural Modernization Law.

♦ The 12th and last "reglamento" dealing with the rationalization of extension services is under review. Under the "reglamento," such services will be provided only to the neediest farmers and a framework for private sector delivery of such services is established.

<sup>1</sup> As SAP II is a policy-based "program" rather than a "project", there are no Outputs per se.

2. We expect ongoing negotiations for Honduras's accession to the General Agreements for Tariff and Trade to resolve the issue of effective enforcement of trade reforms. The GOH has been using animal health and phytosanitary requirements as "de facto" import quotas.
3. The Mission's Private Sector Program Office will develop a program to deal with the difficulties encountered by the "ventanillas únicas" -- the GOH's new one stop investment registration windows. While this is not a specific CP to this program, the Program Agreement for SAP II permits us to raise the issue of backsliding on reforms encouraged under our past reform programs.
4. Our Rural Development Office also will be instituting a technical assistance effort to persuade the GOH not to intervene on agricultural markets.

STRATEGIC OBJECTIVE No. 3

**IMPROVED MANAGEMENT--TOWARD LONG-TERM SUSTAINABILITY--  
OF SELECTED NATURAL RESOURCES**

*Overview of Strategic Objective Progress*

- 1) 522-0246 Forestry Development
- 2) 522-0292 Land Use Productivity Enhancement (LUPE)
- 3) 522-0385 Honduran Environmental Protection Fund (VIDA)

**NOTE:** The Agriculture Sector Component of the Policy Analysis and Implementation Project (522-0325.2) contributes in a **significant** manner to this objective as well as to Strategic Objective No. 1.

**STRATEGIC OBJECTIVE 3:  
IMPROVED MANAGEMENT--TOWARD LONG TERM SUSTAINABILITY--  
OF SELECTED NATURAL RESOURCES**

The goal level indicators which measure progress under this objective are: 1) forest reserves/protected areas under long term management plans; 2) increased area of pine forest harvested according to acceptable forest management practices nationwide; and 3) increased number of households practicing one or more environmentally sound cultivation practices. Specific program outputs are: 1) improved policy framework; 2) increased environmental awareness and technology transfer; and 3) increased private sector activity in improving natural resources management.

**Forest reserves/protected areas:** The new division of the Honduran Forestry Development Corporation (COHDEFOR) responsible for protected areas was created and staffed. This office development a National Plan for protected areas. The number of protected areas under sustainable management increased from 2 to 3 in 1993.

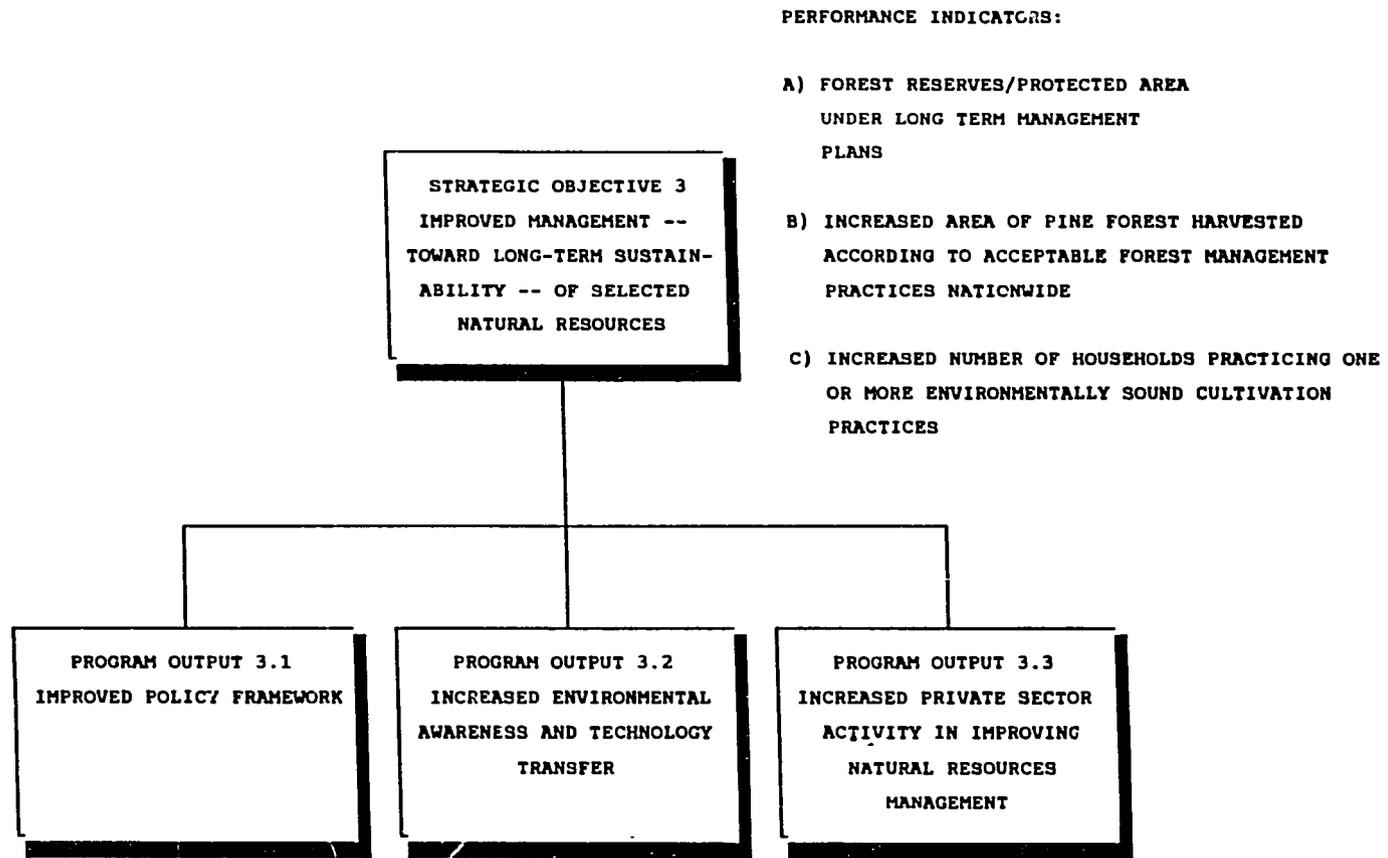
**Management Practices:** During the period there was an increase in the number of hectares *harvested according to acceptable management practices*. The Forestry project reports that this number has increased to 307 hectares. The La Unión and Salamá demonstration areas continue to lead the way in the use of good forestry management practices.

**Cultivation practices:** The number of households practicing *environmentally sound cultivation practices* has increased during the period by over 3,000 to 21,268, as a result of activities under the Land Use Productivity Enhancement (LUPE) project. The Action Plan target of 22,876 for 1993 should be reached with no difficulty by December 30, 1993.

**Policy Framework:** A major target for 1993 was the passage of a new Environmental Law, which provides the basic *policy framework* for protection of the environment. The law was passed in June and the implementing regulations are now under review. The Mission has also provided technical assistance for the development of an environmental strategy for Honduras.

**Technology Transfer:** Under the Forestry project, there has been a major effort placed on *transferring technologies* related to forest management. The number of person/months of long-term has reached 1,303 and 1,351 for short-term. As a result of these efforts we can safely say that today, Honduras has more qualified foresters, in proportion to its population, than any other country in Central America.

**Private Sector:** Increased environmental activities among *private sector* NGOs was evident, as CARE joined LUPE's sustainable agricultural efforts. Fundación VIDA, which will be funding NGO environmental projects, began operations in earnest by executing preliminary review of environmental proposals by several local NGOs. The Agricultural Modernization Law returned tree tenure to land owners, but requires a COHDEFOR approved management plan prior to harvesting any timber. During the period, COHDEFOR issued guidelines for these plans began the process of granting approvals.

**PERFORMANCE INDICATORS:**

- A) FOREST RESERVES/PROTECTED AREA UNDER LONG TERM MANAGEMENT PLANS
- B) INCREASED AREA OF PINE FOREST HARVESTED ACCORDING TO ACCEPTABLE FOREST MANAGEMENT PRACTICES NATIONWIDE
- C) INCREASED NUMBER OF HOUSEHOLDS PRACTICING ONE OR MORE ENVIRONMENTALLY SOUND CULTIVATION PRACTICES

**PROGRAM INDICATORS:**

- a) Improved Environmental Legislation Passed and Regulations Issued.
- b) Public Sector Forestry Management Service Established.
- a) Increased Percentage of Total Lumber Processed by Band Saws.
- b) Increased Amount of Training Received by Personnel Responsible for Effective Forest Management.
- c) Increased Positive Attitudes Among Children and Adults Toward Environmentally Sound Practices with Respect to Pine and Hardwood Forests.
- d) Increased Area of Forests Managed for Sustainability in Model Management Units.
- a) Increased Effective Environmental Activities.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

A \_\_\_ B \_\_\_ C X

I. BACKGROUND DATA

Project Title: Forestry Development Project  
 Project Number: 522-0246  
 Date of Authorization: original 12/18/87 Amendment 05/31/89  
 Date of Obligation: original 12/29/87 Amendment 09/30/93  
 PACD: original 12/31/94  
 Implementing Agencies: Honduras Forestry Development Corporation (COHDEFOR)  
 Major Contractors: USDA Forest Service - PASA  
 Project Managers: John Warren/Ramon Alvarez  
 Status of CPs/Covenants: CPs: All met  
 Covenants: All met

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$12,000,000 amended to \$ 4,041,000  
 DA Grant: original \$ 8,000,000 amended to \$15,959,000  
 Amount Obligated: DA Loan: original \$ 1,000,000 amended to \$ 4,041,000  
 DA Grant: original \$ 1,500,000 amended to \$11,978,600  
 Amount Committed: Period: \$ 801,856  
 Cumulative: \$11,620,728  
 Accrued Expenditures: Period - Projected: \$ 1,140,000  
 Period - Actual: \$ 1,313,237  
 Cumulative: \$ 9,463,152  
 Period - Next: \$ 900,000  
 Counterpart Contribution: Planned: \$11,687,700  
 Actual: \$ 8,432,200  
 % LOP Elapsed: 82%  
 % of Total Auth. Oblig.: 80%  
 % of Total Oblig. Exp.: 59%  
 % of Total Auth. Exp.: 47%

Date of Last Evaluation: 12/30/91 Next Evaluation: 6/94  
 Planned No. of Non Federal Audits: 2 NFAs contracted-completed: 1  
 Date of Last Audit: 09/30/92 Next Audit: 00/00/94

II. PROJECT PURPOSE

The project's purpose is to improve the management and sustainable productivity of commercial pine forests and the efficiency in processing and marketing wood products.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project addresses one of the most critical problems facing the Honduran agricultural sector, the rapid depletion of the forest resources. By promoting and implementing efficient and rational pine forest management, the project will contribute to the Mission's S.O. of Improved Management Towards Long-Term Sustainability of Selected Natural Resources.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The project consists of three interrelated components: forest management in two selected pine forest areas; strengthening the nationwide private sector forest industry through technical assistance and training; and supporting the institutional reform of COHDEFOR through improved managerial efficiency and the development of a new nationwide timber sales and stumpage valuation system.

IV. PROJECT STATUS

A. Planned EOPs

- COHDEFOR has relinquished all industrial operations.
- COHDEFOR's financial situation stabilized, income covers cost.
- All timber transactions carried out based on rational forest management.
- Forest utilization carried out in accordance with allowable cut.
- Acceptable level of regeneration, environmentally sound logging and forest management practices.
- Industry utilizing profitably a wider range of resources.

Progress to Date

- COHDEFOR has relinquished all operations. According to the 1992 Agriculture Modernization Law only the private sector can have forest industries.
- Beginning in CY94, COHDEFOR will be centrally funded by the government and no longer be an income generating agency.
- An improved timber sales system is being used in 100% of all timber transactions nationwide.
- Areas I and II, La Unión and Salamá, in being managed accordingly. Steps are being taken slowly to execute this practice in all national forests.
- Areas I and II, La Unión and Salamá, being managed accordingly.
- In progress. Industry expanding into new markets.

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
<u>Timber Sales</u>							
1. Standing timber sales system (%)	100	0	100	0	0	100%	100%
2. Sound timber valuation (%)	100	0	0	100%	50%	50%	50%

Forest Mgmt - La Union

1. Vol. harvest (MM3)	350	15	301	30	21	307	88%
2. Seed trees marked (Ha)	5,500	250	3,551	390	484	3,785	69%
3. Nursery plants	85,000	20,000	106,400	0	25,000	111,400	131%
4. Intensive fire protection (Ha)	18,000	16,500	17,000	0	8,970	25,970	144%
5. Control burns (Ha)	12,000	0	1,310	500	0	1,310	11%
6. Maintenance of forest roads (Kms)	500	30	236	20	4	210	42%
7. Extension in agric. rural dev. (persons)	1,200	200	2,459	200	103	2,362	197%M
8. Income from forest activ. (persons)	600	100	1,165	100	93	1,158	193%F
9. Soil conservation activities (Ha)	900	30	350	30	51	371	41%M
10. Grants Rural Dev.	100	0	49	0	0	49	49%F
	2,400	30	171	300	109	250	10%M
	1,000	100	785	100	339	1,024	102%F

Training (Per/Months)

1. Long-term	1,200	280	1,117	260	228	1,065	89%M
	245	70	358	70	50	338	138%F
2. Short-term	962	100	994	120	129	1,023	106%M
	150	20	277	60	71	328	219%F

April 1, 1993 - September 30, 1993

A \_\_\_ B \_\_\_ C XC. Other Accomplishments and Overall Status

One of the major project accomplishments has been the development and nationwide implementation of a new timber sales system which sets the bases for sustainable forest management through technical preparation and administration of the sales. In contrast with the previous practice, which basically consisted of measuring the logs extracted, now trees are measured prior to harvest and improved logging, road building and harvesting techniques are enforced to mitigate environmental impacts and foster forest regeneration. To consolidate this new timber sales system, the project is now concentrating on improving the field work and manuals, developing a quality control system and preparing local volume tables.

The project is now assisting COHDEFOR in developing a timber auction system. Prior to the Agriculture Modernization Law (AML), COHDEFOR could execute direct timber sales from both public and private forest. Now, the AML returned the management of private forest areas to its owners and legislates that all timber sales from national forests must be sold through a public auction process. Due to the pending volumes of various old sale contracts, timber from national forests continues to be sold at a flat rate, but all new sales must be through auctions.

To obtain the true economic value of timber, the project originally proposed a residual value system and technical assistance later suggested a transaction evidence/market indexing system. Both options can provide sound timber valuation. However, with proper implementation, the present options of private sector negotiations and public auctions are also acceptable alternatives. During this semester, a draft manual of the auction process was produced and five timber sales were auctioned successfully.

Another major project accomplishment has been the development and implementation of multiple use forest management plans in the two project model units, La Unión and Salamá, with a total area of 200,000 hectares. These plans emphasize natural regeneration, forest protection, silvicultural treatments, environmental mitigation practices and rational utilization techniques. During this semester, the original forest management plans developed by the project were replaced with new ones in order to comply with the new public/private sector distribution dictated by the AML. These new plans exclude all private forests and include only the national forests of La Unión and Salamá.

As a result of project forest protection efforts in La Unión and Salamá, 25,000 hectares of young forests received intensive fire protection. Additionally, through the project's incentive program, eleven communities continued to participate in the protection of 10,000 hectares.

With the aid of incentives for health, education, agriculture and water systems, the project promotes soil conservation and environmental improvements. To this date, individual benefits have been provided to 596 men and 418 women. To improve its impact in the community, gender considerations are taken into account in the selection of programs and extensionists.

During this semester, the consortium Paseo Pantera, under a buy-in with ROCAP's RENARM Project, completed a two-year operational plan for COHDEFOR's Protected Areas and Wildlife Department and the terms of reference for a five-year strategy to consolidate a national protected area system. This technical assistance was provided to support COHDEFOR's institutional reorientation and its newly assigned responsibility for Protected Areas and Wildlife. The project also continues implementing protection measures in La Muralla, a 6,000 hectare cloud forest reserve and during this period, six additional forest guards were employed. A flora and fauna inventory and a two-year operational plan of La Muralla are being prepared under another buy-in with ROCAP's RENARM Project.

Additional progress in improving COHDEFOR's accounting operations and managerial efficiency was made during this semester by transferring the old computer systems and data to the new Limited Area Network. COHDEFOR's specific information management needs are being analyzed and the corresponding software programs are being developed and installed.

Of the 1992 RIG Nonfederal Audit Report, one out of four recommendations remains open. The Mission has obtained evidence that COHDEFOR has complied with the three components of such recommendation. During this semester, the Mission requested the closure of this recommendation by RIG/A/T.

A total of 478 person/months of training were provided during this period. Fourteen participants are now receiving long-term training in forestry at U.S. universities and another 45 are enrolled in the three-year program at Honduras' National Forestry Science School (ESNACIFOR). As a result of project affirmative actions in the involvement of women in training programs, 26% of the person months provided this

The Mission has initiated actions to amend the project through a no-cost PACD extension to December 31, 1997. The project will expand its forest management activities at a national level and increase its support in protected area management.

D. Problems and Delays

The project continues being classified as a "C" project due to its low expenditure level and planned three year PACD extension. One of the main reasons for the low expenditure level are the overly optimistic projections for the project's initial year and the decision to eliminate the \$4.9 million industrial credit component in 1991. To a lesser extent, the termination, for convenience, of the TA contract with Tropical Research and Development also slowed down project expenditures. During this semester, delays occurred in executing the road maintenance contracts due to harsh weather conditions but the total projected levels were met due to higher expenditures in other areas.

Honduras' new AML has increased the requirements for proper forest management in both the public and private sector. The new legislation requires government-approved forest management plans for all areas to be harvested and its implementation requires profound policy and organizational changes in the government's forestry sector. Nevertheless, COHDEFOR's management continues to demonstrate little willingness in adapting to the AML and taking on its new institutional responsibilities. As a result of this lack of commitment, the department of protected areas and wildlife is receiving little support, the preparation of forest management plans for the national forests is moving slowly, and the approved Environmental Unit has not been staffed. No improvements are expected to occur during the present GOH administration. For this reason, the Mission has delayed the approval of a PACD extension and project amendment. During the following semester, the Mission will proceed with the project amendment design but its implementation will depend on the results of negotiations with the new GOH administration.

E. Major Activities or Corrective Actions During the Next Six Months

1. Amend the project to approve a no-cost PACD extension to December 31, 1997; make revisions to the project's purpose, outputs, and implementation arrangements; and reprogram the budget.
2. Discuss the proposed project amendment with the new GOH administration which will be elected November 28, 1993.
3. Prepare PIO/Ts for technical assistance for the remainder of the project.
4. Establish an "Environmental Unit" within COHDEFOR to contribute to forest management, timber sales and extension activities.
5. Completion of the final report on the management of La Muralla to be prepared by the technical assistance provided under the buy-in with ROCAP's RENARM Project.
6. Implement an auction process in all national forest timber sales.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Land Use and Productivity Enhancement  
 Project Number: 522-0292  
 Date of Authorization: original 02/08/89  
 Date of Obligation: original 02/09/89 Amendment 03/19/91  
 PACD: original 02/08/97  
 Implementing Agencies: Ministry of Natural Resources (MNR)  
 Major Contractors: Associates in Rural Development (ARD)  
 Project Managers: Peter Hearne/John Warren  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 03/15/93 Next Evaluation: 11/96  
 Planned No. of Non Federal Audits: 5 NFAs completed: 1  
 Date of Last Audit: 03/15/92 Next Audit: 12/01/93

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$36,000,000  
 Amount Obligated: DA Grant: original \$4,000,000  
 amended to \$13,990,400  
 Amount Committed: Period: \$ (250,867)  
 Cumulative: \$10,068,581  
 Accrued Expenditures: Period - Projected: \$1,175,000  
 Period - Actual: \$964,125  
 Cumulative: \$8,385,267  
 Period - Next: \$1,250,000

Counterpart  
 Contribution: Planned (LOP): 128,000,000 (\$14,000,000)  
 Actual Cumulative: 110,260,456 (\$5,130,228)

% LOP Elapsed: 58%  
 % of Total Auth. Oblig.: 39%  
 % of Total Oblig. Exp.: 59%  
 % of Total Auth. Exp.: 23%

II. PROJECT PURPOSE

To improve hillside agricultural production and productivity on a sustainable basis, including the management and effective protection on Honduran natural resources on which production depends.

B. Major Outputs

	Planned		Next		Accomplished		% of LOP	
	LOP	Period	Cum.	Period	Period	Cum.		
1. Fam. with 30% incr. in grain production	37,500	1,942	10,375	395	983	9,416	25% M	
2. Hillside land w/Impr. management (Ha.)	12,500	123	915	39	60	852	7% F	
3. Multi-use trees planted (X 1000)	37,500	296	8,454	124	1,252	9,410	25% M	
4. Home and school gardens established	12,500	4	357	10	0	353	3% F	
5. Fam. with crop diversification.	4,500	209	1,121	12	112	1,024	23% M	
6. Fam. with improved sm. animal husb.	1,500	0	32	0	0	32	2% F	
7. Land under silvo-pastoral tech. (ha.)	5,000	1,160	3,976	132	905	3,721	74% F	
8. Fam. processing fruits/vegetables	3,750	204	981	54	214	991	26% M	
9. Storage capacity or grains (mt)	1,250	0	135	0	0	135	11% F	
10. Training (persons)	-	-	-	-	-	-	-	-
Long-term (US/Honduras)	5,000	365	3,737	244	112	3,484	70% F	
Short-term (US/Regional)	1,000	103	569	19	106	572	57% M	
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	3,000	299	452	261	246	399	13% F	
	1,875	116	1,630	587	62	1,576	84% M	
	20	0	11	0	0	11	55% M	
	4	0	2	0	0	2	50% F	
	280	10	199	20	21	210	75% M	
	96	4	62	8	46	104	108% F	

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES OUTPUT

A. SPECIFIC LINKAGE TO S.O.: The Project addresses the critical problem of the rapid deterioration of Honduras fragile hillside lands resulting in a decrease in agricultural production and productivity. By promoting and implementing efficient hillside agriculture technologies, the project will contribute to the Mission's S.O. of Improved Management Towards Long-Term Sustainability of Selected Natural Resources.

B. PERCENT OF LOP FUNDS RELATED TO S.O.: 100%

III. PROJECT DESCRIPTION

The project will directly benefit fifty thousand hillside farm families through activities in sustained production enhancement, including improved cropping systems (improved cultivation technologies, soil conservation, and agroforestry) and improved animal systems (forage production, animal containment, range management, and silvopastoral systems). The project will also promote improved post-harvest interventions, including basic grain storage, fruit and vegetable processing, and marketing of products.

IV. PROJECT STATUS

A. Planned EOPs

- Five major watersheds better protected.
- 50,000 hillside farm families with increased productivity and sustainable cultivation practices.
- 15,000 non-beneficiary farm families adopting one or more LUPE promulgated activities.
- Beneficiary farmers enjoying 30% average increase in basic grain yields.
- Beneficiary families will enjoy improved diets and experience declines in malnutrition levels, per MOH anthropometric measurements for children under five years.

Progress to Date

- Project working in all five of the watersheds.
- 10,268 hillside farm families have participated in various project activities.
- Approximately 2,000 non-beneficiary families adopting no-burning technologies.
- Farm families are enjoying large yield increases, but actual average percentages have not yet been calculated.
- Anthropometric measurements among beneficiary families are no longer being performed under the project, and will be eliminated in the proposed Project Agreement Amendment.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

The project's midterm external evaluation was completed. The results indicate that the project is approximately one third of the way toward the attainment of the recently-scaled back output indicators being proposed for the Project Agreement Amendment. It is strongly believed that the revised indicators will be met by the end of the project provided the project technologies prove to be economically viable. The evaluation included 39 recommendations, of which 11 have already been closed. Mission staff is in the process of issuing the Evaluation Summary, and working with project staff to close the remaining recommendations. Among the principal recommendations are: (1) include benefit/cost analysis of promoted technologies; (2) strengthen outreach to beneficiary farm families through technology integration and by redefining gender approach; and (3) carry out baseline and impact monitoring studies.

A Project Agreement Amendment to revise the Amplified Project Description, including the LOP output targets, in accordance with Mission budget reductions, and based on midterm evaluation recommendations, was prepared and is undergoing Mission clearance. This SAR continues using the original output targets, even though funding and scope have actually been reduced. Updated indicators will be presented in the next SAR, once the amendment is executed.

Several outputs corresponding to women-headed households remain low, as discussed in previous reports, due to an estimation in the Project Paper of approximately 25% women-headed households, when the actual number has now been found to be approximately 8%. This percentage will be modified in the proposed Project Agreement amendment, and Output No. 9 (storage capacity for basic grains) will in fact be limited to men because women-headed households in the project area are not participating in this activity. On the other hand, the two principal activities adopted by women beneficiaries (vegetable gardens and small animal husbandry) continue to surpass planned goals. In fact, women beneficiaries are currently the key element in the project's extension methodology, as the project's women extensionists are reaching larger numbers of clients at a faster rate than any other component.

A \$2.6 million three-and-a-half year grant agreement was signed with CARE/Honduras to serve as an umbrella organization to augment LUPE's promotional outreach capabilities and help ensure long-term sustainability of LUPE technologies among beneficiary farm families, through the use of community "contact farmers". A total of 1,500 contact farmers, of which about one-third are women, will receive intensive training to carry out this program. CARE/Honduras' sub-grant agreements with five local NGOs were in Mission clearance process at the end of the reporting period.

The project continues to collaborate with the Tropsoils Cooperative Research Support Program (CRSP) in an innovative soil erosion and conservation study located in three experimental microwatersheds on a LUPE beneficiary's farm land. During the semester, valuable data were collected by project technicians with assistance from visiting Texas A&M specialists, who are performing the data analysis.

A PIO/C was signed in the Mission for the purchase of 50 light-weight motorcycles, which will greatly facilitate implementation of field activities as the current fleet of project vehicles becomes more limited, particularly in support of the NGO extension program.

Twenty project technicians, four of which are women, participated in a highly-successful eight-day observational visit to selected natural resources and agricultural extension projects in Costa Rica. As a result of this experience, the participants are expected to apply and share with colleagues improved outreach approaches.

Baseline and impact monitoring studies were initiated, with two specialists hired and working fulltime on an "area-sample analysis". These survey studies will provide valuable data regarding increases in on-farm yield and family income among beneficiaries.

Costly project technical staff attrition will be further reduced as a result of the project entering into an agreement, financed under counterpart funding, with the GOH pension institution, and by employee salary adjustments based on the rankings from the personnel evaluation system.

D. Problems and Delays

The project continues being classified as a "B" project only because the major action of amending the Project Agreement has not been completed.

The signing of the grant agreement with CARE/Honduras and subsequent implementation of the program was delayed several months, but has now been initiated.

Mission approval of an amendment to the Project Agreement to revise the Amplified Project Description and budget in accordance with new LOP output targets, has been delayed several months while the Mission awaits AID/Washington's response to proposed budget levels.

E. Major Activities or Corrective Actions During the Next Six Months

1. The Project Agreement's Amplified Project Description and budget will be amended, based on the results of the midterm evaluation. The new Project Description will reflect changes in output targets and strategy, which will be incorporated in the next SAR.

2. Sub-grants will be signed between CARE/Honduras and five local NGOs, and the LUPE-CARE/NGO extension program will begin to be implemented.

3. 50 motorcycles will be delivered to the project and put into use.

4. Another observational training visit for project technicians to successful natural resources programs will be carried out.

5. 20 of the 28 open recommendations to the project's midterm evaluation will be closed.

6. A recipient-contracted audit will begin.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Honduran Environmental Protection Fund (HEPF)  
 Project Number: 522-0385  
 Date of Authorization: original 07/02/93  
 Date of Obligation: original 07/02/93  
 PACD: original 07/01/00  
 Implementing Agencies: Fundación Hondureña de Ambiente y Desarrollo (VIDA) (Honduran Environmental and Development Foundation)  
 Major Contractors: (1) Biodiversity Support Program (BSP)  
 (2) To be determined  
 Project Managers: John P. Warren  
 (Liaison: Margaret M. Harritt/Armando Busmail)  
 Project Support Officer: Thomas Johnson  
 Status of Cps/Covenants: GOH has met CPs to initial disbursement

Date of Last Evaluation: 00/00/00 Next Evaluation: 09/30/96  
 Planned No. of NFAS: 4 NFAs Contracted: N/A  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,000,000  
 Amount Obligated: DA Grant: original \$ 2,102,000  
 Amount Committed: Period: \$ 355,000  
 Cumulative: \$ 355,000  
 Accrued Expenditures: Period - Projected: \$ 150,000  
 Period - Actual: \$ - 0 -  
 Cumulative: \$ - 0 -  
 Period - Next: \$ 265,000  
 Counterpart Contribution: Planned: L44,848,000  
 Actual: L 23,565

% LOP Elapsed: 4%  
 % of Total Auth. Oblig.: 21%  
 % of Total Oblig. Exp.: N/A  
 % of Total Auth. Exp.: N/A

II. PROJECT PURPOSE

Strengthen and expand environmental protection and natural resource management activities carried out by non-governmental organizations (NGOs) in Honduras.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The Project is one of the three key elements in the Mission's environmental portfolio, all of which are directed toward S.O. No. 3: Improved Management -- Toward Long Term Sustainability -- of selected Natural Resources. The Project is largely responsible for Program Output No. 3.3, "Increased Private Sector Activity in Improving Natural Resource Management." Project funded training, technical assistance, and grants to local and international NGOs through Fundación VIDA will result in long-term sustainable management of critical resources and local environments.

B. PERCENT OF LOP FUNDS RELATED TO S.O.: 100%

III. PROJECT DESCRIPTION

The project provides the "VIDA" Foundation with technical assistance and other resources to develop its capacity to serve as a "clearing house" and funding source for emerging local NGO's, in collaboration with international environmental NGO's, involved in executing environmental and natural resources management projects consistent with a series of criteria established under the Project. The Project also provides a portion of the funds for financing such joint projects, together with other sources, including a large fund established by the GOH in response to a debt forgiveness agreement as well as other donor resources. Priority will be given to activities emphasizing (1) sustainable management of watersheds and (2) conservation of ecosystems and protection of biodiversity.

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

1. Substantial majority (8-16) of funded subprojects showing measurable impact upon the environment.  
 2. Environmental degradation significantly reduced in areas covered by sub-projects.

1. N/A  
 2. N/A

B. Major Outputs

	Planned			Accomplished			% of LOP
	LOP	Period	Cum.	Next Period	Period	Cum.	
1. Percentage of population aware of environmental issues	(Baseline and targets to be determined CY94)						
2. VIDA generating additional outside funding	(Baseline and targets to be determined CY94)						
3. Short-Term Training (Participants)	50	0	0	2	0	0	N/A M
4. Seminars or Observational Tours (Participants)	20	0	0	1	0	0	N/A M
5. NGO Sub-Projects Approved	20	0	0	2	0	0	N/A
6. Sub-Projects Completed by NGO's	15	0	0	0	0	0	N/A

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C. Other Accomplishments and Overall Status

The GOH created the 30,000,000 lempira Environmental Protection Fund in response to U.S. debt forgiveness. The Fund, totaling the equivalent of approximately 4.5 million dollars, will be disbursed over a 5 year period for environmental "sub-projects" managed by Non-Governmental Organizations (NGOs). Fundacion VIDA, which was designated by the GOH as the Fund's manager, will select subproject proposals for funding. VIDA will also monitor subproject implementation and evaluate the results. Due to the weakness of environmental NGOs in Honduras (many new, inexperienced groups), VIDA will spend much of their first 2-3 years in strengthening the NGOs (in proposal writing, financial/accounting systems, and technical topics such as conservation biology, park protection and management, etc.).

This Project is designed to support VIDA's efforts to strengthen the NGO sector's role in expanding environmental protection and natural resource management activities in Honduras, to be primarily accomplished through the design and implementation of subprojects undertaken in partnership with U.S. NGOs.

The Mission provided Project Development and Support funded assistance to VIDA through two contracts. The first contract, with Price Waterhouse, set up accounting and managerial systems and was completed in January 1993. The second contract is with the Biodiversity Support Program, and involves analyzing the NGO sector for potential funding needs, priorities, and to helping VIDA set up criteria for proposal selection and evaluation of projects. This assistance was extended at the beginning of the reporting period to allow BSP to continue to provide support to VIDA until the Project's long-term technical assistance team is in place.

Under the Project, a Cooperative Agreement was signed between VIDA and USAID. Under this agreement, partnerships of U.S. and Honduran NGOs may develop proposals for funding in two of the four priority areas identified by VIDA for support under the entire Environmental Protection Fund: (1) conservation of ecosystems and protection of biodiversity; and, (2) sustainable management of watershed resources. VIDA is currently in the process of selecting the first subprojects.

On July 2, 1993, both the Project Agreement between USAID and the GOH, and the Cooperative Agreement were signed. During the beginning of the reporting period, a financial review of VIDA was performed by the Mission. VIDA responded to the recommendations and was provisionally certified by the Controller's Office, thus allowing an initial disbursement under the Cooperative Agreement. However, before the Mission can make such a disbursement to be used by VIDA for subgrants, VIDA must complete several required actions, such as codifying the subproject selection and approval process. Mission staff and the BSP consultants are assisting VIDA to meet these requirements and disbursement is expected to be possible early in the coming semester. By the end of the reporting period, the conditions precedent to initial disbursement contained in the bilateral Project Agreement had been met by the GOH. The GOH has also made an initial disbursement of local currency to VIDA, contributed as counterpart under the project.

D. Problems and Delays

VIDA is a recently formed organization, with no prior experience with USAID projects, and as such, substantial USAID staff time has been invested in developing within VIDA a familiarization with USAID procedures and requirements, and contributing to the development of documentation to achieve compliance with the required actions.

E. Major Activities or Corrective Actions During the Next Six Months

1. VIDA completes the actions required before disbursement under the Cooperative Agreement can be made.
2. An RFP is sent out and contract negotiations are underway for long-term technical assistance.
3. VIDA approves first subprojects using Project funding.
4. Interim long-term technical assistance advisor from BSP is selected and in place.
5. VIDA staff is increased according to staffing plan allowing full certification by Mission Controller's Office.
6. One workshop is sponsored by VIDA to present detailed guidelines for project proposals by NGOs.

STRATEGIC OBJECTIVE No. 4

**HEALTHIER, BETTER-EDUCATED HONDURANS**

*Overview of Strategic Objective Progress*

- 1) 522-0216 Health Sector II
- 2) 522-0257 Honduras Council for Human Resources Development
- 3) 522-0273 Primary Education Efficiency
- 4) 522-0369 Private Sector Population II
- 5) PL-480 Title II (monetized)
- 6) PL-480 Title II (non-monetized)

## STRATEGIC OBJECTIVE 4 HEALTHIER, BETTER EDUCATED HONDURANS

Much of the data which feeds the health-related Performance Indicators established under this Strategic Objective is derived from an Epidemiological and Health Survey conducted every four years. The next such survey will be conducted in 1995. For this reason, we are unable to provide last-minute data on indicators such as the infant mortality rate and levels of malnutrition among children under 5. Through our programs, however, we are constantly gathering data and, although we still have a long way to go, we can say that Hondurans are noticeably healthier and better educated today than they were even five years ago.

Our activities in health, population and education have contributed to this goal. In the area of **healthier Hondurans**, our programs alone have made major dents in the reduction of diseases, most importantly polio (there have been no new cases of polio in 1993) and diarrhea. Diarrheal diseases, which were the primary cause of infant mortality for children 5 years and under, have shown a steady decline. In 1990 the "percent of total outpatient visits of children under five to health centers due to diarrhea," was 17.5%. Our 1992 target was planned at 14.5%, but the actual figure was 12.4%. Safe water has been an important factor in reducing the incidence of diseases. Our programs alone have made it possible for 198,000 rural residents to have access to safe water. Access to family planning services has also seen major progress: over 1900 community distribution posts have been established all over the country. Total fertility rates appear to be declining from our baseline of 5.6 in 1988. We estimate the figure is now at 5.3. Although we can by no means imply that progress is uniquely *attributable* to USAID family planning programs, we have made an important contribution by expanding access to contraception to practically every Honduran.

During the reporting period, flooding caused by two hurricanes and a severe storm as well as Cholera outbreaks in the South and Comayagua may well have led to a set-back in improving health standards. The Ministry of Health's ability to respond to the Cholera upsurge was limited, leading us to conclude that we may need to reorient resources to strengthen the government's Cholera program.

In the area of **better educated Hondurans**, progress continues as well. Our focus has been principally at the primary education level, which has been shown in numerous World Bank studies to give one of the highest returns on investment for a developing country. The primary education system has experienced a 21% increase in coverage as measured by initial enrollments from 1988 to 1993, a 32% reduction in drop-out rates, and a 25.8% reduction in repetition rates. Quality of education continues to be a major thrust of our Primary Education project through its emphasis on teacher materials and teacher training.

PERFORMANCE INDICATORS:

STRATEGIC OBJECTIVE 4  
HEALTHIER, BETTER  
EDUCATED HONDURANS

- A) INFANT MORTALITY RATE
- B) REPRODUCTIVE RISK
- C) REDUCED LEVEL OF MALNUTRITION AMONG CHILDREN UNDER 5
- D) REDUCTION OF HIV TRANSMISSION IN SELECTED GROUPS OF THE POPULATION
- E) INCREASED NUMBERS OF CHILDREN STARTING 1ST GRADE WHO COMPLETE 4TH GRADE
- F) INCREASED NUMBERS OF CHILDREN STARTING 1ST GRADE WHO COMPLETE 6TH GRADE
- G) CUMULATIVE AGGREGATED ANNUAL INCOMES OF EMPLOYED VOCATIONAL TRAINING CENTER GRADUATES
- H) BASIC EDUCATION GRADUATES OF EACH OF THE FIVE LEVELS OF THE ALTERNATIVE DELIVERY SYSTEM (EQUIVALENT TO GRADES 1-9)

PROGRAM INDICATORS:

- 4.1 a) Increased Contraceptive Prevalence in Women of Reproductive Age in Union.
- b) Reduced Total Fertility Rates of Women of Reproductive Age.

PROGRAM OUTPUT 4.1  
INCREASED PERCENTAGE OF HONDURANS WHO PRACTICE FAMILY PLANNING

PROGRAM OUTPUT 4.2  
INCREASED EFFECTIVE BREASTFEEDING

- 4.2. a) Increased Effective Breastfeeding.
- b) Mothers Breastfeeding Exclusively for the First Four Months.

- 4.3 a) Percentage of Children Under Five Vaccinate for Selected Diseases (DPT, Measles, Polio and Tuberculosis).
- b) Percentage of Women Aged 12-49 Vaccinated with a Second Dose of Tetanus Toxoid within the Last 3 Years.

PROGRAM OUTPUT 4.3  
INCREASED PERCENTAGE OF FERTILE-AGED WOMEN AND CHILDREN UNDER FIVE WHO ARE VACCINATED

PROGRAM OUTPUT 4.4  
REDUCED INCIDENCE OF SELECTED DISEASES

- 4.4. a) Cholera Fatality Rate (Reduce to Less than 1% of Reported Cholera Cases).
- b) Outpatient Visits of Children Under 5 to Health Centers Due to Diarrhea.
- c) Improved Treatment for Diarrhea.

- 4.5. a) Increased Total Number of Condoms Distributed (Sold and Handed Out).

PROGRAM OUTPUT 4.5  
INCREASED USE OF AIDS-PREVENTION PRACTICES

PROGRAM OUTPUT 4.6  
INCREASED EFFICIENCY QUALITY, AND COVERAGE OF BASIC & VOCATIONAL EDUCATION

- 4.6. a) Aggregate Increase Test Score Improvement for Four Subjects (Grades 1-6).
- b) Increased Coverage in Grade 1-6.
- c) Vocational Training Graduates Employed.
- d) Increased Number of Students Enrolled in Alternative Delivery System.
- e) Reduced Costs of 6th Grade Graduates of the Alternative System, as Compared to the Traditional System.
- f) Reduced Costs of 9th Grade Graduates of the Alternative System, as Compared to the Traditional System.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Health Sector II  
 Project Number: 522-0216  
 Date of Authorization: original 05/25/88  
 Date of Obligation: original 06/30/88 Amendment 04/27/93  
 PACD: original 10/01/95  
 Implementing Agencies: Ministry of Health (MOH), National Autonomous Water and Sewerage Authority (SANAA), and various PVOs.  
 Major Contractors: Management Sciences for Health (MSH) and the Academy for Educational Development (AED).  
 Project Manager: David Losk  
 Status of CPs/Covenants: All CPs and Covenants have been met.

Date of Last Evaluation: 09/02/91 Next Evaluation: 7/95  
 Planned No. of NFAs: 1 NFAs Contracted/Completed: 1  
 Date of Last Audit: 04/01/91 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$57,300,000  
 Amount Obligated: DA Grant: original \$ 7,110,000 amended to \$46,042,000  
 Amount Committed: Period: \$ 7,416,808  
 Cumulative: \$41,626,029  
 Accrued Expenditures: Period - Projected: \$ 3,744,200  
 Period - Actual: \$ 3,979,303  
 Cumulative: \$36,791,636  
 Period - Next: \$ 4,200,000  
 Counterpart Contribution: Planned: \$26,016,500  
 Actual: \$15,871,427  
 % LOP Elapsed: 73%  
 % of Total Auth. Oblig.: 80%  
 % of Total Oblig. Exp.: 80%  
 % of Total Auth. Exp.: 64%

II. PROJECT PURPOSE

To support, strengthen and continue the process of extension of coverage of efficient, sustainable, and effective primary health care and rural water and sanitation (RW&S) services, with an emphasis on child survival (CS) interventions.

RELATIONSHIP TO MISSION'S STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. The efficient, sustainable, and effective delivery of basic health and RW&S services to the Honduran population is a necessary condition for achieving the S.O.. "Healthier, Better Educated Hondurans."

B. PERCENT OF LOP FUNDS RELATING TO S.O. 100%

III. PROJECT DESCRIPTION

The project places a heavy emphasis on the decentralization of the planning, management, and financing of health services. Major project components are Sustainable Support Systems, Health Technologies, Rural Water and Sanitation, and Private Sector Programs (CS and RW&S projects managed by PVOs in rural areas).

IV. PROJECT STATUS

A. Planned EOPs

- Local programming model executed.
- Expanded access to and use of safe water systems in rural Honduras.
- A total of 12 PVOs participating in CS (9) and RW&S (3) project activities.
- Activities expanded for home and clinical management of diarrheal disease and acute respiratory infections, and increased immunization coverage.
- Activities expanded for maternal/child health, birthspacing and breastfeeding.

Progress to Date

- Implementing in all regions.
- Approx. 198,000 people have been served.
- Participation: CS: 9 (100%); RW&S: 6 (200%).
- Community distribution of Oral Rehydration Salts implemented. Revised clinical norms for diarrheal disease and Acute Respiratory Infection (ARI) implemented. Communications strategy being implemented.
- National breastfeeding promotional program being implemented.

B. Major Outputs

	Planned		Next		Accomplished		
	LOP	Period	Cum.	Period	Period	Cum.	% of LOP
1. Rural Health Posts:							
-Renovated/Repaired	426	50	525	20	29	504	118%
-Supply System (No.)	693	20	650	20	74	720	104%
-Contraceptives (%)							
<u>Condoms</u>							
-in posts with MD	90	90	N/A	90	98	N/A	109%
-in posts with nurse	90	90	N/A	90	83	N/A	92%
<u>Pills</u>							
-in posts with MD	90	90	N/A	90	96	N/A	107%
-in posts with nurse	90	90	N/A	90	74	N/A	82%
-ORS (%)	90	90	N/A	90	92	N/A	102%
-Cold Chain (%)	80	84	N/A	84	84	N/A	105%
2. % Children <1 Year							
-Measles Vaccinated	70	85	N/A	85	85	N/A	121%
3. Vaporizers in:							
-Cesamos (No.)	103	0	113	0	31	144	140%
-Cesares (No.)	267	0	58	0	3	61	23%
4. Water Systems (No.)							
-Aqueducts	530	45	392	45	57	404	76%
-Wells	1600	70	748	50	33	711	44%
-Latrines (000)	77.0	5.65	57.35	5.65	8.11	59.81	78%
-Septic Tanks	73	7	54	7	8	55	75%
-Women Ages 10-44 with domestic access to safe water (000)	84	6.00	54.60	6.00	11.30	55.44	66%
5. PVOs Participating							
-CS (No.)	9	0	9	1	0	9	100%
-RW&S (No.)	3	0	6	0	0	6	200%
6. Area Warehouses	25	1	15	0	1	15	56%
7. Regional Health Centers	3	0	1	2	0	1	33%
8. Training (Persons)							
-Long-term	M F 24 26	M F 0 0	M F 6 9	M F 0 0	M F 0 0	M F 6 9	M F 25% 35%
-Short-term (x10)	320 745	0 0	481 1382	0 0	369 472	850 1854	266% 249%

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PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

This institution building project is the mainstay of the Mission's strategy to improve the health of the Honduran population, particularly children under the age of five years and fertile age women. The project increases decentralization and the capacity of the regions and subregions of the MOH to program, execute, supervise and evaluate the delivery of primary health care and rural water and sanitation services. During the past semester the project continued to progress in implementing child survival, rural water and sanitation, and private sector activities directed at reducing infant mortality. As discussed below, important gains were made both in terms of inputs provided as well as in outputs yielded.

Towards the end of the last reporting period, the Mission reduced and focussed the level of effort for this last year of the MSH technical assistance contract in accordance with the written request of the MOH. During this reporting period, the Mission has received 22 of a total of 26 contracted technical products from MSH. As detailed below, this conversion of project technical assistance to performance based contracting has already generated several accomplishments. Moreover, analysis of the full package of technical products contracted from MSH will provide the Mission with the information necessary to negotiate a more economical, streamlined and focussed technical assistance program with the new government which assumes office on 1/28/94.

1. Sustainable Support Systems

This component focuses on enhancing the effectiveness of health service support systems at the operational level of the MOH. The purpose of these support systems is to provide MOH staff, particularly at the health center level, with the physical, financial, promotional and technical resources needed for institutionalizing sustainable health care in rural areas.

Continued progress was made in implementing decentralization and new management systems at the health center level under the Local Programming Project Element. During the period, the new logistical and supply system was implemented in an additional 74 health centers for a cumulative total of 720 centers; and the system for organization of forms and educational materials in 86, for a cumulative total of 458 centers. MSH delivered the documentation on the management systems for health centers and the MOH assigned the responsibility for the monitoring and supervision of these activities to the Planning Directorate.

The Logistics/Administration Project Element focuses on the construction of 25 area level warehouses to improve the MOH's supply and distribution of medicines and medical equipment, and of three regional administrative/training centers (two of which will also have laboratory facilities) in order to improve the working conditions and facilitate continuing education of regional personnel. During the past 6 months the regional center in San Pedro Sula was inaugurated, the center in La Ceiba is now 94% completed and the construction initiated and 33% completed on the center for Santa Rosa de Copán. In addition, the host country contracting process was completed for 8 of the remaining 10 area level warehouses.

The major thrust of the Maintenance Systems Project Element is to repair health centers in order to improve hygiene and the MOH's public image. An additional 29 health centers were renovated or repaired during the past six months with project assistance.

The project assists the MOH in its efforts to improve the efficiency and effectiveness of management decisions under the Management Information Systems (MIS) Project Element. MSH, as part of its closeout activities, delivered the user and technical documentation for a number of computerized information systems. This documentation will permit the continued use, maintenance and upgrading of these systems. The first regional workshop to discuss the results of the Epidemiology and Family Health Survey was held in Santa Rosa de Copán. The MOH and the Honduran Family Planning Association, ASHONPLAFA, agreed upon the schedule of jointly-sponsored workshops for the other health regions.

The major objectives in the Human Resources Development Project Element are the development and utilization of self-instructional modules for the continuing education of MOH employees and long-term training abroad (Masters Degree level education in Public Health and Administration). During this reporting period five additional MOH employees began project-funded Masters programs in Mexico. The project sent two persons, one from the MOH and one from the Masters of Health Program at the National University, to a 5 week workshop on Management for International Public Health given by the Emory School of Public Health in collaboration with the

Centers for Disease Control and Prevention (CDC). This training will be part of a cooperative effort with the CDC's Field Management Training Program for the strengthening of management skills at the local level. MSH delivered implementation plans for: 1) mobilizing central level personnel for training local health staff, and 2) a two-year training plan for local personnel.

The project supports the design and production of educational materials for social marketing under the Educational/Promotional Programs Project Element. The project provided further technical assistance, through the HealthCom buy-in, in enhancing the skills of the installed desktop publishing facility in the Health Education Division of the MOH. The installation of this facility has reduced the time required for the preparation of health education materials to final format. The Healthcom Project completed two of a series of four training workshops for regional personnel to transfer the health communications methodology to the local level.

2. Health Technologies

This component supports child survival interventions and control programs for malaria, tuberculosis, and AIDS.

The LOP target of polio eradication has been achieved.

Diarrheal disease in children under 5 has steadily declined as a percentage of outpatient visits from better than 17% for the period 1988-90 to 15.7% in 1991 and 12.4% in 1992 (this figure is holding for the first half of 1993). Results from the Epidemiology and Family Health Survey of 1991/92 also showed lower period-prevalence rates than during 1987. However, with the recent heavy rains in Honduras there has been an increase in the dissemination of cholera with an upsurge in morbidity and mortality (the number of cases for all of 1992 was 417 and there have been 2034 reported for 1993 as of 10/15). The project will include renewed support for cholera prevention and control in its policy dialogue agenda for the MOH during the next reporting period. The interventions to be proposed in this portion of the agenda include: equipment and training for the MOH's rural oral rehydration units and the recruitment and training of community volunteers for cholera treatment at the local level.

Acute Upper Respiratory Infections (ARIs) are now the leading cause of infant mortality in Honduras because of the project's successes in combating infant mortality caused by diarrheal. The project supports the MOH's program for community based treatment of pneumonias. The program will result in the rapid detection and treatment by community volunteers of pneumonias requiring antibiotics. The pilot project for this program got off to a slow start due to delays in the donor provision of antibiotics and chronometers for measuring respiratory patterns. The pilot project, which will start in earnest the next semester, should result in an expanded community-based capability for rapid detection and treatment of pneumonias.

In the area of breastfeeding and growth monitoring, the field work for the follow-up study to evaluate the breastfeeding communications program, initiated under the Nutrition Communications Project (NCP) buy-in, was completed and the data is being analyzed by the NCP. The Wellstart-supported project to create two national training centers for community counselors through the La Leche League affiliate, in coordination with the MOH, continued during the past semester. The community counselors will work with lactating mothers to increase the prevalence of exclusive breastfeeding for the first six months of infants' lives, thereby improving their nutrition and lowering their incidence of diarrheal disease. Likewise, the Project continued to coordinate the Micronutrient activities executed under the central buy-in with the Vital Project through the local International Eye Foundation affiliate in cooperation with the MOH.

In the area of birthspacing, project technical assistance recently presented the MOH, upon its request, guidelines for the development of an official birthspacing policy and a plan for revising the birthspacing component in the training of professional and paraprofessional health workers. The project, in collaboration with the Private Sector Population II Project, sponsored the visits of 7 Honduran health professionals from the MOH, the National University, the Honduran Family Planning Association and the Social Security Institute to a regional workshop in Quito on post-partum, post-abortion family planning. The visit was part of a series of in-country workshops (before and after the regional workshop) designed to develop inter-institutional coordination in standards, policies and procedures for post-partum and post-abortion family planning services in Honduras. The MOH also initiated an aggressive mass media campaign to promote birthspacing under the MOH's reproductive risk strategy.

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With respect to AIDS control and prevention, project TA collaborated with the centrally-funded AIDSCAP project to prepare a presentation of the socioeconomic impact of HIV/AIDS in Honduras. The presentation was a critical component of a national policy dialogue, including the President and First Lady, which resulted in the creation of a High Level Commission for HIV/AIDS. The MOH counterpart will continue to use the multi-media presentation for ongoing policy dialogue on HIV/AIDS awareness. The Mission completed an internal budget study demonstrating that the outputs contemplated in the project paper would not be adversely affected by transferring some funding to the AIDSCAP program and presented a proposal to AID/W to become an AIDSCAP priority country.

3. Rural Water and Sanitation

This component focuses on providing RW&S services to rural inhabitants among whom are found the highest rates of infant mortality due to water-borne diseases. Major accomplishments during the past six months include (1) the creation of a new SANAA regional office in Juticalpa to serve the Department of Olancho, (2) the graduation of the first group of Technicians in Operation and Maintenance (TOMs) to work in a pilot program in La Ceiba for the supervision of rural water boards, (3) the development of a set of model documents, including legal and accounting documents, for assisting rural water boards in managing the maintenance of their project-funded water systems, (4) the creation of a health education task force within SANAA to more clearly define these activities, and (5) a review of environmental health activities in the MOH and a proposal for revamping the entire MOH program. These activities combined with prior project accomplishments have generated the expanded and sustainable domestic access to safe water for 198,000 rural Hondurans who would not have had that service in the absence of the project's support for RW&S.

4. Private Sector

The project supports six PVOs implementing activities to provide sustainable domestic access to safe water for rural communities not served by the MOH or SANAA. In addition, the project supports nine PVOs conducting child survival activities in communities located in remote areas not served by the MOH. During the past six months, these PVOs provided basic health care services to approximately 127,000 people in 245 communities and sustainable domestic access to safe water to 24,544 people in 75 communities who would not have had these services in the absence of the project's support for the PVOs.

5. Gender Considerations

The role of women as participants/beneficiaries of the components of the project is considerable. Under "Sustainable Support Systems," the rural health centers, which form the backbone of the MOH primary care system, are staffed by auxiliary nurses, about 90% of whom are women. They benefit from in-service education and short-term training courses financed by the project.

Under "Health Technologies," the goal of reducing maternal mortality rates by improving the health of women and extending the interval between pregnancies ensures that women are direct beneficiaries of the health services supported by the project.

Under RW&S, the project has provided easy access to safe water to a total of over 55,440 rural women who have traditionally hauled water (of dubious quality) from distant sources.

6. Special Covenants

Currently, GOH compliance with the Special Covenant on the retention and spending of revenues at the local level must be monitored annually because the corresponding GOH regulatory mechanism is only valid for one fiscal period. During the next reporting period, the Mission will explore the possibility of utilizing the GOH's decentralization program. Modernization of the State, to make compliance with this Special Component permanent. All other Special Covenants have been fully implemented.

7. RIG and FARS Audits and Analyses

Fourteen of the sixteen recommendations from the Missions's FARS office vehicle controls analysis have now been closed. The two remaining recommendations correspond to the MOH; all recommendations corresponding to SANAA/AID have been closed. The MOH is taking actions to comply with these recommendations, and it is anticipated that they will be closed in the course of the next reporting period.

The last of four recommendations resulting from the Mission's FARS Office analysis of the Health Sector II Rotating Funds was closed during the reporting period.

D. Problems and Delays

Although previous problems with changes in key personnel stabilized during the past semester, a number of events occurred which distracted policy maker's attention from ongoing problems and programs including: excessive traveling outside of country by health policy makers, a well-financed media and political attack by pro-life forces against family planning in general and specifically the MOH's use of the progestin-only oral contraceptive for lactating mothers, two tropical storms with flooding on the North Coast, and strikes and/or threatened strikes by health unions.

Project monitoring information indicates that the respective availability of condoms and birth control pills in rural health centers staffed with nurses (CESAREs) fell from 90% and 82% in 1992 to 83% and 74% in 1993. This downturn is due to the political attack of pro-life forces against the progestin-only oral contraceptive for lactating mothers and weaknesses in the MOH logistics systems (procurement, warehousing and delivery) and promotional networking (communications directed at the nurses staffing the health centers).

E. Major Activities or Corrective Actions During the Next Six Months

1. Develop and negotiate a Health Sector policy agenda with the new government.
  2. Discuss with the new authorities of the MOH and SANAA new directions for RW&S programs.
  3. Complete the negotiations with the MOH and AID/W on the AIDSCAP program; monitor the preparation of the detailed implementation plan involving the Mission, MOH and AID/W/AIDSCAP.
  4. Amend the Project Agreement to: a) reflect the policy agenda agreed upon with the new government; b) incorporate activities to be undertaken under the AIDSCAP program; c) revise selected project outputs; d) revise the budget; e) extend the PACD to 9/30/96; and f) add \$3 million in incremental funding.
  5. Monitor and close the two outstanding FARS recommendations.
  6. Continue the regional workshops to evaluate and discuss the results of the EFHS.
  7. Supervise the close-down of the MSH contract; meet with MSH advisors to discuss the critical issues identified in their final reports; discuss the content of the reports with MOH counterparts and jointly develop a plan for TA during 1994 and 1995.
  8. Monitor the final installation of information systems at the regional level by MSH; monitor training activities at the regional level in the use of these systems;
  9. Initiate corrective actions to increase contraceptive availability in MOH health centers.
  10. Work with the MOH to increase the effectiveness of its cholera prevention and treatment efforts.
  11. Develop a plan to improve coordination among donors working with SANAA on RW&S projects.
  12. Continue to monitor the transfer of the responsibility for the operation and maintenance of the heavy equipment purchased for Vectors Control from the MOH to CARE.
- NOTE:** In spite of the continued significant achievements of this project, it has been reclassified this semester as a "C" project, due to increasing concerns over the MOH's lack of commitment to support and maintain the administrative systems which fall under the component "Sustainable Support Systems." This will require the attention of the Mission Director's Office. However, at this point in time, with a new government due to take office in January, project management considers that this is a unique opportunity to make major progress in these policy areas.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Advisory Council For Human Resources Development (CADERH)  
 Project Number: 522-0257  
 Date of Authorization: original 07/26/84 Amendment 07/16/87  
 Date of Obligation: original 07/26/84 Amendment 01/30/90  
 PACD: original 07/25/87 Amended to 07/15/94  
 Implementing Agencies: Centro Asesor Para el Desarrollo de los Recursos Humanos de Honduras (CADERH)  
 Major Contractors: N/A  
 Project Manager: Ned van Steenwyk  
 Status of CPs/Covenants: N/A

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 975,000 amended to \$ 6,325,000  
 Amount Obligated: DA Grant: original \$ 225,000 amended to \$ 6,325,000  
 Amount Committed: Period: 0  
 Cumulative: \$ 6,325,000  
 Accrued Expenditures: Period - Projected: \$ 707,500  
 Period - Actual: \$ 5,000  
 Cumulative: \$ 5,523,533  
 Period - Next: \$ 500,000  
 Counterpart Contribution: Planned: \$18,909,200 (\$7.8 M/GOH, \$11.1 M/CADERH)  
 Actual: \$18,715,700  
 % LOP Elapsed: 93%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 87%  
 % of Total Auth. Exp.: 87%

Date of Last Evaluation: 08/15/89 Next Evaluation: 1/94  
 No. of Non Federal Audits Planned: 0 Recipient Contracted Audit: 1  
 Date of Last Audit: 00/00/00 Recipient Contracted Audit: 00/00/00

II. PROJECT PURPOSE

To create a technically and financially viable institution which will provide mechanisms for responding to private sector training needs and priorities.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

- A. SPECIFIC LINKAGE TO S.O.: The project relates directly to Strategic Objective No. 4; Healthier, Better-Educated Hondurans by Program Output NO. 4.6; Increased Efficiency, Quality and Coverage of Basic and Vocational Education.  
 B. PERCENT OF FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The project has two basic components: curriculum development, trade certification and support to vocational centers; and in-plant training for export industries.

IV. PROJECT STATUS

- | <u>Planned EOPs</u>  | <u>Progress to Date</u>  |
|--|--|
| 1. Develop certification standards, trade certification exams and competency based instruction (CBI) materials for a total of 14 trades.     | 1. Certification standards, exams, and CBI materials were developed for 31 trades.   |
| 2. Instructional strengthening of 15 vocational training centers.  | 2. 19 centers have received assistance.  |
| 3. Provide industry specific training with local and international training resources.   | 3. 13 industry specific training programs have been executed training over 5,500 people.   |
| 4. Establish vocational technical instructional materials bank, producing 55,000 CBI training modules and 2,000 audio-visual training units. | 4. Instructional materials bank is established. Over 200,000 CBI training modules and audio-visual training units were produced and distributed. |
| 5. CADERH will be technically and financially self-sustainable.  | 5. CADERH is technically self-sufficient and achieving financial self-sustainability with income generating activities.                          |

B. Major Outputs

	Planned			Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.		
1. CBI Units produced	57,000	0	210,703	0	0	210,703	370%	
2. Centers Using CBI	25	1	25	0	1	25	100%	
3. Centers Constructed and equipped	15	0	16	0	1	19	127%	
4. Instructors Certified	100	5	124	15	4	123	123%	
	85	4	77	7	4	77	91%M	
	15	1	47	8	0	46	307%F	
5. Persons Trained with Skills Upgrading	7,200	300	7,683	150	183	7,566	105%	
	5,930	200	7,192	100	146	7,138	120%M	
	1,270	100	491	50	37	428	34%F	
6. Persons Trained and Employed with Entry Level Skills	7,000	3,000	14,227	3,400	3,048	14,275	204%	
	5,600	900	5,769	2,210	2,237	7,106	127%M	
	1,400	2,100	8,458	1,190	811	7,169	512%F	

PROJECT STATUS REPORT

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C. Other Accomplishments and Overall Status

The CADERH project has provided assistance for two types of vocational training programs: (1) job entry level and skill upgrading training programs, which are executed by PVOs and municipal training centers; and (2) industry specific training, which was executed on an in-plant basis, to enhance the competitiveness of Honduras in the region. Both types of training have contributed to significantly higher levels of employment and productivity for less privileged sectors of society.

CADERH's assistance to vocational training centers continues to meet or surpass its major projected outputs. The PVO and municipal training centers enroll over 3,000 trainees annually, job placement rates for graduates are nearly 90%, desertion rates are very low at only 10%, and training costs are significantly lower than those of other training institutions with costs of less than \$0.20 per participant hour of instruction. One additional center began receiving assistance during this reporting period which increased the total number of training centers to 19, surpassing the output goal by 27%.

Over 5,500 people were trained by CADERH's industry specific and in-plant training programs prior to amending the project during this reporting period and closing-out USAID financed in-plant training activities under the project. About 80% of the trainees who received training under this component were females, often single mothers, and virtually all trainees were from poor backgrounds who would have had difficulties obtaining gainful employment from other sources.

However, given the difficulties discussed below (D. Problems and Delays), the project was amended to replace all USAID financed in-plant training with training programs for the benefit of individual participants. With this change in the project's strategy, CADERH began the building of a model vocational training center during this reporting period to allow increased access to CADERH's industry specific training opportunities for individuals. Private and public sector enthusiasm for the new training facility is very high. The municipality of San Pedro Sula provided a donation of 4 acres of land for the center (which has a market value of approximately \$400,000) and private sector, volunteer advisory committees are being organized to help define specific training needs to guide curriculum development for the center. The new center will meet some of the nation's highest priority training needs by providing training in quality and cost controls, advanced industrial woodworking, advanced metal working and welding (MIG, TIG and plasma), and industrial maintenance. Training areas will emulate actual manufacturing conditions to assure higher levels of applicability and relevance and more immediate transfers of skills and knowledge to increase the productivity of trainees.

D. Problems and Delays

CADERH and similar training institutions in the region, which received financing from USAID were confronted with allegations in the U.S. media that some vocational training programs contributed to a loss of jobs in the U.S., and that some companies benefitting from training were not respecting international labor rights.

While an extensive review of these allegations by USAID and the project provided no indication of U.S. employment being reduced as a consequence of CADERH's in-plant training activities and only one firm had been involved in questionable labor matters, USAID requested that CADERH suspend all negotiations for additional in-plant training programs. The Mission also requested a review of all ongoing and planned in-plant training, credit and promotion activities to ensure that CADERH did not engage in any practice which could give the appearance of: (1) contradicting USAID's commitment to internationally recognized workers' rights; or (2) USAID's commitment to ensure that job creation in Honduras would not be at the expense of employment in the United States.

CADERH suspended all grants for in-plant and industry specific training programs, and proposed that the remaining resources of the project be used to redirect training from in-plant programs to training for the benefit of individuals. During this reporting period, the Mission approved CADERH's proposal; extended the PACD to July 15, 1994; and programmed the project's remaining resources to build and equip the model training center discussed above. Although the building of the center has experienced no serious delays to date and work is proceeding as planned, a national shortage of cement could cause delays during the next reporting period.

With the termination of USAID financed in-plant training programs and the recent decision to build and equip the CADERH model training center, projected expenditures for this period were substantially below the projected amount which was to be used for in-plant training prior to the project's previous PACD of December 1993. With the construction of the model training center, expenditures during the next reporting period will compensate for the low expenditures during this reporting period.

The project has not met its goal to provide skill upgrading training for 1,270 females, but has more than compensated for this short-fall by providing job entry level training for 7,169 females, surpassing the planned output on this level by 512% and surpassing the LOP goal for the total number of females trained by 285%.

While it was anticipated that the project's final evaluation would have begun during this reporting period, a Mission approved buy-in with a centrally funded project could not be completed because the contractor had surpassed its buy-in ceiling. CADERH, consequently, contracted the evaluation and the evaluation team will begin work in the beginning of the next reporting period.

CADERH is achieving financial self-sustainability but this is distracting from some of the institution's development activities. The final evaluation of the project should provide recommendations to assist the institution in achieving financial self-sustainability while continuing to provide development impact.

One final recommendation from the FARS Financial Review remains open, regarding CADERH's financial self-sustainability, but this recommendation should be closed with an analysis of CADERH's prospects for self-sustainability under the final evaluation of the project. No further Non-Federal Audits are planned for this project as these audits have been replaced with Recipient Contracted Audits per USAID/Honduras policy. A Recipient Contracted Audit began during this reporting period but the final report will not be available until the next reporting period.

E. Major Activities or Corrective Actions During the Next Six Months

1. Complete the final, external evaluation of the project and implement the evaluation's recommendations.
2. Comply with the final recommendation from the FARS Financial Review, through the financial review of CADERH's financial sustainability under the final evaluation of the project, and deal with contradictions between achieving financial self-sustainability and maintaining development impact.
3. Continue the construction of CADERH's model vocational training center to assure that activities are executed in a timely manner to complete the center by the July 15, 1994 PACD.
4. Complete Recipient Contracted Audit and implement recommendations.

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I. BACKGROUND DATA

Project Title: Primary Education Efficiency  
 Project Number: 522-0273  
 Date of Authorization: original 08/07/86 Amendment 09/24/91  
 Date of Obligation: original 08/29/86 Amendment 06/23/93  
 PACD: original 07/30/94 Amendment 12/31/95  
 Implementing Agencies: Ministry of Education (MOE)  
 Major Contractors: Academy for Educational Development (AED)  
 Educational Development Center (EDC)  
 Project Managers: Ned Van Steenwyk  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 10/31/91 Next Evaluation: 09/30/95  
 No. of NFAs Planned: 1 No. of NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 11/30/93

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$ 5,500,000 amended to \$ 3,534,000  
 DA/ESF Grant: original \$ 22,000,000 amended to \$23,966,000  
 Amount Obligated: DA Loan: original \$ 600,000 amended to \$ 3,534,000  
 DA/ESF Grant: original \$ 3,000,000 amended to \$21,716,108  
 Amount Committed: Period: \$ 2,303,466  
 Cumulative: \$ 21,029,808  
 Accrued Expenditures: Period - Projected: \$ 3,744,000  
 Period - Actual: \$ 1,653,928  
 Cumulative: \$ 18,707,873  
 Period - Next: \$ 1,847,000

Counterpart Contribution: Planned: \$ 11,788,000  
 Actual: \$ 10,103,300

% LOP Elapsed: 76%  
 % of Total Auth. Oblig.: 89%  
 % of Total Oblig. Exp.: 69%  
 % of Total Auth. Exp.: 62%

II. PROJECT PURPOSE

To improve the efficiency, quality and cost effectiveness of primary education in Honduras.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project relates directly to Strategic Objective No. 4: Healthier, Better Educated Hondurans by Program Output No. 4.6: Increased Efficiency, Quality and Coverage of Basic and Vocational Education.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The project has 7 components: textbook writing, printing and distribution; in service teacher training; education research; computerized management information system (MIS); testing and evaluation; school construction (GOH financed); and educational media;

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Books written	24	36	60	9	33	57	237%
2. Teacher Guides written	24	0	10	0	0	10	42%
3. Supervisors trained	181	200	2,259	200	260	2,319	1,281%
M	145	200	1,859	200	200	1,859	1,282%
E	36	40	440	40	60	460	1,277%
4. Teachers trained	29,202	21,000	169,882	21,000	25,200	174,082	596%
M	7,300	6,000	46,939	6,000	7,588	48,527	664%
E	21,902	15,000	122,943	15,000	17,612	125,555	572%
5. Classrooms built	450	30	559	30	19	548	122%

IV. PROJECT STATUS

A. Planned EOPs

- 60% improvement in student achievement.
- 30% reduction in grade repetition rates.
- 30% reduction in dropout rates.
- 13% reduction in school years to produce 6th grade graduates.

Progress to Date

- Total aggregate improvement of 127% (1993)
- 25.8% reduction (1986-93).
- 32% reduction (1985-86 to 1992-93).
- 12.5% reduction in school years to produce 6th grade graduates (1986-1993).

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PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

The number of children completing the fourth grade increased by 36% and primary school graduates have increased by 40% since 1986 when the project began. The Honduran Primary Education System has experienced an 21% increase in coverage as measured by initial enrollments from 1986 to 1993 and a 32% reduction in dropout rates, which surpasses the recently amended End of Project Status (EOPS) rate of 30%. The Project is also recording a 25.8% reduction in repetition rates.

A Project Agreement Amendment was signed this period. The amendment increased planned EOPs in light of the project's excellent performance and having already surpassed several of the most critical EOPs. The agreement also extended the PACD to December 31, 1995 and incorporated three new activities which will assist the project in achieving its goals. The activities include: 1) Development of Experimental Learning Alternatives; 2) Educational Policy Seminars for Policy Reform; and 3) Dissemination of School Construction Technologies. More specific information on these activities and on the progress of each project component is provided below.

The new institutional contract for technical assistance was signed with AED and contract activities began this period. A technical assistance contract with the regional Learn Tech Project was also signed during this period to provide assistance in developing an alternative primary education delivery system for out-of-school youth and adults. The transmission of interactive radio learning in mathematics for grades 1-3 resumed. Missing documentation required for the non-federal audit was submitted to the Project Implementation Unit (PIU), the financial records were reconciled, and the non-federal audit resumed and is currently in process.

Textbooks: The first sets of instructional modules for the fifth and sixth grades were distributed. Contracts for printing the remaining modules were signed early this period. All modules will be printed and distributed early next period. The modules are self-paced learning units. Unlike the traditional textbooks the project has developed, the modules consist of more than one book per subject. Therefore, under the Major Outputs in B. above, the cumulative total of books planned reflects a much larger number than the original LOP goal. First grade math workbooks and supplementary materials were printed and will be distributed early next period.

Teacher Training: 25,200 teachers were trained nationwide in the use of 5th and sixth grade self paced instructional modules.

Research: An institutional contractor was contracted for conducting up to 5 additional studies. The contractor has completed a study to consolidate the findings of previous studies and help identify needs of future studies in Honduras. The study on student failure rates performed by a local university has been completed. The results of the study recommend further improvement in teacher training and the involvement of communities in their respective schools.

Information: IRM submitted its final report on the MIS implementation plan. Based on IRM's recommendations, a PIO/C was issued and proposals were requested and received during this period. A committee is currently reviewing the proposals. Based on the committee's review, a contractor will be selected to provide new hardware and software, the MIS will be implemented during the next period. The institutional contractor is in the process of hiring local technical personnel to work with the MOE in the development of software and overall implementation of the new MIS system.

Learning Objectives and Evaluation: Technical assistance was solicited and a proposal received for the development of a computerized test item bank, test generator, grading and reporting system. The proposal was reviewed by USAID and the MOE. Based on the recurrent costs that the MOE would have to absorb, the MOE and USAID decided not to continue with this strategy. Technical assistance was contracted to identify a representative sample of schools for applying the new criterion referenced tests in grades 1-6 and to define a more cost effective test grading and reporting system. The results of this assistance will be submitted in October 1993. A contract was signed to print minimum basic competency manuals which will be distributed to every public primary school teacher in Honduras early next period.

Construction: A Project Implementation Letter (PIL) providing additional ESF funding for this component was approved this period. 19 new classrooms were completed and 57

are under construction for this period. 206 women have been trained and are successfully constructing schools. The new adobe classrooms being built by the project have been well received. The design promotes increased community involvement in construction, utilizes local materials, and has reduced construction costs by approximately 60% as compared to cement block classrooms. The new Project Agreement Amendment has also allocated funding for the dissemination of these school construction technologies to other entities involved in school construction activities.

Gender Considerations: Testing results continue to show nearly perfect gender balances with no significant differences between genders in academic achievement in primary schools. As mentioned above, the school construction component has trained 206 women in school construction and these activities are continuing.

D. Problems and Delays: The most significant problem during this reporting period was associated with delays in the contracting of local technical assistance by the institutional contractor AED.

E. Major Activities or Corrective Actions During the Next Six Months

General:

- Complete non-federal audit.
- Negotiate and sign the CY 1994 Budget PIL with the Government of Honduras.
- Continue interactive radio learning in mathematics for grades 1-3.

Textbooks:

- Print and distribute all remaining fifth and sixth grade self-paced instructional modules.
- Distribute first grade math workbooks and supplementary materials.
- Contract for printing third and fourth grade auto-instructional guides.
- Continue with new activities in the development of experimental learning alternatives as described in the new Project Agreement Amendment.

Teacher Training:

- Continue training for the coordinators of the Teacher Learning Centers.
- Continue to train teachers and supervisors in the use of the new learning modules for grades 5-6 and the basic competency manuals.

Research:

- Based on the needs analysis study completed this period, proceed with recommended studies as agreed upon by USAID and the MOE.
- Plan educational policy seminars to assist the MOE in policy reform.

Management Information:

- Install new computer hardware and software and implement the new MIS system.
- Through AED, contract local and expatriate technical assistance to execute the new implementation plan.

Evaluation:

- Apply norm referenced tests in October 1993.
- Apply criterion referenced tests using the new representative sample of schools in March 1994.

Construction:

- Issue calendar year 1994 Project Implementation Letter for ESF funding.
- Continue training women construction teams for building adobe schools.
- Develop and begin implementing a plan to promote the use of the project's construction strategies and technologies with other donors and entities involved in school construction activities to reduce school construction costs and increase community participation in the construction of schools.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Private Sector Population II  
 Project Number: 522-0369  
 Date of Authorization: original 06/29/89  
 Date of Obligation: original 07/21/89 Amendment 02/29/92  
 PACD: original 06/30/94 Amendment 06/30/95  
 Implementing Agencies: Asociación Hondureña de Planificación de Familia (ASHONPLAFA)/ Foster Parents Plan (Plan en Honduras)  
 Major Contractors: The Population Council  
 Project Manager: David Losk  
 Status of Cps/Covenants: All have been met

Date of Last Evaluation: 04/10/92 Next Evaluation: 06/01/94  
 No. of NFAs planned: 0 NFAs contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$16,000,000  
 Amount Obligated: DA/ESF Grant: original \$ 957,000 amended to \$12,723,650  
 OYB transfer (contraceptives): \$ 675,000  
 TOTAL OBLIGATED \$13,407,650  
 Amount Committed: Period: \$ 1,188,180 \$ 225,000 (AID/W)  
 Cumulative: \$ 9,997,680 \$ 10,222,680 (TOTAL)  
 Accrued Expenditures: Period - Projected: \$ 1,280,000  
 Period - Actual: \$ 842,788 \$ 450,000 (AID/W)  
 Cumulative: \$ 7,766,112 \$ 8,216,112 (TOTAL)  
 Period - Next: \$ 1,115,000  
 Counterpart Contribution: LOP Planned: \$ 7,954,000  
 Actual: \$ 11,012,000  
 % LOP Elapsed: 71%  
 % of Total Auth. Oblig.: 83%  
 % of Total Oblig. Exp.: 61%  
 % of Total Auth. Exp.: 51%

II. PROJECT PURPOSE

To contribute half of the increase in contraceptive prevalence (percentage of couples in union of reproductive age using family planning methods) from 41% in 1987 to 50% in 1994.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVE:

A. SPECIFIC LINKAGE TO S.O.: The project relates directly to Strategic Objective No. 4 Healthier, Better Educated Hondurans by reducing reproductive related risk for women and children. The project is solely responsible for program output 4.1. Its objective: increased percentage of Hondurans who practice family planning.

B. PERCENT OF FUNDS RELATING TO THE MISSION STRATEGIC OBJECTIVE: 100%

III. PROJECT DESCRIPTION

The two principal components of this project are: 1) strengthening ASHONPLAFA's ability to provide medical/clinical, community distribution, and social marketing services to more Hondurans, with an emphasis on rural areas; and, 2) assisting local private voluntary organizations to integrate family planning into their country programs, thereby increasing total coverage.

IV. PROJECT STATUS

A. Planned EOPs

- |  |   |
|--|---|
| <p>1. Expansion of Community Distribution of contraceptives to 1,760 posts.</p> <p>2. Reorganize and expand Contraceptive Social Marketing Program.</p> <p>3. ASHONPLAFA clinical services available at five regional centers.</p> <p>4. Expand the Information, Education, and Communication Program.</p> | <p>1. Accomplished and surpassed. The number of distribution posts has increased from 1,450 at project onset to 1,907 to date.</p> <p>2. Accomplished. Products are now in nearly 100% of pharmacies.</p> <p>3. Accomplished. All five centers are fully operational.</p> <p>4. Communication strategy has been developed and is being implemented.</p> |
|--|---|

B. Major Outputs

	Planned		Next		Accomplished		% of
	LOP	Period	Cum.	Period	Period	Cum.	
<b>ASHONPLAFA</b>							
1. a) Voluntary Surgical Contraception (new users)							
Total	58,600	7,172	44,053	7,178	5,271	42,152	72%
Women	58,100	7,082	43,573	7,088	5,220	41,711	72%
Men	500	90	480	90	60	450	90%
b) Temp. Methods(CYP) CYP=Couple Years Protection	12,714	13,000	26,336	13,000	30,953	165,625*	1,300%
2. Contraceptive Social Marketing (CSM) Sales (000s)							
Pills (PERLA)	792	75	611	84	85	621	78%
Pills (LD)	828	58	396	65	71	409	49%
Condoms LD-Low Dose	3,273	425	2,920	450	535	3,030	93%
3. Community Services (300s)							
Pills	3,437	368	2,578	368	356	2,566	75%
Condoms	2,038	216	1,827	261	216	1,827	90%
Foam Tab.	**	**	**	**	**	**	**
<b>FOSTER PARENTS PLAN</b>							
1. <u>Referrals</u>							
	2,400	100	796	386	204	675	28%
2. <u>Training</u>							
Short Term	M F	M F	M F	M F	M F	M F	M F
	384/1536	00/00	409/1,893	00/00	107/257	473/1893	123%

\* Previous number given for cumulative couple years protection was incorrect. Actual cumulative couple years protection is at 165,625.

\*\* Foaming tablets will no longer be counted since AID no longer provides them to ASHONPLAFA and their use and effectiveness is too low to have significant impact.

C. Other Accomplishments and Overall Status

The Population II project is designed to build upon gains made during the Private Sector Population I Project. The sector goal to which this project contributes is to reduce the Total Fertility Rate (defined as the number of children a woman would have if, as she passed through her reproductive years, she had the fertility rate each age group is now experiencing) from 5.6 to 4.7. In order to increase the availability and accessibility of voluntary family planning services in Honduras, the project primarily provides support to three service delivery programs of the Honduran Family Planning Association (ASHONPLAFA): 1) Community Services; 2) Social Marketing; and 3) Medical/Clinical Services. The project also supports other private organizations which provide family planning services.

In accordance with the Midterm Evaluation recommendation ASHONPLAFA implemented an institution wide reorganization during this semester. At present, four ASHONPLAFA division heads now report to the ASHONPLAFA director directly instead of the cumbersome nine employees previously. The rationale: by giving the four new division heads, the responsibilities for the day-to-day operations of his/her departments, ASHONPLAFA will become a more efficient institution.

A second important change this semester, again, as a result of the ASHONPLAFA reorganization, was the integration of the Social Marketing Program and the Community Service Program under a single program, called the Sales Program. The objective of the new Sales Program is to incorporate social marketing strategies that have successfully brought about increased self-sufficiency in the Social Marketing Program into the sales of contraceptives under the Community Services Program and into the sales of services under the Medical/Clinical Program.

Another major activity that ASHONPLAFA carried out this semester was the introduction of the Family Planning Management and Development (FPMD) technical assistance project. FPMD, a division of Management Sciences for Health, has successfully performed a needs assessment and is currently planning a suitable training intervention for ASHONPLAFA that focuses specifically on institutional self-sufficiency and administrative efficiency.

Last, the ASHONPLAFA Cooperative Agreement completion date and the Project Assistance Completion Date were extended for one year to June 30, 1995 during this period.

In the Social Marketing Program (commercial retail sales of contraceptives), sales picked up with the successful introduction of a new low dose pill (Lo-rondal) and a new condom (Protector) onto the market. Contraceptive pill sales for the low dose pills, Lo-femal and Lo-rondal were 122% of target while condom (brand names Guardian and Protector) sales were 126% of target. Sales for the standard contraceptive pill, Perla, remained high (114% of target). One important factor that undoubtedly contributed to the increase in condom sales was the program's advertising campaign for their new condom, "Protector." In total, the social marketing program transmitted 5,680 commercials on different radio stations throughout the country during the months of August and September. Last, the results of the third module of the pharmacy survey completed this semester showed that Perla and Norminest (another pill sold in the Social Marketing Program) claim 74% of all oral contraceptive sales in pharmacies.

The Medical/Clinical Program met 73% of the target for surgical sterilizations this period. One problem with the program is that it still has not resolved the lack of transportation for potential patients. Discussions with ASHONPLAFA are planned during the next period to better understand the cause of this shortfall in services. In addition, the Mission has asked the Medical/Clinical Program to produce a strategy that will substantially improve its ability to meet the unfulfilled demand for surgical contraception and IUD insertions within a framework that prioritizes self-sufficiency in the Medical/Clinical Program.

The Community Services Program distributes contraceptives through neighborhood volunteers, who receive a percentage of the sales revenues. During this period, the program met close to 100% of its sales goals, established more contraceptive distribution posts than planned (57 versus 55), and reached a total of 7,811 new users. In addition, the program carried out extensive community outreach and education targeted at both men and women, and trained new female volunteer distributors. The Community Services Program continued working with Private Voluntary Organizations, such as World Vision and Foster Parents Plan, to identify under-served communities, select and train new distributors, and establish additional distribution posts.

Foster Parents Plan International (PLAN) is the second major grantee under this project. A five-year operational program grant for \$355,700 was awarded to PLAN to permit it to integrate family planning activities into its regular program. Activities include training, education and referral.

During this period, PLAN presented family planning educational sessions to 1528

fertile age women (15-45) and 382 men. It is expected that these sessions will result in an increased number of referrals as women who received the sessions have become liaisons between PLAN's referral program and other women in target communities interested in surgical sterilization. In addition, PLAN is presently in the data collection phase of its mid-term evaluation; preliminary results suggest a significantly increased contraceptive prevalence rate in target communities.

The Population Council, a U.S. organization, approves and manages small grants to local PVOs for family planning activities. During this period, the Population Council continued to provide technical assistance to the AHLACMA and Care subcontracts in IE&C and services in family planning. Both current subcontracts should prove to be as successful as the two recently completed Population Council subcontracts with Save the Children and La Leche League. The majority of the services provided by this project benefit women directly through improved health and economic welfare.

D. Problems and Delays

1. The Medical/Clinical Program continues to report the lack of transportation for potential patients.
2. During this period the Pro-Vida committee and the Catholic church developed a strong campaign against modern family planning methods. They particularly targeted the oral contraceptive, Ovrette, a progestin-only mini-pill. As a result, ASHONPLAFA chose to remove Ovrette from all its markets, but not before losing many family planning users from both the Community Services and the Social Marketing Programs.

E. Major Activities or Corrective Actions During Next Six Months: ASHONPLAFA

1. Open 45 new contraceptive distribution posts.
2. Implement fully the integration of the Social Marketing Program and the Community Services Program into the Sales Program with the objective of increasing self-sufficiency in the sales of contraceptives under the Community Services Program and in the sales of services under the Medical/Clinical Program.
3. Launch the advertising campaign for the new oral contraceptive, "Lo-rondal."
4. Find a solution to the transportation problem for potential acceptors of medical services.
5. Develop and present an updated RAPID (Resources for the Awareness of Population Impact on Development) presentation during the transition of the new government.
6. Continue technical assistance from FPMD to improve ASHONPLAFA administration and self-sufficiency.

POSTER PARENTS PLAN

1. Increase the number of referrals for family planning services.

PVO/OTHER GROUPS

1. Follow up on the CARE program grant.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

PROJECT TITLE: PL480 Title II - Monetized Activities

ACTIVE MONETIZED FOOD AID AGREEMENTS:

PROGRAM	AGREEMENT/AMENDMENT DATE	AMOUNT IN EQUIVALENT US\$
FY 1991 Title II (Monetized)	June 10, 1991	1,250,656
FY 1992 Title II (Monetized)	Pending	1,491,408
FY 1993 Title II (Monetized)		824,912

Implementing Agencies: Ministry of Health (MOH)  
Ministry of Education (MOE)  
National Social Welfare Board (JNBS)  
CARE

Major Contractors: CARE

AID Project Manager: Emily Leonard  
Marta Larios

A. FINANCIAL DATA: (in Lempiras)

Program	Proposed Amount	Sales Generations	Programmed Local Cur.	Total Disbursed	Semester Disbursed
Title II 1991 CARE Managed:					
MCH/SF	3,553,427		2,766,280	2,766,280	110,208
MITA	<u>632,802</u>		<u>929,767</u>	<u>929,767</u>	
Sub-Total	4,186,229		3,696,047	3,696,047	110,208
GOH:					
MOE	200,000		1,185,430	659,145	0
MOH	250,000		517,000	367,000	216,430
JNBS	600,000		1,100,000	209,000	0
COMMITTEE	<u>0</u>		<u>130,000</u>	<u>0</u>	<u>0</u>
Sub-Total	1,050,000		2,932,430	1,235,145	216,430
TOTAL	5,236,229	6,628,477	6,628,477	4,080,571	326,638
Title II 1992 CARE Managed:					
MCH/SF	2,819,745		3,009,800	3,003,467	1,198,041
MITA	<u>1,077,104</u>		<u>1,077,104</u>	<u>1,077,104</u>	<u>487,870</u>
Sub-Total	3,896,849		4,086,904	4,080,571	1,685,911
GOH:					
MOE	1,500,000		1,500,000		
MOH	960,000		960,000		
JNBS	<u>1,300,000</u>		<u>1,300,000</u>		
Sub-Total	3,760,000		3,760,000		
OPERATING RESERVE	382,842		206,698		
TOTAL	8,039,691	8,053,602	8,053,602	4,080,571	1,685,911
Title II 1993 CARE Managed:					
MCH/SF	2,561,091		2,755,734	113,912	113,912
MITA	<u>810,454</u>		<u>2,029,840</u>	<u>53,211</u>	<u>53,211</u>
TOTAL	3,371,545	4,785,574	4,785,574	167,123	167,123
FY'91	Amount of food authorized for monetization:		8,670.0	metric tons	
	Amount received as of 02/19/91:		8,670.0	metric tons	
	Amount sold as of 02/19/91:		8,670.0	metric tons	
FY'92	Amount of food authorized for monetization:		8,500.0	metric tons	
	Amount received as of 02/27/92:		8,499.0	metric tons	
	Amount sold as of 02/27/92:		8,499.0	metric tons	
FY'93	Amount of food authorized for monetization:		4,730.0	metric tons	
	Amount received as of 03/31/93:		4,730.0	metric tons	
	Amount sold as of 03/31/93:		4,730.0	metric tons	

Date of Last Evaluation: 00/00/00      Next Evaluation: 00/00/00  
Planned No. of NFAs: 1      NFAs Contracted/Completed: 1  
Date of Last Audit: 06/00/93      Next Audit: 00/00/00

II. PROJECT PURPOSE

The purpose of the project is to support the operation, strengthening, and follow-up of the Maternal Child Health (MCH), School Feeding (SF) and Urban Food for Work/MITA programs, through monetization proceeds which will be used to cover budget limitations found in the feeding programs operated by the GOH and CARE and critical activities of the MITA project (see separate Project Status Report for Non-Monetized Title II Program).

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This program contributes to the Mission's Strategic Objective No. 4, Healthier, Better Educated Hondurans by supporting programs designed to increase coverage of health services, improve nutritional status of beneficiaries, increase school attendance and improve infrastructure such as water and sewerage.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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III. PROGRAM DESCRIPTION

N/A

IV. PROGRAM STATUS

A. Local Currency Uses: Proceeds from the sale of the commodities are being used to fund projects and/or activities described as follows:

- a) Strengthen the logistical capacity of the MOE, the MOH, and the JNBS in implementing the regular MCH and SF Programs.
- b) Strengthen the institutional capacity of the MOH, the MOE and the JNBS in order to assume responsibilities in the management of the MCH and SF Programs.
- c) Fund budget deficits that might occur with respect to inland commodity transportation costs, handling, storage of regular food aid program and other administration costs that can not be covered with ESF local currency funds.
- d) Productive projects oriented to improve the diet and basic health of program beneficiaries.
- e) Community development projects that strengthen the MCH and SF Programs.
- f) Other complementary projects in marginal sectors and/or among minorities included within the target population of the MCH and SF Programs.
- g) MITA project staff salaries and benefits, travel, per diem, project materials, equipment and participant training, project vehicle and office operations.

B. Local Currency Management

CARE is responsible for negotiating cash sales contracts with the private sector for Title II commodities. Proceeds from the sale of donated commodities are deposited in a local banking account which is managed by CARE. Any interest earned on the account is kept in the same account and used for the same purposes for which the program is intended.

Local currency is disbursed out of the account to each of the four implementing agencies in accordance with a budget agreed upon by all parties to the yearly Title II Monetization Agreement. Each of the GOH agencies receives 50% of its budgeted amount subject to adequate flows of sales proceeds to the account. The balance of funds budgeted for an agency are disbursed on a reimbursement basis upon submission of agency reports showing how the initial 50% was used, together with the appropriate support documents. It should be noted that, while a terminal date is set for the sale and distribution of commodities, implementation of projects or activities funded by monetization proceeds can be carried on as long as there are funds available.

Monetization proceeds have become essential in maintaining the operation of the feeding programs. During FY 1993 CARE financed 58% of the SFP operations and 75% of the MCH program with monetization funds.

CARE has initiated the expenditure of FY 93 monetization funds to operate the programs. However, two GOH entities (JNBS and MOE) still have FY 1991 monetization funds to be executed. They have recently presented to CARE a proposal for using this remaining balance although the reconciliation of the first disbursement is still pending. To date 42% of FY '91 GOH allocated monetization funds have been expended by the GOH. The other GOH counterpart, the MOH, has requested authorization to start execution of their portion of FY 1992 monetization funds.

Given the slow rate of expenditure of funds by the GOH and considering that USAID Honduras is looking into re-orienting its Title II program to focus primarily on the most disadvantaged, reprogramming the remaining available FY 1991 funds seems appropriate at this stage. Therefore, the Mission and CARE have worked closely in reprogramming the necessary funds to maintain counterpart basic and critical operations (e.g. salaries distribution) until December 1993.

Also, the approved 1992 monetization proposal allocated L. 3,760,000 to the GOH counterparts for follow up on activities initiated with FY 90 and FY 91 funds. In the new context of the program, this amount will be reprogrammed as well.

The MOH and USAID Honduras are interested in using part of the unspent FY 1992 GOH monetization funds to finance breastfeeding activities. However, since the use of monetization funds for breastfeeding was not part of CARE's Multi-year Operational Plan that was approved by AID/W, the Mission has requested CARE to support this Mission-GOH initiative and present an amended FY 1992 monetization proposal including this activity for review and approval.

It is possible that ESF counterpart funds will not be available to support Title II regular programs, (SF and MCH). Title II regulations state that the U.S. will pay the processing, handling, transportation and other incidentals costs incurred in making commodities available to cooperating sponsors and recipient agencies. All other costs and expenses incurred subsequent to the transfer of title to cooperating sponsors and recipient agencies shall be borne by them except as otherwise provided in the Operational Plan. Regulations also state that monetization funds may be used to defray program operational costs in the country. However, USAID's experience is that if the GOH does not put in its own money, management of donated funds is sloppy at best. HRD recommends that for program operations in 1994, GOH counterpart be required to support from national funds a minimum of \$450,000.00. This is the level of ESF funds they were receiving to pay for salaries, local transportation, per diem, and vehicle operations and maintenance.

C. Problems and Delays

As noted above, the rate of project implementation by GOH counterparts continues to be very slow. This is the reason for the program's 'C' categorization. As noted above, the Mission's response will be to reprogram undisbursed balances.

Under the USDA's FY 1994 Export Enhancement Program (EEP), Honduras will be eligible to receive up to 45,000 metric tons of wheat. It is expected that local importers will be able to import wheat at a price of about \$100 per metric ton. The Mission, per the advice of USAID/W, informed CARE of this situation and has requested that another commodity be selected for monetization under their proposed FY94 Title II program. Prior to choosing the commodity, CARE will conduct a preliminary Usual Marketing Requirements Analysis to determine if the intended tonnage to be sold does not threaten normal patterns of trade.

D. Major Activities or Corrective Actions During the Next Six Months

1. Reprogramming of remaining balance FY 1991 funds and FY 1992 funds; amended MYOP for these years approved by USAID/Honduras and USAID/W.
2. Final reconciliation of FY 1992 disbursements by CARE.
3. Expected approval by USAID/W of CARE'S FY 1994 monetization proposal.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: PL 480 TITLE II - Nonmonetized Activities  
 Project Manager: Marta Larios  
 Implementing Agencies: CARE  
 Ministry of Health (MOH)  
 Ministry of Education (MOE)  
 National Social Welfare Board (JNBS)  
 Selected Municipalities

Program Amount: 9,147 MT  
 Value of Commodities: \$3,167,740.00  
 Transportation Costs: \$1,455,125.00  
 \$4,622,865.00

FINANCIAL DATA

STATUS OF FOOD PROGRAMMED FOR FY 1993

Authorized Amount: 9,147.0 MT  
 Amount received in Honduras: 7,404.0 MT as of September 30  
 Balance to be received: 0.0 MT\*

QUARTER CALL FORWARD	CF DATE	PROGRAMS	AMOUNT REQUESTED (MT)	AMOUNT RECEIVED AS OF SEPT. 30 (MT)
1st. Quarter	Aug. 1992	MITA Project	375.0	390.2
3rd. Quarter	Jan. 1993	MITA Project	525.0	510.0
1st. Quarter	Aug. 1992	SF/MCH Programs	2,500.0	2,499.3
3rd. Quarter	Dec. 1992	MCH Program	1,836.0	1,835.8
3rd. Quarter	Jan. 1993	SF Program	786.0	785.9
4th. Quarter	April 1993	MCH Program	1,322.0	1,382.8

STATUS OF FOOD DISTRIBUTION FOR FY93

Distributed amount: 6,094.0 MT  
 Amount available to be distributed: 1,637.2 MT  
 Total amount: 7,731.2 MT  
 (Figure includes FY 92 balance of commodities)

Date of Last Evaluation: 09/18/87  
 Planned No. of NFAs: 0  
 Date of Last Audit: 00/00/00

Next Evaluation: 3/94  
 NFAs Contracted/Completed: 0  
 Next Audit: 00/00/00

\*The 1.743 MT difference between the tonnage authorized (9,147 MT) and the amount received (7,404.0 MT) is due to: a) surpluses of FY 1992 milk were used instead of CSB; and 2) some MCH centers were suspended and other centers did not reach the total number of authorized beneficiaries.

75 II. PROJECT PURPOSE

The project purposes are: (1) School Feeding (SF): to increase school enrollment and attendance of low income children; (2) Maternal Child Health (MCH): to improve nutritional status of both children under six and pregnant and nursing women, and increase coverage of Ministry of Health services for these beneficiaries; and (3) Municipal Infrastructure and Technical Assistance (MITA): to improve municipal infrastructure services and generate employment in selected municipalities.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This program contributes to the Mission's Strategic Objective of Healthier, Better Educated Hondurans by increasing coverage of health services, improving nutritional status of beneficiaries, promoting increased school attendance and improving infrastructure services such as water and sanitation.

B. PERCENT OF LOP RESOURCES RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The SF and MCH Programs are managed by CARE in coordination with the JNBS, the MOE and the MOH. CARE acts as the GOH's agent in managing the inflows of Title II commodities into the country and in supervising their distribution through schools, health centers, and JNBS feeding centers.

The SF component provides food for approximately 300,000 school children beneficiaries in nine of the 18 departments of the country. The MCH component provides food in the form of dry rations at 302 health centers throughout Honduras and at 1,100 on-site feeding centers sponsored by the JNBS. Approximately 12,000 mothers and 104,500 children benefit from the MCH component.

The MITA Program is managed by CARE through Food For Work sub-project agreements with municipalities such as El Progreso, Choloma, Villanueva, San Antonio, and La Lima. This program provides food rations (for day laborers) and/or cash (for skilled laborers) in return for work on water distribution systems, sewage and rain water drainage, street improvement, and retaining walls. Communities benefit from improved environmental conditions. Planned outputs for FY 1993 are 75,000 person

days of employment.

CARE receives an annual contribution (ESF LC funds) from the GOH to manage the Title II resources. Additional funds generated under the Title II Monetization Program are also used to defray the costs of CARE's and the government's operations. In addition, these funds are used to pay GOH employees working in the three agencies charged with the management of food distribution centers.

IV. PROJECT STATUS

A. Planned EOPS

- All food for three distributions for SF and MCH Programs arrived in Honduras by September 30, 1993.
- Counterpart funds fully disbursed by December 31, 1993.
- MCH commodities delivered in three distributions to 116,500 malnourished children in FY93.
- SF commodities delivered in two distributions to 300,000 pre-school children in FY93.
- 75,000 person days of work generated under MITA Program by September 30.

Progress to Date

- 100% accomplished. See Financial Data above.
- As of September 30 CARE received 66% of counterpart funds.
- MCH counterpart agencies have distributed 67% of the annual programmed commodities. There is one more distribution of FY 93 commodities pending.
- The MOE has distributed 100% of its annual programmed amount of commodities.
- 75,642 person days of work generated as of September 30.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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USAID Honduras is interested in continuing with the feeding programs in a "privatized" way: this means working through FVOs and NGOs and the participation of the GOH at the coordination level. The objective is to retarget beneficiary populations, pull out of urban areas and focus primarily on ignored indigenous groups. This orientation complies with the revised Food for Peace legislation which enlarges the role to be played by FVO's in using agricultural commodities to achieve foreign assistance objectives.

In a recent meeting, CARE's new administration expressed to USAID/Honduras that they are reconsidering their decision to completely phase out of the MCH and regular School Feeding programs by the end of 1994. CARE is willing to reconsider its role in the management and operation of the food programs and support USAID/H strategies in this matter. CARE mentioned that due to senior staff turnover at the local CARE Mission and headquarter levels, the future of the Feeding Programs had to be reexamined and that there was interest in enhancing the impact in all projects.

CARE is interested in proposing new standards for program operations based on further negotiations that will have to take place between October-November 1993, before signing the CY 1994 agreement with the GOH counterparts. CARE will present early in the coming semester a draft interim concept paper to USAID with regard to the future operation of the Title II Direct Feeding Programs.

The "School Breakfasts" pilot project initiated by CARE and the MOE last semester is operating in 25 rural schools. This project provides school children in the poorest areas of Honduras with a nutritious breakfast while pursuing the following objectives: 1) promote greater community and student participation in activities related to the school; 2) modify school curricula to include instruction in nutrition and food use; and 3) provide administrative training and necessary physical infrastructure to permit maximum utilization of commodities. For the second distribution of commodities CARE conducted studies to determine the feasibility of local commodity purchases, balancing the interest in buying as locally as possible against considerations of supply reliability and management efficiency. Efforts were made to identify local producers. However, during the period when surveys were done to purchase commodities CARE learned that domestic food production was insufficient to meet national needs when CARE was carrying out the feasibility study. Therefore, commodities were purchased from BANASUPRO (National Supplier Bank), a semi-autonomous entity that supplies low income population with basic commodities. The monitoring system based on the various components and phases of the project was designed (promotion, design of modified curriculum, training of staff, provision and control of resources).

The MITA project started its fourth year of operations. During this reporting period, ten projects have been initiated: four sanitary sewage, five rain water drainage and one potable water project. Over the semester MITA provided 41,887 person days of work for day laborers of which 12,566 were women.

Women participate actively in all phases of the project, community organization, administration, training, physical execution (digging, carrying materials, masonry, compactation, etc.).

During this reporting period MITA conducted 15 workshops designed to train community beneficiaries and municipality employees in four categories: 1) 3 on labor skills; 2) 10 on management of infrastructure projects; 3) one on community organization and motivation; and 4) one in cost-recovery systems.

During the month of September, a tropical storm cause a severe flooding in two areas of the north coast of Honduras. There were approximately 34,000 affected people whose houses were either completely destroyed or severely damaged. Many family and commercially cultivated areas were completely lost. There was an official declaration of "national emergency" by the President and a request for assistance from international donors.

USAID Honduras and CARE promptly responded with Title II emergency assistance totalling 200 metric tons of corn, beans, vegoil and rice. Commodities were distributed as family rations based on a census of affected people. Guidelines for emergency projects were followed as set forth in USAID Handbook 9. MITA is already working in a needs assessment for developing reconstruction projects.

B. PROBLEMS AND DELAYS

Delays have been experienced in the initiation of the cost effectiveness study of food programs due to contracting procedures that have taken longer than expected. Final negotiations are taking place and the local contract is expected to be signed by the end of October.

GOH counterparts have been slow in implementing their programs mainly due to poor management skills and weak proposal design and reporting procedures. CARE continues to work closely with GOH personnel and assist them with technical support and training workshops. However, this continuing problem has directly led to the Mission's conclusion that responsibility for program implementation should be largely shifted from the GOH to FVOs and NGOs. The program is categorized as a 'C' due to the GOH implementation problems.

The principal obstacle to MITA programming continues to be budget limitations of counterpart municipalities. Frequently start-ups are delayed as the project helps local personnel secure funding for material and equipment portions of the proposed public works project. Faced with this the MITA staff have adopted several strategies. First the project is much more aggressive in helping the municipality formulate formal plans and requests for financial assistance from regional and national offices. Although these requests are slow and bureaucratic, they have generally been successfully funded. Secondly, the project has set aside some of its own material and equipment fund to use as "seed money" in these proposals and in smaller projects. Finally, project staff spend much more time in the pre-construction and community planning stage working with community members and groups.

C. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING THE NEXT SIX MONTHS

1. Design of new, better targeted program with emphasis on FVO/NGO participation.
2. Negotiation with GOH relative to their role and contribution.
3. Approval of CARE's FY 1994 Title II program.
4. Initiation of Cost Effectiveness Study of direct feeding programs vs. food coupons.

**STRATEGIC OBJECTIVE No. 5**

**MORE RESPONSIVE SELECTED DEMOCRATIC INSTITUTIONS AND  
PROCESSES WITH GREATER CITIZEN PARTICIPATION**

*Overview of Strategic Objective Progress*

- 1) 522-0296 Strengthening Democratic Institutions
- 2) 522-0329 Honduras Peace Scholarships
- 3) 522-0340 Municipal Development
- 4) 522-0364 Honduras Peace Scholarships II
- 5) 598-0791 Regional Technical Aid Center (RTACII)

**STRATEGIC OBJECTIVE 5**  
**MORE RESPONSIVE SELECTED DEMOCRATIC INSTITUTIONS**  
**AND PROCESSES WITH GREATER CITIZEN PARTICIPATION**

**Percentage of the public that believes that elections were fair, open and free.** This period has been dominated by preparation and campaigning for the National elections scheduled for November 28. In spite of sustained lobbying by Association of Mayors (AHMON) and Embassy/USAID, separation of the ballots for the President and the Mayors was not achieved and one ballot with separate votes for President and Mayor was used. AHMON has conducted a national campaign to educate voters on the one ballot, two elections concept to counter the major parties' promotion of the single slate vote. Earlier Liberal party primary elections caused widespread charges of fraud and corruption, an impression that may carry over to the National elections even if they are clean. OAS efforts to guarantee accurate voter lists received support from all parties. This performance indicator will be measured by polling early in 1994.

**Public confidence in the Judicial System.** After an impressive start in investigating judicial corruption, the Supreme Court has been unwilling to process the findings during the pre-election period. Initial widespread newspaper coverage of the cases being investigated may well have worked against the program as election "images" became the predominant consideration. Pre-election politics also caused the Congress to hold only the first debate for the new Public Ministry.

**Improved public perception of local governance.** The importance of the municipalities in the political process in Honduras was measured last year when the people across the country were asked who should name/select the municipal governments. Over 50% responded that they should be elected by the communities.

The next reading on this indicator should probably come one year after this November's election. The focus of the survey will be to test how the people feel about the separate election of mayors in view of their performance as elected officials.

**Other, program level outputs.** The Congress component of the Strengthening Democratic Institutions (SDI) project successfully concluded in August with the implementation of the Center for Information and Legislative Studies (CIEL). A new democratic institutions project, Strengthening Accountability Systems was obligated in September. The HOPS and RTAC projects continued to expose young Hondurans to U.S. democratic values.

*NOTE:* Presidential and mayoral elections were held as planned on November 28, 1993. The opposition Liberal Party candidate won the presidential seat by a surprising majority. The actual use of the separate vote for a president and a mayor from different political parties was very limited. Elections day was peaceful, with no incidence of violence, and the transition promises to be smooth.

**STRATEGIC OBJECTIVE 5**  
**MORE RESPONSIVE SELECTED**  
**DEMOCRATIC INSTITUTIONS**  
**AND PROCESSES, WITH**  
**GREATER CITIZEN**  
**PARTICIPATION**

**PERFORMANCE INDICATORS:**

- A) PERCENTAGE OF THE PUBLIC THAT BELIEVES THAT NATIONAL ELECTIONS WERE FAIR, OPEN AND FREE
- B) PUBLIC CONFIDENCE IN THE JUDICIAL SYSTEM
- C) IMPROVED PUBLIC PERCEPTION OF LOCAL GOVERNANCE

**PROGRAM INDICATORS:**

- 5.1 a) Requests for Information by Members of Congress.
- b) Timely Production and Distribution of the Complete Daily Record by Congress.

**PROGRAM OUTPUT 5.1**  
**GREATER & MORE EFFICIENT**  
**INFORMATION USAGE IN**  
**DEVELOPING AND TRACKING**  
**LAWS**

**PROGRAM OUTPUT 5.2**  
**BETTER-QUALIFIED & MORE**  
**ETHICAL & EFFICIENT**  
**JUDGES, ATTORNEYS & ADMI-**  
**NISTRATORS IN JUDICIAL**  
**INSTITUTIONS**

- 5.2 a) Adherence to Precepts of Judicial Career Law.
- b) Total Number of Qualified Full-time Public Defenders, Law School Graduate Justices of the Peace, Public Prosecutors and Liaison Office Staff.
- c) Effective Office of the Inspector General.

- 5.3 a) Total Budget Availability for the Court Measured Against Constitutionally Mandated Amount.

**PROGRAM OUTPUT 5.3**  
**FRAMEWORK INSTITUTIONAL-**  
**IZED FOR ONGOING LEGAL &**  
**ADMINISTRATIVE REFORM IN**  
**THE JUDICIAL SYSTEM**

**PROGRAM OUTPUT 5.4**  
**FOURTEEN MUNICIPALITIES**  
**EXECUTE MANAGERIAL &**  
**FINANCIAL FUNCTIONS ON A**  
**SUSTAINABLE BASIS IN**  
**RESPONSE TO CONSTITUENT**  
**NEEDS**

- 5.4 a) Community Attendance in Town Meetings.
- b) Proportion of Municipal Budgets Going to Capital Projects.
- c) Increased Coverage/Provision of Public Services (Water, Sewerage & Refuse Collection) by Municipalities.

- 5.5 a) People Having Completed "Experience America" Program.
- b) Number of Textbooks Sold.

**PROGRAM OUTPUT 5.5**  
**GREATER NUMBER OF**  
**HONDURANS EXPOSED TO &**  
**TRAINED IN DEMOCRATIC**  
**VALUES**

**PROGRAM OUTPUT 5.6**  
**STRENGTHENED GOH**  
**AUDITING CAPABILITY AND**  
**PUBLIC ACCOUNTABILITY**

- 5.6 a) Controller General Conducting Audits in Accordance with AICPA Standards.
- b) Audit Findings of Fraud and Corruption are Prosecuted and Sanctioned.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Strengthening Democratic Institutions (SDI)  
 Project Number: 522-0296  
 Date of Authorization: original 08/10/87 Amendment 9/29/92  
 Date of Obligation: original 08/12/87 Amendment 9/30/93  
 PACD: original 08/31/91 Amended to 08/31/95  
 Implementing Agencies: Supreme Court of Justice of Honduras  
 Honduran National Congress  
 National Elections Tribunal (TNE)  
 Georgetown University (GU)  
 Dual & Associates  
 American Institute for Free Labor  
 Development (AIFLD)  
 Karen Otto  
 Major Contractors: Initial project and interim disbursement CPs met.  
 Project Manager: Karen Otto  
 Status of CPs/Covenants: Initial project and interim disbursement CPs met.  
 Date of Last Evaluation: 10/04/90 Next Evaluation: 11/94  
 Planned Number NFAs: 1 No. NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 01/01/94

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$ 7,500,000 amended to \$21,800,000  
 Amount Obligated: DA/ESF Grant: original \$ 3,400,000 amended to \$19,900,000  
 OYB Transfer (DUAL): \$ 500,000  
 Total Obligated: \$20,400,000  
 Amount Committed: Period: \$ 329,554  
 Cumulative: \$15,160,765 \$15,660,765 (TOTAL)  
 Accrued Expenditures: Period - Projected: \$ 1,342,000  
 Period - Actual: \$ 636,907  
 Cumulative: \$14,750,821 \$15,250,821 (TOTAL)  
 Period - Next: \$ 900,000  
 Counterpart Contribution: Planned: \$18,906,000  
 Actual: 7,354,600  
 % LOP Elapsed: 69%  
 % of Total Auth. Oblig.: 91%  
 % of Total Oblig. Exp.: 73%  
 % of Total Auth. Exp.: 66%

II. PROJECT PURPOSE

To improve the capability of key democratic institutions (Judiciary, Congress, and National Elections Tribunal/National Registry), and increase the knowledge and participation of the Honduran population in the democratic process.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation. Project supports activities which will result in increased public confidence in the judicial system and sustained public belief that elections are fair, open, and free. The project will result in better qualified and more ethical, and efficient judges, attorneys, and administrators; an institutionalized framework for ongoing reforms in the judicial system; and a greater number of Hondurans trained in democratic values.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%.

III. PROJECT DESCRIPTION

The project aims to strengthen democracy in Honduras by: a) making the court system more efficient and court officials more competent and independent; b) improving the analytical capability and efficiency of the Congress; c) increasing the reliability of electoral rolls and supporting the 1989 and 1993 election processes; and d) educating Labor and Civic Leaders.

IV. PROJECT STATUS

A.	<u>Planned EOPs</u>	<u>Progress to Date</u>
1.	70% of public believes 1993 elections are free, fair and open.	1. Indicator will be measured through public opinion polls following 1993 national elections.
2.	Increased public confidence in judicial system.	2. As of September, 1992, 17% of the public believed that judges are honest, representing a 50% decrease from the baseline of 34%. This is attributed, in part, to the highly publicized investigations of the newly created IG Office. Progress will again be measured in the next reporting period.

B. Major Outputs

	<u>Planned</u>		<u>Next</u>		<u>Accomplished</u>		<u>% of LOP</u>	
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Period</u>	<u>Period</u>	<u>Cum.</u>		
<u>NATIONAL ELECTIONS TRIBUNAL</u>								
1. Electoral Registry (% of Registry total achieved).	100%	25%	100%	8%	16%	91%	91%	
<u>CONGRESS</u>								
2. Requests for reports from CIEL by Congress.	160	10	20	40	56	66	66%	
<u>ADMINISTRATION OF JUSTICE</u>								
3a. Personnel grievances adjudicated by Judicial Career Council (JCL).	100	0	0	10	0	0	0%	
b. Personnel grievances submitted to JCL Council.	100	70	70	30	70	70	70%	
4a. Court IG cases closed by Pleno within 3 months.	20	20	40	20	7	11	35%	
b. Court IG investigations completed.	100	50	100	50	68	148	128%	
5. Qualified experimental Judicial personnel (JOPs, JSs, Public Defenders & Prosecutors).	299	73	203	44	29	159	53%	
6. Projects of Judicial Reform Commission.	30	9	22	5	9	31	103%	
7a. Bar Assoc ethics cases closed.	60	10	10	10	3	3	5%	
b. Bar Assoc. ethics cases investigated.	60	10	10	10	9	9	15%	
8. Judicial budget as % of total government budget	3.0%	1.6%	1.6%	1.6%	0%	0%	53%	
9. Training (Persons)								
Long-term	M	F	M	F	M	F	M	F
Short-term (000s)	5	1	0	0	3	0	3	0
	88	37	.1	.3	46	21	35	35
			.5	.1	46	21	53%	57%

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C. Accomplishments and Overall Status

The activities in the Congress have terminated, as will those in the TNE after the elections. Progress in the Court is slow because of the upcoming elections and the subsequent change in the Court, and it is unlikely that much progress will be achieved before the new Court is installed in January. USAID-financed procurement of election commodities is well underway and a grant to provide poll worker training was effected.

The contract with Georgetown University, the principal contract for the Project, was amended to include additional funds and extend the completion date to August 16, 1993.

The fifth CID Gallup poll was conducted in June to measure project progress.

Judiciary

The use of the computerized accounting and budget system developed in Phase I (MUNIS) has been expanded. Four modules (administrative accounting, payroll, and personnel) are now in full use; another three (budget and general accounting, fixed assets, and inventory modules) are in partial use and are expected to be fully implemented within the next reporting period.

Technical assistance through phone access and informal training to Supreme Court Magistrates has facilitated the implementation of the jurisprudence system (which provides computerized access to Supreme and Appellate Court decisions). The system has been expanded (using Court funds) to the Tegucigalpa Appellate Court and 15 first instance courts. PCs have been installed in these courts and are being used to test the system, although they have not yet been networked. Additional personnel have been hired by the Court to input older Court decisions, thereby increasing the utility and use of the system.

The number of ESF financed prosecutors, public defenders, and auxiliary judges in the experimental programs has increased and their work efforts, as part of a Court task force formed five months ago, have resulted in the resuscitation of more than 8,000 backlogged cases.

Anti-corruption activities within the judiciary continue. As a result of USAID policy dialogue with the Honduran Bar Association (HBA), its Honor Tribunal has sanctioned three members for ethics violations and is hearing six additional cases. With daily technical assistance from a USAID-financed US non-PSC, the Court's Inspector General's (IG) Office continues to work diligently on investigations of judicial personnel. 128 investigations were completed and submitted to the Plenum of Supreme Court Magistrates between January and September 1993 and an additional 80 investigations are in process. Since the beginning of the IG investigative activity in 1991, 10 judges and one prosecutor have been permanently discharged from their posts, while 19 additional Court officers (including 6 judges) have been sanctioned.

Coordination of personnel involved in the judicial process has been enhanced. Two USAID-supported workshops were held to promote better coordination between judicial personnel (judges, prosecutors, public defenders, medical forensic doctors) involved in the criminal process. Court/police coordination nurtured in previous USAID-sponsored workshops continues to improve. The DNI and the Court's Judicial School sponsored two workshops with Court and DNI personnel and the Human Rights Commissioner to resolve problems identified by the Commissioner.

USAID policy dialogue with the Court has resulted in pay increases for Court employees in accordance with the salary scales previously developed by USAID-financed consultants. These higher salaries are more competitive with the outside market and should result in greater competence and stability within the judiciary.

Although it was expected that Land Registry activities would begin, USAID decided that more expert input should be used to develop these activities. A twice postponed workshop is planned for this purpose. Similarly, the grant with the Inter-American Bar Foundation was expected to be awarded; however, the proposal from the HBA was not received during this period.

Congress

The CIEL has matured since its March 1993 inauguration and has continued refining its operation after USAID's formal support terminated on August 31, 1993. As of mid-September 1993, some 66 major reports had been developed at the Congress' request and provided to legislators and/or Congressional Committees. Noteworthy topics have included the new Public Ministry (an important anti-corruption organization which will be comprised of offices roughly equivalent to the Attorney General, FBI, DEA and Forensic Science Labs), intellectual property rights, the environment, penal codes, tax laws, a women's information center, and municipal employee benefit legislation.

The first step towards the depoliticization of the Congress administrative staff was taken. At the request of the Congress, USAID financed the drafting of a Congress Career Plan and related regulations, as well as a Job Classification Manual.

TNE/RMP

Commodities procurement related to the elections is nearly complete. Deliveries have begun to come in and will be completed by November 5. Materials for the election include: ballot paper, cardboard suitcase boxes, materials for the construction of ballot boxes, and paper stock to be used for printed documents.

USAID financed the repair of TNE microfilm equipment used in the updating of the civil registry and the training of TNE technicians in such repairs. This in-house capacity will insure continued and proper operation of equipment in the future.

USAID provided core support for the International Foundation for Electoral Systems (IFES) which is training poll workers and members of local and departmental Tribunals. This work will include the production of a training videotape and the design of the new "Cartilla Electoral," a guidebook for poll workers. The first "training of trainers" session is scheduled for October 24. 120 Supervisor Instructors will be trained from which 60 will be chosen to train other instructors to provide training to poll workers. In all, it is anticipated that 70,000 poll workers will be trained, as well as 3,070 members of the local and departmental Tribunals.

USAID approved an agreement between the telephone company (HONDUTEL) and the TNE that authorized fax machines donated by USAID to the TNE to be transferred to HONDUTEL in exchange for access to the entire fax network as needed. This arrangement will greatly facilitate the reporting of election results, as well as provide greater security of operation and maintenance for the faxes.

The TNE formally rescinded its request that USAID finance technical assistance for the preparation of the voter's lists and decided to enter into an agreement with the Organization of American States to provide such assistance. The TNE also requested that USAID finance international observers and is in the process of preparing a scope of work for this activity for which USAID plans to use IFES.

HRD is recommending that a letter to the TNE, rather than an amended MOU, be prepared. Given the environment of political sensitivities, a tendency by some TNE officials to sensationalize routine issues, HRD believes that a letter to the TNE indicating that the maintenance provisions of the existing MOU are still in force, is more appropriate. TNE activities will conclude when the election process is over.

Democratic Leadership

American Institute for Free Labor Development

Eighteen seminars and two kickoff rallies with Presidential candidates within the civic education program have been completed and USAID is in the process of completing a 13 month no-cost extension to the current grant agreement with AIFLD, which expires on October 31, 1993. In the belief that enhanced understanding of macroeconomic forces by labor leaders will refine and/or moderate labor demands on government and the private sector during the period of economic structural adjustment, this amendment will change the scope of work to once again provide courses to labor leaders in economic theory, with appropriate segments also included on international and regional integration and economic blocs.

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of the elections.

**Educational Development Center (EDC)**

The buy-in to this interactive radio program was signed on September 1, 1993 to provide for civic education segments. The local contractor in charge of executing the lessons, COEDUCA, is in the process of submitting lesson scripts to USAID for approval. Transmission of these scripts will begin in November.

**Foundation for Democracy and Development of Honduras (FDDH)**

The FDDH is a new non-partisan public interest foundation dedicated to the strengthening of the democratic process in Honduras through the promotion of public dialogue and civic education in the principles of representative democracy, economic freedom and social justice. The FDDH has received limited financial support from USAID in the design of its program and of accounting, administrative and managerial systems. During the reporting period the FDDH designed and organized a conference on the social and economic effects of the Honduran structural adjustment program. The conference will be financed by the Canadian Agency for International Development and by the Central American Bank for Economic Integration, and is scheduled to take place early in the upcoming period. It is anticipated that the Mission will receive a proposal in December 1993 for project support to the FDDH's program.

**D. Problems and Delays**

This is a "C" project because of its sensitive nature. Implementation problems often require the attention of Senior Management for resolution.

**General**

USAID received only \$600,000 of the \$1.5M FY93 OYB level for the project, creating a shortage of \$900,000. \$400,000 of this shortage results from last minute evaporation of promised FY93 reobligation funds to finance the IFES contract for poll worker training. USAID has requested emergency funds of \$500,000 to maximize policy-dialogue effectiveness with the new Honduran administration and newly nominated Supreme Court. Without these funds, important activities such as those related to the new Public Ministry and the Land Registry system cannot take place.

**Judiciary**

The Court is not actively pursuing reforms and many of the problems and planned activities in the last SAR are still pending.

1. Full implementation of the accounting and budgeting system has not been accomplished because the Supreme Court has still not approved all related administrative procedures and regulations for the system.
2. While the Judicial Career Law is in place, compliance with the grievance procedures is lacking. The Judicial Career Council (grievance board) is still not functioning due to the lack of interest in its goals by its director and the need for the Supreme Court and Congress to approve the change in the composition of the Council to eliminate a legal conflict of interest related to personnel actions.
3. Despite repeated requests by USAID, the Court has failed to provide even the most basic support for the IG's Office in spite of the large number of investigations completed. Consequently, the contract with the USAID-financed US non-PSC will be terminated without prejudice on November 30, 1993.

**Congress**

1. The Congress passed a law providing benefits and vacations to CIEL employees; however, we do not consider the bill, as passed, to truly constitute a CIEL Career Law that will provide for the stability and long-term apolitical character of CIEL personnel. CIEL staff appear to be marginally satisfied that the long-term prospects for the Congress passing a full Career Plan are good, and retention of these highly qualified personnel appears to be somewhat secured, at least through the next year.
2. The Congress failed to take advantage of \$67,000 available for commodity support for the CIEL by failing to purchase a fire protection system and equipment insurance and maintenance contracts to protect USAID's investment in the CIEL.

**TNE/RMP**

Initial procurement actions were somewhat delayed because specifications for commodities submitted by TNE were inadequate or contained errors. However, the procurement process is now going well with all deliveries expected well in advance

**Educational Development Center**

There was a considerable delay in signing the EDC buy-in by USAID/Washington, taking five months after the PIO/T was issued. Consequently, radio lessons have not yet been transmitted.

**Democratic Leadership**

1. Proposals from four individual PVOs/NGOs to provide civic education and "watchdog" activities complementing democracy initiatives were reviewed and considered not sufficiently developed. Meanwhile, the Office of the Human Rights Commissioner (HRC) is fast becoming a credible, regionally respected, and increasingly autonomous actor in the fight against both corruption and institutional violation of human rights by civilian government and military organizations. HRD expects receipt in December of a proposal from the HRC to support independence and expansion of the HRC Office's "watchdog" function, particularly vis-a-vis the Judiciary; also, in support of democratic initiatives, mobilization of PVOs/NGOs, expansion of civic education and "watchdog group" and equal rights monitoring activities.

2. The planned evaluation of economic courses previously sponsored by AIFLD did not take place due to the proximity of the elections and the role of labor and the political parties at this time.

**E. Major Activities or Corrective Actions During the Next Six Months**

**General**

Sixth CID/Gallup poll to measure project progress.

**Judiciary**

1. Negotiations with the new Government regarding project activities, which could potentially include the Public Ministry, fewer activities in the Court, and more PVO funding, depending on the commitment of the new Court to judicial reforms. Such activities will take into consideration the gap in project funding.
2. Signing of amended MOU with the new Supreme Court.
3. Local contracting for completion of an assessment as to what technical assistance, training, and organizational development is required at the Court to fully implement the accounting and budget system and the jurisprudence system.
4. Real Property Registry workshop involving a variety of Honduran experts in real property titles to develop low-cost approaches to the problem of land registration. The results will form the basis of project activities in this area.
5. Two seminars, co-financed by the Honduran Bar Association, on the Code of Ethics for its members.
6. Submission to Congress of the legal reforms recommended in the Tela conference attended by Court and police personnel in March, 1993 and implementation of procedural changes not requiring legal reforms.

**TNE/RMP**

1. Delivery of all USAID-financed election commodities.
2. Completion of poll worker training for the national elections and provision of international observers.

**Democratic Leadership**

1. Analysis of proposals from the Office of the Human Rights Commissioner and FDDH.
2. Final approval by USAID of all segments in the civic education series of the interactive radio program.
3. Evaluation of economic courses provided under the grant with AIFLD.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Honduras Peace Scholarship I (HOPS I)  
 Project Number: 597-0001 and 522-0329  
 Date of Authorization: original 02/06/85  
 Date of Obligation: original 03/25/85 Amendment 04/25/90  
 PACD: original 11/30/93 Amendment 09/30/94

Implementing Agencies: N/A  
 Major Contractors: Academy for Educational Development (AED)  
 National Association of Partners of the Americas (NAPA)  
 Project Manager: Ned van Steenwyk/Jeff Lansdale  
 Status of CPs/Covenants: Met

Date of Last Evaluation: August/September '93 Next Evaluation: 00/00/00  
 Planned No. of Non Federal Audits: 0 Non Federal Audits contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$27,550,000 amended to \$31,980,000  
 Amount Obligated: DA/ESF Grant: original \$ 2,000,000 amended to \$31,980,000  
 Amount Committed: Period: \$ 4,813  
 Cumulative: \$30,523,013  
 Accrued Expenditures: Period - Projected: \$ 1,246,000  
 Period - Actual: \$ 632,029  
 Cumulative: \$29,606,327  
 Period - Next: \$ 656,200

Counterpart Contribution: Planned: N/A  
 Actual: N/A

% LOP Elapsed: 89%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 92%  
 % of Total Auth. Exp.: 92%

II. PROJECT PURPOSE

To increase the number of U.S. trained public and private sector individuals at the planning, implementation, technical, managerial and administrative levels.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project addresses the need for improving the ability of individuals to participate fully in society and the economic life of Honduras. By training leaders and potential leaders in technical and academic fields, the project will contribute to Mission's S.O. of More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The project will increase the number of U.S. trained public and private sector individuals at the planning, implementation, technical, managerial and administrative levels. This will be achieved by providing U.S. training to individuals who are working in agriculture and rural development, health and nutrition, human resources, population, energy and environment, science and technology, planning and institutional development.

IV. PROJECT STATUS

A. Planned EOPs

- |   |  |
|---|--|
| <p>1. Provide long-term scholarships for U.S. training for 475 people.</p> <p>2. Provide 1,435 short-term technical scholarships for training in the U.S.</p> | <p><u>Progress to Date</u></p> <p>1. 478 long-term scholars have been sent to the U.S. for training.</p> <p>2. 1,618 short-term scholars have been sent to the U.S. for short-term technical training.</p> |
|---|--|

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Next Period</u>	<u>Period</u>	<u>Cum.</u>	<u>% of LOP</u>
1. Long-term	475	0	478	0	0	478	101%
Male	285	0	287	0	0	287	101% M
Female	190	0	191	0	0	191	100% F
2. Short-term	1,435	125	1,682	242	61	1,618	112%
Male	860	69	1,054	90	34	1,019	118% M
Female	575	56	628	152	27	599	104% F

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

The Central American Peace Scholarship (CAPS) Project was authorized on February 6, 1985 under the Caribbean and Latin America Scholarship Program (CLASP I). In FY 1987, CAPS I funding was moved from CA regional accounts to Mission bilateral accounts, thus creating the HOPS I Project under the regional authorization.

An external evaluation of the project was conducted by Aguirre International during August and September. In a debriefing prior to the evaluation team's return to the U.S., the evaluators spoke highly of the quality of training received by Peace Scholars and the impact the program is having through its follow-on activities. The evaluation findings, conclusions and recommendations will be ready for discussion at the beginning of the next reporting period.

The Project Agreement was amended during the previous reporting period to provide an extension of the PACD through September 30, 1994. As a result of this amendment, 350 additional short-term scholarships are being awarded compensating for lower than anticipated numbers of short-term scholarships under HOPS II which suffered budget cuts as discussed in the previous SAR. The HOPS I amendment is also allowing the Mission to recruit increased numbers of females for short-term scholarships and improve gender balance for short-term scholarship recipients (see B.2. above); thereby allowing the project to meet its goal of 40% female participation among short-term scholarship recipients. Approximately 240 additional scholarships for short-term technical training will be awarded with CAPS I funding during the next reporting period.

Short-term HOPS I scholarship areas for approximately 150 additional scholarships were defined during this reporting period based on the Mission's Strategic Objectives, and in sectors which will assure a more appropriate gender balance among scholarship recipients. A group of 1 sighted and 11 blind persons received training in the rehabilitation and integration of other blind people to improve their opportunities in society as normal human beings. Twenty community leaders received scholarships to strengthen the democratic institutions and processes of the country. Thirty watershed management engineers received training to protect Honduran natural resources and ensure the availability of potable water for rural communities.

The 3 unemployed scholars from last period are currently employed. Of the 54 long-term scholars that remained in the U.S. at the end of the previous reporting period, 51 completed their degrees and returned to Honduras during this reporting period. The remaining 3 should complete their degrees by December 1993. Of the 51 scholars who returned during this reporting period, only 3 remain unemployed (2 males and 1 female). The project continues to assist returned scholars in obtaining employment. This assistance and other follow-on activities with returned HOPS I scholarship recipients continue to be financed and executed under the HOPS II project (see the HOPS II SAR for further information on follow-on activities with HOPS I scholarship recipients).

D. Problems and Delays

Female participation in short-term training has been lower than anticipated over the past few years. However, as changes in the selection strategy are implemented (see HOPS II SAR), the program fosters greater female participation. During this reporting period, of the 62 trainees who travelled to the U.S., 44% were women. This percentage would have been even higher if watershed management engineers were not predominantly male (only 3 out of 30 engineers were women.) Furthermore, of the total 168 short-term trainees who have travelled to the U.S. during the last two reporting periods, 41% have been women.

E. Major Activities or Corrective Actions During the Next Six Months

1. Continue communications with the 3 long-term academic scholars remaining in the U.S.
2. Assure that the 3 unemployed scholars who returned to Honduras during this reporting period obtain employment.
3. Recruit and select an additional 240 short-term scholarship recipients and assure that at least 50% of these scholarship recipients are female.

**I. BACKGROUND DATA**

Project Title: Municipal Development  
 Project Number: 522-0340  
 Date of Authorization: original 06/29/90  
 Date of Obligation: original 06/29/90 Amendment 07/14/92  
 PACD: original 06/28/97  
 Implementing Agencies: Ministry of Finance (MFFC), Municipalities of Honduras  
 Major Contractors: International City Management Association (ICMA)  
 AID Project Manager: Sigifredo Ramirez  
 Training Advisor: Donald G. Bryan  
 Status of CPs/Covenants: CPs for First Disbursement - all met.

**FINANCIAL DATA**

Amount Authorized: DA Grant: original \$10,000,000  
 Amount Obligated: DA Grant: original \$ 1,000,000 amended to \$9,344,000  
 Amount Committed: Period: \$ 986,621  
 Accrued Expenditures: Cumulative: \$ 5,722,231  
 Period - Projected: \$ 1,120,000  
 Period - Actual: \$ 1,071,847  
 Cumulative: \$ 4,298,947  
 Period - Next: \$ 1,080,000  
 Counterpart Contribution: Planned: \$15,000,000  
 Actual: \$ 1,189,900

Date of Last Evaluation: 00/00/00 Next Evaluation: 03/31/94  
 Planned No. of Non Federal Audits: 3 NFAs contracted/completed: 0  
 Date of Last Audit: N/A Next Audit: 01/31/94

% LOP Elapsed: 46%  
 % of Total Auth. Oblig.: 93%  
 % of Total Oblig. Exp.: 46%  
 % of Total Auth. Exp.: 43%

**II. PROJECT PURPOSE**

To enhance the participation of the Honduran populace in the local democratic process and improve the operational capacity of municipalities to respond to the land, infrastructure and public service needs of their constituents.

**RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

A. SPECIFIC LINKAGE TO S.O. The project contributes to the S.O. No. 5 - More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation. The project is responsible for Program Output 5.4 - Fourteen Municipalities Execute Managerial and Financial Functions on a Sustainable Basis in Response to Constituent Needs.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%.

**III. PROJECT DESCRIPTION**

The project consists of a multifaceted initiative to increase citizen participation in decisions related to the allocation of land and public service facilities by municipal governments, and to improve the effectiveness of municipal government in responding to citizens' needs for land, public services and infrastructure. The project is being implemented by key municipalities, selected Central Government Agencies and NGOs and the Ministry of Finance and Public Credit.

**IV. PROJECT STATUS**

**A. Planned EOPs**

1. Active involvement of patronatos and community groups in local government dialogue.

2. Municipalities are analyzing, anticipating needs and planning solutions with citizen input.

3. The public looks to the municipality to meet its basic urban service needs.

4. Greater municipal responsibility and authority for delivery of public services.

**Progress to Date**

1. During the period 6 "Cabildos Abiertos" took place. A new experiment, "Cabildos Zonales" was undertaken in San Pedro Sula, through which communities in various sections of the city negotiated priorities for improvements. We expect results from this effort before promoting the approach.

2. Thirteen (13) municipalities are preparing and approving 1994 budgets assisted by FUNDEMUN and now are in the process of planning investments in order to comply with provisions of the new Municipal Law.

3. TA provided to municipalities aims at increasing municipal investments in water, sewerage and garbage collection and disposal projects, according to community needs.

4. With the approval and publication of the Municipal Law regulations, the municipalities are starting to take control of the provision of basic services by having clearer interpretation of the Law.

**B. Major Outputs \***

	Planned		Next		Accomplished		% of L O P
	LOP	Period	Cum.	Period	Period	Cum.	
<b>NATIONAL LEVEL</b>							
1. Formula Based Revenue Sharing Adopted	1	0	1	0	0	1	100%
2. Urban Services Devolved to Local Governments	1	0	0	0	0	0	0%
3. Ejidal Lands Transferred to Municipalities	1	0	1	0	0	1	100%
4. Municipal Particip. in Management of National Resources	1	0	1	0	0	1	100%
<b>MUNICIPAL LEVEL</b>							
1. Annual Programming and Budgeting	14	2	12	0	1	13	93%
2. Public Service Delivery Systems and Procedures	14	0	0	2	2	6	43%
3. Technical Urban Planning, Land Use and Development Policies	14	0	5	0	1	5	35%
4. Maximizing Effective Participation of Citizens	14	4	8	1	0	8	57%
5. Municipal Leagues and Associations Functioning	2	0	0	0	0	1	50%
6. Training (persons) Long-Term	M F	M F	M F	M F	M F	M F	M F
Short-Term	0 0	0 0	0 0	0 0	0 0	0 0	0% 0%
	1,632	408	500	146	0	0	522 70 622 300 1584 556 97% 136%

\*To be revised during the upcoming period.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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C. Other Accomplishments and Overall Status

The Municipal Development Project (MDP), signed with the Government of Honduras (GOH) in June, 1990, is designed to strengthen democracy in Honduras by enhancing the participation of the community in the decision-making process of local government and by improving the operational capacity of the municipalities to respond to the land, infrastructure and public service needs of their constituents. The project seeks to change the manner in which municipalities approach and react to the concerns of their communities. The project implementation strategy seeks to address a number of different constraints to decentralization and municipal autonomy both at the national and at the local level. At the national level, change will be addressed with the central government and selected ministries or autonomous agencies which play a role in the municipal operations. At the local level the project will work with selected economically significant municipalities to improve the planning and operational capacities to better respond to their citizenry. On a less intensive basis, the project will work with other municipalities in specific areas of technical assistance and training.

The following is the status of major activities programmed for the period:

1. Memoranda of Understanding (MOUs) were signed with the municipalities of San Pedro Sula, Catacamas, Puerto Cortés and San Lorenzo. Although assessments were completed for Juticalpa, Tocoa and La Ceiba, MOUs for technical assistance (TA) have been deferred until Fundación para el Desarrollo Municipal (FUNDEMUN) has an opportunity to reach agreement with these municipalities.
2. The hiring of Municipal Development Advisors (MDAs) was also deferred until FUNDEMUN is in full operation, which is expected in the next period. Assistance to Catacamas is being provided through the use of short-term consultants and FUNDEMUN permanent staff.
3. The Cooperative Agreement with FUNDEMUN for the provision of TA to project municipalities was signed and is effective October 1, 1993. FUNDEMUN is assuming International City Management Association's (ICMA) full responsibility for project TA. During the reporting period, FUNDEMUN started operation and signed three TA agreements with project municipalities.
4. Universidad Tecnológica Centroamericana (UNITEC) and Universidad de San Pedro Sula (USPS) signed agreements with the Ministry of the Interior ("Gobernación"). Both universities are in the process of developing curricula for university-level municipal training programs and developing materials for short-term training in support of project municipalities. These agreements are funded out of project counterpart resources.
5. The project contracted Gabinetes CONCORD, a local consulting firm, to provide training in support of ICMA's TA activities. To date more than 500 municipal employees have been trained in municipal finance, municipal revenues, community participation, municipal legislation, personnel management, public service delivery, auditing and other municipal subjects.
6. The Asociación de Municipios de Honduras' (AMHON) campaign to include the mayors' photos in the ballots was replaced by a separate vote campaign which provides guidance to the electorate on how to use the new electoral law provision allowing separate votes for president and local authorities in a single ballot. According to a recent Gallup poll, of the 65% of the people that have knowledge of the separate vote provision, 50% said they learned from it from the campaign.
7. Even though the documentation for contracting the project evaluation was prepared, the end of the fiscal year precluded completion of the contracting. MDI expects to have contracts signed by first quarter and the evaluation initiated by second quarter, FY94.
8. The modification of project logframe outputs, as a result of the review of project indicators in 1992, was postponed until the ProAg Amendment takes place. This amendment will also include a modification of the counterpart contribution.

Other accomplishments during the reporting period may be summarized as follows:

1. At the national level:

- a) The training component of the project was particularly active during the period. Nine hundred twenty-two people were trained during the period, including 45 mayors and mayoral candidates sent to a short term training program on local governments in the US, coordinated by the University of New Mexico; 23 community leaders from project municipalities presently undergoing training in the U.S.; and 100 persons trained at 2 seminars on community participation. The balance were involved in local training activities
- b. The restructuring of the "Dirección de Asistencia y Asesoría Técnica Municipal" (DGAATH) of the Ministry of the Interior ("Gobernación") has been initiated. This restructuring will initiate the process of the DGAATH becoming the decentralization leader at the central government level and provide the basis for a more adequate public sector provision of TA and training services to the municipalities.
- c. To replace the Training Coordinator, the project hired a PSC as the Community Development Advisor, combining the two positions into one.
- d. The Sula Valley Metropolitan Authority has completed its organization process and is now looking for resources to prepare a long-term development plan. Resources for this activity have been offered by the Spanish Government.

2. At the local Level:

- a. The Central American Bank for Economic Integration (CABEI) and the Honduran Central Bank (BCH) signed an agreement providing \$10.0 million for municipal projects aimed at improving the living conditions of the urban poor. This Housing Guaranty (HG) loan will add an Investment Component to the MDP, which will provide leverage for achieving policy changes. The project is already promoting the use of these resources among MDP participating municipalities.
- b. TA agreements by FUNDEMUN signed with Catacamas and San Lorenzo will allow the use of remaining HG-008 funds to finance sanitation (water and sewerage) projects in these municipalities.
- c. A water project in Villanueva and a sewerage project in El Progreso have also been approved for financing using either HG-008 or CABEI resources.
- d. The project has exceeded the projected women participation in training activities. As of the date of this report, the project has exceeded the LOP target by 36%.
- e. Of the 698 participants in six cabildos abiertos, 253 (36%) were women.

D. Problems and Delays

Project management does not anticipate major problems or delays other than those related to the upcoming elections, when development activities are practically paralyzed.

E. Major Activities and Corrective Actions During the Next Six Months

1. Project evaluation contracted and initiated.
2. ProAg Amendment signed.
3. Sign MOUs with 3 municipalities by FUNDEMUN.
4. Complete training program for elected authorities on municipal management and establishment of working relationship.
5. AMHON's new board of directors will be elected and a new relationship with AMHON established.
6. Assess the interest of the new GOH administration in municipal development and decentralization, particularly that of the new Ministry of the Interior. Outline a strategy for establishing a positive relationship with the new administration.
7. The ability of the universities to handle the training program will be determined and a decision will be made on continuing with the program or providing new alternative strategies to deal with training needs for the municipal sector.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Honduran Peace Scholarship Project II (HOPS II)  
 Project Number: 522-0364  
 Date of Authorization: original 06/21/90  
 Date of Obligation: original 06/21/90 Amendment 09/20/91  
 FACD: original 06/30/98  
 Implementing Agencies: N/A  
 Major Contractors: Academy for Educational Development (AED)  
 Honduran Advisory Council for Human Resources  
 Development (CADERH)  
 Project Manager: Ned van Steenwyk  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: August/September '93 Next Evaluation: 9/30/97  
 Planned No. of Non Federal Audits: 0 Non Federal Audits contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: ESF Grant: original \$15,000,000  
 Amount Obligated: ESF Grant: original \$ 1,216,800 amended to \$ 6,416,800  
 Amount Committed: Period: \$ 2,000,887  
 Cumulative: \$ 4,699,748  
 Accrued Expenditures: Period - Projected: \$ 749,000  
 Period - Actual: \$ 956,264  
 Cumulative: \$ 2,797,538  
 Period - Next: \$ 600,000  
 Counterpart Contribution: Planned: N/A  
 Actual: N/A  
 % LOP Elapsed: 41%  
 % of Total Auth. Oblig.: 42%  
 % of Total Oblig. Exp.: 43%  
 % of Total Auth. Exp.: 18%

II. PROJECT PURPOSE

To equip a broad base of leaders and potential leaders in Honduras with technical skills, training and academic education, and an appreciation and understanding of the working of a free enterprise economy in a democratic society.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project addresses the need for improving the ability of individuals to participate fully in society and the economic life of Honduras. By training leaders and potential leaders in technical and academic fields, the project will contribute to Mission's S.O. of More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%

III. PROJECT DESCRIPTION

The project will provide 500 short and long-term scholarships for studies in the U.S. These scholarships will contribute to: (1) a more stable social, political, and economic environment which is conducive to economic development; (2) complement other national efforts for developing a human resource base with capable leaders for managing and implementing national policies and programs; and (3) strengthen ties of friendship and understanding between the U.S. and Honduras.

IV. PROJECT STATUS

A. Planned EOPs

- Returned Peace Scholars are employed in their areas of expertise and applying the skills learned in the U.S.
- Returned Peace Scholars are active and influential in community or professional affairs.
- Peace Scholars have benefitted from the program in terms of either finding a job or having increased responsibility or salary.
- Peace Scholars have maintained linkages with the U.S. after return home.

Progress to Date

- All 56 returned scholars are either employed by their nominating institutions or self-employed.
- All returned Scholars have enhanced their leadership roles in their communities.
- All scholars have undertaken challenging responsibilities as a consequence of increased knowledge and expertise.
- Most scholars have maintained contact with instructors in the U.S. and host-families.

B. Major Outputs

	<u>Planned</u>				<u>Next</u>				<u>Accomplished</u>					
	LOP		Period		Cum.		Period		Period		Cum.		% of LOP	
Persons beginning Pre-Departure Training	M	E	M	E	M	E	M	E	M	E	M	E	M	E
1. Long-term	60	40	0	0	47	25	0	0	0	0	47	25	78%	62%
(a) Technical	12	8	0	0	17	3	0	0	0	0	17	3	141%	37%
(b) Academic	48	32	0	0	30	22	0	0	0	0	30	22	62%	68%
2. Short-term	240	160	17	26	46	40	0	0	-1	0	28	14	12%	9%
Persons in U.S. Training	M	E	M	E	M	E	M	E	M	E	M	E	M	E
1. Long-term	60	40	22	13	48	24	0	0	20	13	46	24	77%	60%
(a) Technical	12	8	6	1	19	3	0	0	6	1	19	3	158%	37%
(b) Academic	48	32	16	12	29	21	0	0	14	12	27	21	56%	65%
2. Short-term	240	160	17	26	46	40	0	0	0	0	28	14	12%	8%
Returned Peace Scholars	M	E	M	E	M	E	M	E	M	E	M	E	M	E
1. Long-term	60	40	12	2	12	2	0	0	11	2	11	2	18%	5%
(a) Technical	12	8	12	2	12	2	0	0	11	2	11	2	92%	25%
(b) Academic	48	32	0	0	0	0	0	0	0	0	0	0	0%	0%
2. Short-term	240	160	17	26	46	40	0	0	0	0	29	14	12%	8%

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C. Other Accomplishments and Overall Status

The HOPS II project is the second phase of the Caribbean and Latin American Scholarship Program (CLASP II), and has integrated HOPS I and HOPS II follow-on activities with Peace Scholars from both projects as well as former CASS/CASP and ROCAP Peace Scholarship recipients.

An external evaluation of the project was conducted by Aguirre International during August and September. In a debriefing prior to the evaluation team's return to the U.S. the evaluators spoke highly of the quality of training received by Peace Scholars and the impact the program is having through its follow-on activities. The evaluation findings, conclusions and recommendations will be ready for discussion at the beginning of the next reporting period.

Short-term HOPS II trainees have returned to Honduras and are working in their communities. The long-term technical group of vocational instructors returned to Honduras in August. They are receiving complimentary training in teaching methodology and will impart courses based upon their acquired skills and knowledge to other teachers of vocational schools through January of 1994 prior to returning to their respective vocational training centers to resume their responsibilities as the new school year begins.

Grades and reports from the first long-term academic group to travel to the U.S. under HOPS II range primarily from very good to excellent. Three will be completing their studies and returning to Honduras in December of this year. Recent grade reports from 37 long-term academic and technical trainees currently in the U.S. show that 6 earned a 4.0 GPA, 12 earned a 3.5 or above, and 10 a 3.0 or above.

During this reporting period 26 long-term academic and 7 long-term technical scholarship recipients departed for studies in the U.S. Female participation under HOPS II remains unchanged at 35% for long-term scholarships and 33% for short-term scholarship recipients. Pending the availability of project funds, a third group of long-term academic scholars will be selected, to increase female participation, and will begin their predeparture training during the next reporting period.

A change in the selection strategy of Peace Scholars has been implemented, from basic interviews to a week-long intensive course for candidates nominated by a variety of institutions based on the individual candidates' leadership capabilities. These courses have often been organized and implemented by other Peace Scholars as part of their predeparture training. The courses provide a better opportunity to know the applicants, and also provide training even for those persons who are not selected as Peace Scholars. Once selected as scholarship recipients, all trainees begin their predeparture training with a motivation course which challenges the individual and group to assume greater responsibility for their actions, clarifies training objectives based upon their needs, and identifies specific follow-on activities upon their return from the U.S. to achieve a multiplier effect and appropriate development impact.

CAPS and HOPS I follow-on activities continue being fully integrated into HOPS II. During this reporting period, over 1275 people benefitted from HOPS II follow-on activities, bringing the cumulative total of follow-on beneficiaries to 8,067. In addition, primary school teachers trained by the project have achieved a multiplier effect by training approximately 5,000 students and community members. HOPS II also continues providing support for several associations of former Peace Scholars. The major follow-on activities during this reporting period are summarized below.

- Re-entry seminars for 100 primary school teachers who received training in the U.S. Scholarship recipients provided seminars to share their new skills and knowledge with 626 colleagues in primary education.
- Short-term scholarship recipients trained in apples and vegetables production shared their skills with 20 other growers in western Honduras.
- The Association of Educational Environmentalists (PACOH) held four seminars on "Environmental Education" to train other educators in environmental issues. PACOH also held its annual convention for a total of 103 "Paquitos".
- Meetings were held with 106 Peace Scholars in six departments to organize additional follow-on training seminars.
- Three seminars and catalog shows, implemented by returned Peace Scholars, on the Commercialization of Organically Grown Products and Sustainable Agriculture were held in Choluteca, Comayagua, and La Lima. Over 300 people attended the seminars.

Committees of organic agriculture farmers were also established in each of the three cities.

• The Association of Former Scholarship Recipients for the Development of Honduras (ANEDH) held its annual assembly meeting, with an attendance of more than 80 persons, and elected a new Board of Directors. ANEDH's primary efforts have been oriented towards assisting long-term academic scholars to obtain employment upon their return to Honduras. ANEDH has also assumed responsibility for obtaining official recognition of U.S. university diplomas from the Honduran national education system. In turn, returnees receiving assistance from ANEDH assume responsibilities for sharing their skills and knowledge with at least ten other people through follow-on activities sponsored by the HOPS II Project.

Problems and Delays

Funding levels for HOPS II are substantially below the amounts originally projected for the project. Final funding levels are uncertain but the project may receive less than 50% of the originally authorized amount of \$15,000,000. As a result of reduced funding levels, HOPS II will not be able to award 400 short-term scholarships. Nevertheless, with funding from reserves under HOPS I (see HOPS I SAR), HOPS I will be able to award approximately 350 additional short-term technical scholarships which will compensate for reduced numbers of short-term scholarships under HOPS II. In this manner, the total number of scholarships for short and long-term studies under HOPS I and II should be approximately 550 long-term and 1,750 short-term scholarships, which will exceed the number of scholarships that were to be awarded by HOPS I/II Peace Scholarship programs.

Preliminary findings of the recent evaluation indicated some weaknesses with English language training. Even though the long-term academic scholars who departed for the U.S. in August had received a full year of intensive English as part of their predeparture training, 6 trainees were below the TOEFL score required by most colleges and universities. The need to reexamine the length and quality of the language training will be considered and fully implemented when the final evaluation is completed.

E. Major Activities or Corrective Actions During the Next Six Months

1. Select and begin the predeparture training of a third group of long-term academic scholars.
2. Execute follow-on activities with returned Peace Scholars including:
  - 30 seminars on small business administration in collaboration with the Peace Corps and ANEDH;
  - 2 seminars on the production and marketing of organically grown products;
  - 8 workshops on education evaluation and planning; and,
  - 10 seminars on topics to include watershed management, municipal development agriculture, and dairy farm management.

## PROJECT STATUS REPORT

### Regional Technical Aid Center Project (RTACII)

Project No. 598-0791 (Formerly 597-0011)

Strategic Objective: More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation.

Goal: Improve higher education in Spanish speaking America.

Purpose: To increase U.S. cooperation with Latin American institutions by providing high quality U.S. published textbooks and technical information, in Spanish at affordable prices, for Latin American universities, technical schools, libraries and professionals.

PACD: 09/24/96

Authorized Amount: \$43,000,000

USAID/Honduras: \$ 500,000

### Project Status

The Regional Technical Aid Center I Project (RTAC I) ended in 1979 after twenty years of assistance to the Latin American publishing industry and the distribution of over 1,000,000 books. RTAC II began in 1986 with the anticipated output of distributing 4,000,000 books throughout Latin America. RTAC II has distributed over 360,000 books in Honduras.

The Universidad Nacional Autonoma de Honduras (UNAH), the Universidad Pedagógica Nacional (UPN), and the Escuela Agrícola Panamericana (EAP) are currently participating in the RTAC program. These institutions are the implementing entities for the RTAC program in Honduras, with a significant level of management and administrative support from USAID/Honduras. The current RTAC distributors are responsible for ordering books for their own use and for other institutions using RTAC publications.

USAID/Honduras provided \$500,000 in ESF funding for RTAC II through an OYB transfe. during FY93. \$350,000 is being used for regional RTAC costs and \$120,000 to expand RTAC outlets in Honduras. Memoranda of Understanding (MOUs) are being signed with nine additional institutions to participate in the RTAC program, which include seven private sector and two public sector institutions.

While the current RTAC distributors received donations of RTAC books, to begin their RTAC revolving accounts, with no counterpart funding required, the new participants are being asked to provide financing on a matching basis of \$1:\$1. In this manner new participants will be taking on immediate ownership of the program, private sector

management skills and influence will be increased, RTAC's client base will be significantly expanded, and \$80,000 in additional funding will be provided for the RTAC II program in Honduras by local institutions.

USAID is also providing \$30,000 to establish a central and self-sustainable National RTAC Center. The National RTAC Center will receive book orders, distribute books to the institutions participating in the RTAC program, and manage the RTAC program in Honduras. The National RTAC Center will be owned and managed by the institutions participating in the RTAC program in Honduras and will replace the current distributors as RTAC implementing entities.

Financial self-sustainability for the National RTAC Center will be achieved by a 5% surcharge on RTAC books purchased by the institutions participating in the RTAC program in Honduras. These funds will be used to cover the center's recurrent costs. USAID donations to the current and new institutions being invited to join the RTAC program will be protected, and the future self-sustainability of the RTAC program in Honduras will be achieved, by the requisite that 40% of the amount of USAID's original donation to each of the current distributors (and 40% of the combined donation and counterpart funding for each of new entities joining the RTAC program) must be on deposit in RTAC bank accounts, managed by the National RTAC Center and the Regional RTAC Agent, prior to ordering books. The remaining 60% shall be in RTAC inventories. Whenever deposits drop below the 40% threshold established by the new MOUs, participating institutions will be required to provide additional financing for their respective RTAC accounts, using their own funding, prior to ordering additional publications.

### Problems and Delays

1) A FARS Financial Review was completed during this reporting period. UPN and EAP were able to respond to the Financial Report and recommendations for these institutions were closed during this reporting period and the recommendations for UNAH should be closed by the end of the calendar year.

### Major Activities and Corrective Actions for the Next Reporting Period

- 1) Begin providing technical assistance to the new RTAC distributors and the National RTAC Center.
- 2) Receive and distribute approximately 45,000 textbooks for the first semester of 1994 and process the second order for calendar year 1994, to include orders from the nine new RTAC distributors.

## **OTHERS**

- 1) 522-0269 Strategic Planning and Technical Support
- 2) 522-0324 Shelter Sector Development
- 3) 522-0380 Central American Survival Assistance
  
- 4) **TABLE 1:** List of Centrally-Funded Projects

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

A X B \_\_\_ C \_\_\_

I. BACKGROUND DATA

Project Title: Strategic Planning and Technical Support (SPATS)  
 Project Number: 522-0269  
 Date of Authorization: original 08/01/85 Amendment 05/30/88  
 Date of Obligation: original 08/23/85 Amendment 05/04/86  
 PACD: original 07/31/88 Amendment 09/30/93  
 Implementing Agencies: Ministries of Planning, Finance and Central Bank  
 Major Contractors: Various  
 AID Project Manager: Donald R. Soules, Jr.  
 Training Coordinator:  
 Status of CPs/Covenants: Met

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 4,000,000  
 Amount Obligated: DA Grant: original \$ 2,200,000 amended to \$4,000,000  
 Deobligated to: \$ 3,703,000  
 Amount Committed: Period: \$ 19,950  
 Cumulative: \$ 3,664,104  
 Accrued Expenditures: Period - Projected: \$ 263,000  
 Period - Actual: \$ 98,459  
 Cumulative: \$ 3,664,104  
 Period - Next: \$ 0  
 Counterpart Contribution: Planned: \$ 1,500,000  
 Actual: \$ 2,904,200

Date of Last Evaluation: 00/00/00 Next Evaluation: 00/00/00  
 Planned No. of Non Federal Audits: 1 NFAs contracted/completed: 1  
 Date of Last Audit: 05/09/87 Next Audit: 00/00/00

% LOP Elapsed: 100%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 99%  
 % of Total Auth. Exp.: 92%

II. PROJECT PURPOSE

To (1) enhance Honduran capabilities to identify priority development problems, and to design approaches to address these problems in the context of the Jackson Plan, and (2) provide technical support services to priority development areas.

B. Major Outputs

	<u>Planned</u>			<u>Accomplished</u>			
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Next Period</u>	<u>Period</u>	<u>Cum.</u>	<u>% of LOP</u>
1. Strategic Planning Policy Analysis and Feasibility studies completed	10	0	10	0	0	10	100%
2. Technical Assistance Support Contracted (person months)	300	6	334	0	6	334	111%

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

- A. SPECIFIC LINKAGE TO S.O. The project is considered to be "other" because it supports the USAID program as a whole and as such supports all strategic objectives.
- B. PERCENT OF LOP FUNDS RELATING TO S.O.: 100%.

III. PROJECT DESCRIPTION

This project has two components: (1) studies, assessments, and feasibility studies to identify specific development interventions and enhance Honduran policy making capabilities; and (2) technical support and assistance which lead to the revision and analysis of policies, enhancement of ongoing development programs, and an acceleration of the design and implementation of development efforts.

IV. PROJECT STATUS

A. Planned EOPs

GOH adopts policies and strategic plans in key policy areas identified in the Jackson Plan: financial stabilization; economic transformation; equitable distribution; and strengthening of democratic institutions.

Progress to Date

Ten studies were completed. Macro-economic studies are now funded under Policy Analysis and Implementation Project (522-0325). Technical support and assistance in implementing expanded U.S. economic assistance continues.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

A X B \_\_\_ C \_\_\_

C. Other Accomplishments and Overall Status

U.S. strategy toward Central America in the mid-1980s called for acceleration of financial stabilization, economic transformation, spreading the benefits of economic growth, and strengthening democratic institutions. To respond to this accelerated program, the GOH and USAID needed a vehicle to provide timely, reliable information derived through sound analysis and personnel to manage expanded U.S. assistance. The Strategic Planning and Technical Support (SPATS) project responds to these needs.

Under this project ten analytical studies were conducted in a wide variety of areas including auditing, budgeting, municipal reform, efficient rice production, and an environmental profile. These studies provided an analytical base for the GOH and private sector to formulate policy in key sectors or to improve its analytical base for decision making. Technical assistance was given in areas ranging from analysis of the 1988 census to agrarian reform.

With the initiation of the Policy Analysis and Implementation Project (522-0325) in 1987, agreement was reached with the GOH that this new project would fund most strategic studies. In 1991, major adjustments were made to shift uncommitted funds from the studies component (which is no longer active) to the technical support component, and agreement was reached with the GOH on this adjustment.

Although this project was not designed to collect gender desegregated data, women benefit from the project. For example, the Bureau of Census is assisting the government in desegregating gender information (as well as age groups, occupation, geographic area, etc.) which will help the government better formulate policies and implement activities with women's concerns taken into account.

Advices of charge from FM were received for the Development Alternatives Contract and it was closed out.

D. Problems and Delays

Billing from the Bureau of Census PASA continued to trickle in. Since project funding is all M-Account, no disbursements could be made after September 30. In light of this \$297,000 was deobligated from the project in August and made available to USAID/W to count as part of the Bureau's contribution to the Agency rescison. This in effect freed up an equal amount of multi-year 517 funds for Bureau use.

E. Major Activities or Corrective Actions During the Next Six Months

The project ended on September 30, 1993, the end of the reporting period.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Shelter Sector Program II  
 Project Number: 522-HG-008, 522-0324  
 Date of Authorization: original 12/30/86  
 Date of Obligation: original 09/09/87 Amendment 11/02/89  
 PACD: original 07/31/90 Amended to 09/30/93  
 Implementing Agencies: National Housing Fund (FOVI) and Municipal Governments of Honduras  
 Major Contractors: N/A  
 Project Managers: Carlos M. Flores  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 04/30/90 Next Evaluation: 00/00/00  
 Planned No. of NFAS: 0 NFAS Contracted/Completed: N/A  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: HG Loan: original \$35,000,000  
 DA Grant: original \$ 1,600,000  
 Amount Obligated: HG Loan: original \$25,000,000  
 DA Grant: original \$ 1,600,000  
 Amount Committed: Period: \$ 30,438  
 Cumulative: \$ 1,408,965  
 Accrued Expenditures: Period - Projected: \$ 216,000  
 Period - Actual: \$ 33,926  
 Cumulative: \$23,092,846 (HG) \$1,407,394 (G)  
 Period - Next: \$ 440,000 (HG) 0.0 (G)  
 Counterpart Contribution: Planned: \$ 7,500,000 (HG) \$533,000 (G)  
 Actual: \$ 7,416,117 (HG) \$524,250 (G)  
 % LOP Elapsed: N/A (HG) 100% (G)  
 % of Total Auth. Oblig.: 71% (HG) 100% (G)  
 % of Total Oblig. Exp.: 92% (HG) 88% (G)  
 % of Total Auth. Exp.: 66% (HG) 88% (G)

II. PROJECT PURPOSE

To improve the institutional capacity of the private sector and municipal governments and to enhance the availability of housing and infrastructure services for low income families.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES:

A. SPECIFIC LINKAGE TO S.O.: Although this project does not directly contribute to any strategic objective, it supports Strategic Objective No.4: Healthier and Better Educated Hondurans and Program output No.4.4 of reducing the incidence of selected diseases by providing access to sanitation and safe water systems.

B. PERCENT OF LOP FUNDS RELATED TO S.O.: 0%

III. PROJECT DESCRIPTION

The project is composed of three major elements: long-term financing of new shelter construction and home improvements for low-income families channeled through the National Housing Fund (FOVI) with the increased participation of the private sector; long-term financing for urban upgrading (water, sewerage and street pavement) services for low-income families through municipalities, thus enhancing municipal capability to provide, operate, maintain and recover the investment cost of such services; and resources for technical assistance to municipalities, support of long-term advisors, and needed analytical work.

IV. PROJECT STATUS

A. Planned EQPs

- |  |   |
|--|---|
| <p>1. Private sector &amp; finance entities participating in housing production.</p> <p>2. Participating institutions improved their efficiency and are recovering investment costs.</p> <p>3. A functional system is in place for private sector finance participation.</p> <p>4. An institutional and financial mechanism is in place for cost recovery of upgrading activities in urban municipalities.</p> | <p><u>Progress to Date</u></p> <p>1. Participation of the private sector in the provision of specific shelter and service improvement has been achieved. The private, in particular the non profit sector, has made some advances in the development of shelter solutions for low-income families.</p> <p>2. Shelter component is finished. Financial institutions are recovering costs.</p> <p>3. FOVI is discounting mortgages/loans from NGOs serving low income families.</p> <p>4. Municipalities are applying cost recovery systems with different levels of success.</p> |
|--|---|

Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Next Period</u>	<u>Period</u>	<u>Cum.</u>	<u>% of LOP</u>
1. Infrastructure Coverage (Families)	21,887	700	26,000	1,800	0	25,300	115%
2. Home Improvement Loans (*)	6,750	0	0	0	0	0	0%
3. New Mortgage Loans Persons	2,917	0	2,605	0	0	2,605	89%
4. Training %							
Long-term	M F	M F	M F	M F	M F	M F	M F
Short-term	0 0	0 0	0 0	0 0	0 0	0 0	N/A

NOTE (\*) The achievement of the output has been discontinued because of the lack of interest by the private sector.

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PROJECT STATUS REPORT

October 1, 1992 - March 31, 1993

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C. Other Accomplishments and Overall Status

The liquidation of \$177,522 and Lps.1,677,487.04 disbursed to the Municipality of Tela for the construction of the Sewerage System was approved by RHUDO/CA.

FOVIPO is a sectoral urban market model in San Pedro Sula involving a partnership between the municipal government, a local financial institution, and private landowners. The Municipality, together with the financial institution, provides resources to create a fund to finance urbanized lots purchased by low-income families. The landowners finance the price of the land.

A disbursement of Lps.2,800,000 was approved to provide liquidity to the FOVIPO Program to complete the two remaining site and services projects: Lomas de San Juan and Santa Marta. The disbursement of Lps.2,800,000 concludes the USAID contribution to the FOVIPO Program.

The review of the FOVIPO Program was completed in June 1993 and it established that the FOVIPO mechanism could be expanded using HG resources provided that the Municipality of San Pedro Sula adopts and implements a comprehensive policy to deal with the need for urbanized land at affordable prices to lower income families.

The Villanueva Water System and El Progreso Sewerage Project were declared eligible for financing in the amount of Lps.2,500,000 and Lps.3,000,000 respectively. The Municipalities of Villanueva and El Progreso will complement these amounts by contributing Lps.2,400,000 and Lps.3,040,020 respectively.

The design of the Siguatepeque Sewerage Collector and Treatment Plan was completed in September, 1993.

Several monitoring meetings held between the contractor, executing unit and the financial entities (USAID and FHIS) have produced better relations between the contractor and the executing unit and has also lead to the placement of more resources (mechanical and manpower) in the construction of the Choluteca Sewerage System. The combination of these factors has placed the construction of the Choluteca Sewerage System back on track and the completion of the project by the contract's termination date, January 30, 1994, is now feasible.

The PACD for the Shelter Sector Program (522-0324) expired on September 30, 1993. However, the associated Housing Guaranty Program will continue until the full funding of \$25 million is expanded. At the current rate of use, the approximately \$2.0 million remaining HG resources are expected to last until March, 1995.

D. Problems and Delays

Urban Development:

1. The bidding process and the award of the construction of the treatment plant for the La Ceiba Sewerage System has been delayed until certain flaws found in the design of the pumping station and sedimentation tanks of the treatment plant are corrected by the Municipality of La Ceiba. This activity will probably delay the completion of the La Ceiba Sewerage System Treatment Plant by approximately three (3) months.
2. The water supply systems for the two ongoing sub-projects (Lomas de San Juan and Santa Marta) under FOVIPO have been changed by the San Pedro Sula Water Authority (DIMA) who has ordered the developers to integrate their respective water systems in order to supply water in the future to adjacent developments. This change has delayed the completion of the Lomas de San Juan sub-project.

E. Major Activities or Corrective Actions During the Next Six Months

1. Urban upgrading:

The construction of the Villanueva Water System and The El Progreso Sewerage System will be underway.

The Choluteca Sewerage project will be completed and all disbursements will be liquidated.

The re-design of the treatment plant for the la Ceiba Sewerage System will be completed. The bidding process and award of the construction contract for the treatment plant will be completed.

Eligibility letters declaring the Catacamas Sewerage System and the San Lorenzo Water System eligible for funding will be completed and the construction of the Catacamas Sewerage System will be underway. The bidding process for the construction of the San Lorenzo Water System will be completed.

2. Urban development:

The second sub-project (Lomas de San Juan) under FOVIPO will be completed. The third sub-project (Santa Marta) will be 90% complete.

**NOTE:** These activities are receiving HG funds exclusively.

3. The Project Activity Completion Report (PACR) for the grant funding will be completed and issued by the Mission.

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Central American Survivors' Assistance (CASA)  
 Project Number: 522-0380  
 Date of Authorization: original 05/03/88  
 Date of Obligation: original 05/01/90  
 PACD: original 08/31/91 amended to 11/30/93  
 Implementing Agencies: World Rehabilitation Fund (WRF)  
 Major Contractors: None  
 Project Manager: Carla Perez  
 Status of Cps/Covenants: None

Date of Last Evaluation: 06/93                      Next Evaluation: None  
 Planned Number NFAs: 0                      NFAs Contracted/Completed: 0  
 Date of Last Audit: 12/31/90                      Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$ 1,180,000 amended to \$ 1,629,708  
 Amount Obligated: DA/ESF Grant: original \$ 1,180,000 amended to \$ 1,629,708  
 Amount Committed: Period: \$ 0  
                                     Cumulative: \$ 1,629,708  
 Accrued Expenditures: Period - Projected: \$ 62,000  
                                     Period - Actual: \$ 64,000  
                                     Cumulative: \$ 1,536,000  
                                     Period - Next: \$ 93,708  
 Counterpart Contribution: Planned: N/A  
                                     Actual: N/A  
 % LOP Elapsed: 98%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.:  
 % of Total Auth. Exp.:

II. PROJECT PURPOSE

To provide medical care and other relief for victims of Central American civil strife.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project does not directly support any of the Mission's Strategic Objectives. The CASA project was created by a mandate from Congress to assist the unique needs of war victims. Providing them with medical services will enable them to participate more fully in the economic development of Honduras.

B. PERCENT OF LOP FUNDS RELATING TO S.O.: None

III. PROJECT DESCRIPTION

Project provides comprehensive rehabilitation services to eligible victims of Central American civil strife.

IV. PROJECT STATUS

A. Planned EOPs

2000 Treatments

Progress to Date

1991 beneficiaries treated

B. Major Outputs

	<u>Planned</u>		<u>Next</u>		<u>Accomplished</u>		<u>% of LOP</u>
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Period</u>	<u>Period</u>	<u>Cum.</u>	
1. Treatments	2000	175	1991	9	175	1991	99.5%

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

A \_\_\_\_\_ B X C \_\_\_\_\_

C. Other Accomplishments and Overall Status

In response to the number of civilian victims of military action in Central America, an USAID-financed program was begun in 1988 and expanded in 1990 as the Central American Survivors Assistance (CASA) Program, to assist noncombatant victims needing prosthetic, orthotic, or other rehabilitation services.

The project has been limited since 1990 to a cooperative agreement with the World Rehabilitation Fund (WRF) which, in that year, helped to establish the Honduran Rehabilitation Association (AHR), an indigenous organization. The objective has been to create a self-sustaining Honduran capacity to provide rehabilitation services to the general population, including the remaining needs of the original project recipients. The agreement has been amended several times. At the beginning of this reporting period, it was operating under an extension ending May 31, 1993.

In April, 1993 the WRF/AHR requested additional funding to create a self-sustaining entity within a three year period. Consequently, in coordination with USAID/W, an evaluation of the rehabilitative services provided by WRF/AHR was undertaken. The team found that AHR's proposal did not merit additional USAID funding. However, to facilitate the transition, USAID identified some remnant funds under the CASA program totalling \$93,708. Until these funds were accessed, a no-cost extension was granted. Once use of the funds was approved by USAID/W, an amendment to the cooperative agreement was prepared to fund activities from June 1 to November 30, 1993. The scope of work was changed to include rehabilitation services to 100 beneficiaries served under the Children's Survival Assistance Program (CSAP) and the CASA Programs in order to provide these patients with treatment on a permanent basis.

The evaluation report noted that AHR needed advisory business assistance to survive as a self-sustaining Honduran institution and that, with this assistance, it had a reasonable chance for viability. To this end, USAID's Private Sector Program Office has been facilitating a "marriage" with FIDE (a private non-profit indigenous organization created in 1984 by prominent Honduran business and supported by USAID to promote investment and develop exports). This relationship is being promoted in order to develop within AHR a modern management outlook, and to promote Honduran products overseas. Recently, on national television, the Executive President of FIDE promised assistance to AHR.

Mission will approve a three month no-cost extension to the grant to allow FIDE and AHR time to make further progress towards ensuring the self-sustainability of AHR. At the end of this period, USAID will determine what to do with the USAID-donated equipment presently titled to WRF. If it appears that AHR is a viable institution, the equipment will be donated to it; if not, other alternatives will be considered.

D. Problems and Delays

The wife of the former WRF Project Manager was chosen as the Acting Project Manager with a significantly higher salary than she made in her previous position in AHR. At USAID's insistence, the position was advertised but, because the required qualifications were too high and the job responsibilities misleading, there were no applicants. The ad will be rewritten as suggested by USAID to attract good candidates and USAID's Education and Training Office is contacting former USAID scholarship grantees in efforts to find good candidates.

E. Major Activities or Corrective Actions During the Next Six Months

1. Three month no-cost extension
2. Project completion report

**CENTRALLY AND REGIONALLY FUNDED PROJECTS  
KNOWN TO BE ACTIVE IN HONDURAS  
BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE 1: Increased Agricultural Production and Exports**

PROJECT NUMBER	PROJECT NAME	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	INTEGRAL PART OF * MISSION PROGRAM	PART OF MISSION PROJECT	COMMENTS
596-0165	Export Industry Technology Support (EXITOS)	Al Merkel X 2680	Bill Sugrue ROCAP/RD (San José) (506) 204-545	YES	522-0207 Export Development & Services	Expected to close in April. Follow-on project expected and needed. Very useful.
936-4023	Pond Dynamics (CRSP)	Vincent Cusumano X 2677	Lamar Trout R&D/AGR (703) 875-4300	YES	522-0207 Export Development & Services 522-0312 Agricultural Export Development	Water quality issues in Golf of Fonseca.  PL 480 Title III Funds Assigned
597-0022	Rural Development Technical Services (LACTECH)	Vincent Cusumano X 2677	Sher Plunkett LAC/DR/RD (202) 647-5685 (?)	YES	---	No longer Free TA; now cost - sharing Nutrition Survey Policy Analysis Two-week limit is constraint.  Stand-by assistance to RD
931-1316	Bean/Cowpea CRSP	Vincent Cusumano X 2677	Harvey Hortick R&D/AGR/AP (703) 875-4304	NO	---	Complementary to program LASPAU scholars conducting study of Bean Policy in Honduras

**STRATEGIC OBJECTIVE 2: Increased Private Investment and Trade**

PROJECT NUMBER	PROJECT NAME	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE#	INTEGRAL PART OF MISSION PROGRAM	PART OF MISSION PROJECT	COMMENTS
936-5451	Implementing Policy Change	Don Harrison X2510 Vicente Diaz X2677	Pat Isman R&D/EID/RAD (703) 875-4625	YES	522-0325 Policy Analysis & Implementation	Buy-in
940-0403	Antipoverty Lending for Enterprises	Bernai Velarde X 2613	Elizabeth Hunt PRE/SME (202) 663-2394	YES	522-0241 Small Business Development II	Matching fund for loan capital
598-0797	LAC Trade and Investment Support	Phil Hubbard X2611	Robin Brinkley LAC/TI (202) 647-9133	NO	522-0325 Policy Analysis & Implementation	TA for Trade and Investment and Financial Reform at no cost to Mission

\* Critical to meeting Mission objectives.

**CENTRALLY AND REGIONALLY FUNDED PROJECTS  
KNOWN TO BE ACTIVE IN HONDURAS  
BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE 3: Improved Management -- Toward Long Term Sustainability -- of Selected Natural Resources**

PROJECT NUMBER	PROJECT NAME	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE#	INTEGRAL PART OF MISSION PROGRAM	PART OF MISSION PROJECT	COMMENTS
596-0150	Regional Environmental Natural Resources Management (RENARM)	John Warren X2681	Bill Sugrue ROCAP/RD (San José) (506) 20-45-45	YES	522-0246 Forestry Development	Works in protected areas Buy-ins/contracts did not work well.
936-5554	Conservation of Biological Diversity	John Warren X2681	Marie Beebe R&D/E&I (703) 875-4255	YES	522-0385 National Environmental Protection Fund	Brought in Lighthawk Problem with Buyin Responsiveness problem No Mission control
936-5556	Forest Resources Management II (FRM)	John Warren X2665	Dan Deely R&D/ENR (703) 875-4019	YES	522-0246 Forestry Development	Useful for Roster Search and identification of training opportunities.
936-4198	Sustainable Agriculture and Natural Resources Management CRSP (SANRAM)	Vincent Cusumano X2682	Jim Bonner R&D/AGR/APP (703) 351-4006	YES	522-0385 Honduran Environmental Protection Fund	Developing indicators for sustainability
931-1311	Tropsoils CRSP	Vincent Cusumano X2677	John Malcolm R&D/AGR/RNR (703) 875-4328	YES -	522-0292 Land Use Productivity Enhancement	Research on topsoil loss to measure LUPE impact.

**CENTRALLY AND REGIONALLY FUNDED PROJECTS  
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BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE 4: Healthier, Better-Educated Hondurans**

<b>PROJECT NUMBER</b>	<b>PROJECT NAME</b>	<b>MISSION CONTACT</b>	<b>WASHINGTON CONTACT NAME/OFFICE/PHONE#</b>	<b>INTEGRAL PART OF MISSION PROGRAM</b>	<b>PART OF MISSION PROJECT</b>	<b>COMMENTS</b>
598-0657	Health and Nutrition Technical Services	David Losk X2488	Eunyong Chung R&D/N (703) 875-4074	YES	PL 480 Title II	Title II local funds only
598-0659	Education and Human Resource Technical Support	Ned Van Steenwyk X2481	Leo Garza LAC/DR/EHR (202) 647-8158	YES	522-0273 Primary Education Efficiency	Buy-in for education and human resource development activities
936-3018	Contraceptives Procurement	Angel Coca X2491	Mark Rilling R&D/POP (703) 875-4492	YES	522-0369 Private Sector Population Program II	OYB transfer
936-3030	Population Council	Maria del Carmen Miranda X2329	Barbara Feringa R&D/POP/R (703) 243-8666	YES	522-0369 Private Sector Population Program II	Buy-in PVO activities
936-3041	Family Health International	David Losk X2488	James Shelton R&D/POP/R (703) 875-4510	YES	522-0216 Health Sector II 522-0369 Private Sector Population Program II	Buy-in National Health Surveys (IHIS)
936-3043	Expansion and Improvement of Family Planning Services in Latin America and the Caribbean	Maria del Carmen Miranda X2329	Anne Wilson R&D/POP/FPSP (703) 875-4658	YES	522-0369 Private Sector Population Program II	IPPF support to ASHONPLAFA
936-3046	Resources for the Awareness of Population Impacts on Development (RAPID IV)	Maria del Carmen Miranda X2329	Ellen Starbird R&D/POP/P&E (703) 875-4581	YES	522-0369 Private Sector Population Program II	Buy-in

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**STRATEGIC OBJECTIVE 4: Healthier, Better-Educated Hondurans**

PROJECT NUMBER	PROJECT NAME	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE#	INTEGRAL PART OF MISSION PROGRAM	PART OF MISSION PROJECT	COMMENTS
936-3051	Contraceptive Social Marketing II	Maria del Carmen Miranda X 2329	Tom Morris R&D/POP/FPSD (703) 875-4773	YES	522-0369 Private Sector Population Program II	Needed for Social Marketing
936-3055	Family Planning Management Development	Maria del Carmen Miranda X 2329	Maria Busquets-Maura R&D/POP/IT (703) 875-4768	YES	522-0369 Private Sector Population Program II	Buy-in Management Assistance to ASHONPLAFA
936-5472	AIDS Control and Prevention (AIDSCAP)	David Losk X 2488	Melody Trott R&D/H/AIDS (703) 875-4641	YES	522-0216 Health Sector II	May be buy-in/Core Funding for Mission AIDS activities
936-5818	Learning Technology for Basic Education (LearnTech)	Ned Van Steenwyk X 2481	Jim Hoxeng R&D/ED (703) 875-4490	YES	522-0273 Primary Education Efficiency	IOC
936-5966	Maternal & Neonatal Health Nutrition (Expanded Program in Breast-feeding)	David Losk X 2488	Mary Ann Anderson R&D/H (703) 875-4521	YES	522-0216 Health Sector II	-----
936-5969	Technology for Primary Health Care II (PRITECH II)	David Losk X 2488	Al Barlett R&D/H (703) 875-4636	NO	522-0216 Health Sector II	-----

**CENTRALLY AND REGIONALLY FUNDED PROJECTS  
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**STRATEGIC OBJECTIVE 4: Healthier, Better-Educated Hondurans**

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936-5970	Technical Advisers in AIDS and Child Survival (TAACS)	David Losk X 2488	Dale Gibb R&D/H (703) 875-4556	YES	522-0216 Health Sector II	Buy-in Funds Stan Terrell and Herb Caudill - HHS PASAs
936-5984	Communication and Marketing for Child Survival (HealthCom)	David Losk X 2488	Holly Fluty R&D/H (703) 875-4526	YES	522-0216 Health Sector II	In Honduras until 12/31/93 Follow-on expected
936-5110	Food & Nutrition Monitoring and Support	David Losk X 2488	Eunyong Chung R&D/N (703) 875-4074	NO	---	Project did food security studies (RD). We expect project will soon be supporting micronutrient activities (replacing IMPACT)
936-5116	Vitamin A for Health	David Losk X 2488	Frances Davidson R&D/N (703) 875-4118	NO	---	This has no cost to the Mission

**CENTRALLY AND REGIONALLY FUNDED PROJECTS  
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**STRATEGIC OBJECTIVE 5: More Responsive Selected Democratic Institutions and Processes, with Greater Citizen Participation**

<b>PROJECT NUMBER</b>	<b>PROJECT NAME</b>	<b>MISSION CONTACT</b>	<b>WASHINGTON CONTACT NAME/OFFICE/PHONE#</b>	<b>INTEGRAL PART OF MISSION PROGRAM</b>	<b>PART OF MISSION PROJECT</b>	<b>COMMENTS</b>
598-0661	Evaluation of Caribbean and LA Scholarship Program	Ned Van Steenwyk	John Jessup LAC/DR/EHR (202) 647-8044	YES	522-0364 Honduras Peace Scholarships II	Buy-in for evaluation activities (HOPS Evaluation)
598-0791	Regional Technical AID Center (RTAC)	Ned Van Steenwyk	John Jessup LAC/DR/EHR (202) 647-8044	YES	---	1993 OYB transfer
598-0805	AIFLD Union to Union II	Karen Otto X 2473	Eric Bolstad LAC/CI (202) 647-4380	YES	522-0246 Strengthening Democratic Institutions	-----
598-0806	AIFLD Core Grant II	Karen Otto X 2473	Eric Bolstad LAC/CI (202) 647-4380	YES	522-0246 Strengthening Democratic Institutions	-----
936-5818	Learning Technology for Basic Education (LearnTech)	Karen Otto X 2473	James Hoxeng R&D/ED (703) 875-4490	YES	522-0273 Primary Education Efficiency	Civic Education
596-HG-006	Shelter Sector and Urban Development	Mario Pita X 2750	Ronald Carlson ROCAP (502) 2 - 320202	NO	---	CABEI
596-0167	Local Government Regional Outreach Strategy Housing Guaranty (LOGROS)	Mario Pita X 2750	Ronald Carlson ROCAP (502) 2 - 320202	NO	---	Housing Guarantee

**CENTRALLY AND REGIONALLY FUNDED PROJECTS  
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**STRATEGIC OBJECTIVE 5: More Responsive Selected Democratic Institutions and Processes, with Greater Citizen Participation**

<b>PROJECT NUMBER</b>	<b>PROJECT NAME</b>	<b>MISSION CONTACT</b>	<b>WASHINGTON CONTACT NAME/OFFICE/PHONE#</b>	<b>INTEGRAL PART OF MISSION PROGRAM</b>	<b>PART OF MISSION PROJECT</b>	<b>COMMENTS</b>
597-0002 598-0642.1	Regional Administration of Justice Project	Karen Otto X 2473	Debra McFarland LAC/DI (202) 647-4380	NO	---	Provides support to judicial systems in region, implemented by ILANUD
598-0770	Regional Legislative Strengthening	Karen Otto X 2473	Sharon Isralow LAC/DI (202) 647-4380	NO	---	Enhances administrative capabilities of regional legislatures
598-0802	Central American Journalist Strengthening	Karen Otto X 2473	Sharon Isralow LAC/DI (202) 647-4380	NO	---	Strengthens professionalism and ethics among journalists and media owners in region

**CENTRALLY AND REGIONALLY FUNDED PROJECTS  
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**STRATEGIC OBJECTIVE: Other**

<b>PROJECT NUMBER</b>	<b>PROJECT NAME</b>	<b>MISSION CONTACT</b>	<b>WASHINGTON CONTACT NAME/OFFICE/PHONE#</b>	<b>INTEGRAL PART OF MISSION PROGRAM</b>	<b>PART OF MISSION PROJECT</b>	<b>COMMENTS</b>
596-0169	INCAP Instructional Strengthening	Emily Leonard	Lars Klassen ROCAP	NO	---	-----
536-5737	Biomass Energy Systems and Technology (BEST)	Francisco Figueroa	William Pumfrey R&D/ESI (703) 875-4694	NO	---	Did Activity in charcoal production Forestry development
596-0146	Regional Central American Rural Electrification Support (CARES)	Francisco Figueroa	Mario Funes ROCAP (502) 2 - 335250	NO	---	-----
930-0185	A.I.D./Israel Cooperative Development Program	Al Merkel	Ed Lijewski R&D/AGR (703) 875-4300	NO	---	-----
931-1254	Sorghum/Millet CRSP (Intsormil)	Vincent Cusumano	Harvey Hortick R&D/AGR/AP (703) 875-4304	NO	---	Uses some Local Currency under PL 480 Title III Does good work in grain policy here
936-5455	Appropriate Technology International II	Al Merkel X 2680	Roberto Castro R&D/EID (703) 875-4502	NO	---	Did activity in Cocoa area - lack of follow up Cashew activity with FPX
936-5600	Innovative Scientific Research II	Vincent Cusumano/ Wesley Kline	John Daley R&D/R (703) 875-4134	NO	---	Science advisor research grants (see attachments)

**PROGRAM IN SCIENCE AND TECHNOLOGY COOPERATION GRANTS**

	<u>Title, Principal Contact and Institution</u>	<u>Co-Investigators</u>	<u>Proposal No.</u>	<u>Grant Amount</u>	<u>Beginning Date</u>	<u>Expiration Date</u>
1.	<b>High Density Planting of Palm-Heart Production</b> Bichner, PhD. FHIA	M. Balich, PhD. New York Botanical Garden	9.396	\$141,815	June, 1989	June, 1994
2.	<b>Utilization of a Host-Specific Phytotoxin in Black Sigatoka Plantain and Banana</b> Molina, PhD.	G. Strobel, PhD. FHIA Montana State University	9.395	\$148,933	June, 1989	June, 1993
3.	<b>Optimizing the Rhizobium-Host Symbiosis for Increased Beans Production</b> J. Handelsman, PhD. University of Wisconsin	J. C. Rosas, PhD. Escuela Agrícola Panamericana	10.189	\$120,195	September, 1990	September, 1993
4.	<b>Drought Tolerance in Congruity Backcrosses of Phaseolus</b> P.D. Ascher, PhD. University of Minnesota	Carl J. Rosen, PhD. and P.H. Graham, PhD. University of Minnesota  J. C. Rosas, PhD. Escuela Agrícola Panamericana	11.290	\$149,846	October, 1992	October, 1996
5.	<b>Regulation of the Enzymes of Ureide Biosynthesis in Tropical Varieties of Legumes</b> F. Sánchez, PhD. and M. Lara, Ph Universidad Nacional Autónoma de México	D. Bustos, PhD. University of Maryland  J. C. Rosas, PhD. Escuela Agrícola Panamericana	12.367	\$150,000	March, 1992	March, 1995
6.	<b>Evaluation and Selection of Banana Hybrids Resistant to Race 4 <u>Fusarium Oxysporum</u> f. sp. <u>Cubense</u> (Panama Disease)</b> C. Ploetz, PhD. University of Florida	Rosales, PhD. FHIA	12.162	\$139,000	August, 1991	August, 1995