

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS. 92526  
 2. USE LETTER QUALITY TYPE, NOT DOT MATRIX TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/Honduras/ANRO</u> (ES# <u>FY95-1</u> )		B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>95</u> Q <u>1</u>		C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>	
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D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date for the evaluation report.)

Project No.	Project / Program	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
N/A	FY92-94 PL-480 Title III Program	92	09/94	\$42,000,000	\$38,000,000

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required  1. USAID/Honduras submits to Washington a PL-480 Title III Program Proposal for FY95/97.  2. USAID/Honduras completes negotiation process of the new PL-480 Title III Program with the GOH.	Leon Waskin, DF  Michael Wise, ANR	Completed  09/30/95

APPROVALS

F. Date of Mission Or AID/W Office Review Of Evaluation: (Month) 11 (Day) 30 (Year) 94

G. Approvals of Evaluation Summary And Action Decisions:

Name (Typed) Signature Date	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission of AID/W Office Director
	Busmail/MWise		CZambrana/LSimard	Marshall D. Brown
	<i>[Signature]</i>		<i>[Signature]</i>	<i>[Signature]</i>
	1-11-95		1/27/95	

**ABSTRACT**

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

The long-term goal of the FY 1992-94 PL-480, Title III Program is to reduce malnutrition and increase food security in Honduras by promoting broad-based economic growth. The Program combines policy reform with the monetization of wheat to implement local currency funded activities to achieve its goal of improved food security for the Honduran population.

During its presentation of its 1994 Action Plan, USAID/Honduras was requested by AA/LAC to complete its planned evaluation of the 1992-94 PL-480 Title III program prior to submitting a proposal for a follow-on program. The final evaluation would be the basis for the approval of a new Title III Program. USAID undertook this internal evaluation during the Summer of 1994.

The purpose of the evaluation was to assess the overall performance of the 1992-94 PL-480 Title III Program. The program cannot be evaluated in isolation. It successfully builds upon a base of macroeconomic reforms supported by prior ESF, Development Assistance and PL-480 programs. The policy reforms associated with the FY92-94 Title III Program resulted in higher real prices paid to farmers; increased the per capita production, value, and value added of agricultural output; raised household incomes among the poorest of the poor; reduced poverty levels, and increased per capita caloric availability. Through sector specific interventions, the program has improved availability of food at the national level by increasing production and foreign exchange earnings. In addition to the value of the commodities as food, at the household level, activities funded with local currency have increased the access of family members to improved quantities and qualities of food. Program support to the natural resources sector has increased production, improved sustainability, and made food utilization more efficient through protection of land, forest, and water resources.

The Title III Program also leveraged a \$110 million agricultural sector adjustment credit from the World Bank (IBRD) and InterAmerican Development Bank (IDB). Most directly, it has provided over 200,000 metric tons of wheat, valued at approximately \$38.0 million, to an increasingly food-deficit population. Based on all these findings, the evaluation calls for the development of a subsequent Title III Program.

**Lessons Learned**

The major lessons learned identified in the final evaluation report are: a) the balance of payments component of the Title III program is an effective means of securing significant policy changes which enhance food security, particularly when local currency generated from sale of commodities is programmed to activities which support implementation of the reforms; b) program success was enhanced by integration with several of the Mission's DA-funded activities and close coordination with programs of other major donors in the agricultural sector, particularly the IBRD and IDB; c) the impact on improved food security is enhanced when the policy reform agenda is comprehensive; d) policy reforms have limited effectiveness if not maintained and fully implemented, and in many cases, deepened.

**COSTS**

**I. Evaluation Costs**

1. Evaluation Team		Contract Number OR	Contract Cost OR	Source of Funds
Name	Affiliation	TDY Person Days	TDY Cost (U.S. \$)	
Michael Wise	USAID/Honduras	22		DA
Armando Busmail	USAID/Honduras	13		
Thomas Johnson	USAID/Honduras	9		
Roberta Van Haeften	LAC/TECH Project	15	\$5,000	

2. Mission/Office Professional Staff  
 Person-Days (Estimate) 44 Person-Days  
 Please note this was an internal evaluation.

3. Borrower/Grantee Professional  
 Staff Person-Days (Estimate) Not applicable.

# A.I.D. EVALUATION SUMMARY - PART II

## SUMMARY

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

Address the following items:

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|--|--|
| <ul style="list-style-type: none"> <li>● Purpose of evaluation and methodology used</li> <li>● Purpose of activity(ies) evaluated</li> <li>● Findings and conclusions (relate to questions)</li> </ul> | <ul style="list-style-type: none"> <li>● Principal recommendations</li> <li>● Lessons learned</li> </ul> |
|--|--|

Mission or Office  
USAID/Honduras

Date This Summary Prepared:  
December 6, 1994

Title And Date Of Full Evaluation Report:  
An Evaluation of the FY92-94 Honduras Title III Program. September 1994.

### 1. Purpose of the Evaluation and Methodology Used

The purpose of this final evaluation was to assess the overall performance of the FY92-94 PL-480 Title III Program. The evaluation indicates how program strategies affected goal achievement, identifies important lessons learned, and includes important conclusions and recommendations for improving food security in Honduras.

An evaluation team, chaired by the Deputy Mission Director, was formed with representation from the appropriate offices and organizations. USAID officers, contractors, host government officials and employees of NGO's were also involved. A guide was developed to insure that all aspects, levels and timeframes of food security could be consistently investigated. A basic framework for food security analysis was developed for use by each team member. The evaluation team developed a logical framework for the program which guided the research and report structure. Once the basic analytical pieces of the evaluation were assembled and drafts of the various sections were written, technical assistance was obtained from the LAC/RSD LACTECH project. Using this assistance, all preliminary analyses were reviewed and analyses were completed. The parts of the evaluation were assembled into a draft which underwent several reviews and modifications. In September 1994, the final draft was approved by the Mission and sent to Washington.

The evaluation team reviewed the impact of the commodities as food, as well as status and impacts of both the policy reform measures and the local currency funded activities in terms of increased food availability and improved food access by the poor, as well as their contribution to effective food utilization.

### 2. Purpose of the Program

Under the FY92-94 Title III Program, 205,000 metric tons of wheat valued at approximately \$38.0 million were imported into Honduras. The program was designed to increase food security of the Honduran population by removing constraints to domestic food production and increasing foreign exchange to make possible adequate food imports. It proposed to maintain production increases by preserving the natural resource base upon which production depends. This would be accomplished through policy reforms and support to specific sector activities with direct links to improved food security.

The Title III Program contributes to the Mission's Strategic Objectives 1, 2, and 3: Enhanced Economic Participation & Increased Incomes Of The Poor, Effective Stewardship of Key Natural Resources For Sustainable Economic Growth and Improved Family Health, respectively.

An essential prerequisite to the success of the Title III Program was an improved macroeconomic framework achieved during 1990 and 1991. The 1992-94 Title III Program was designed to support the extension of these reforms into the agricultural and natural resource sectors. It assisted passage of the Agricultural Modernization and Development Law (AMDL), the most comprehensive legislative reform of agriculture in Central America; and it continues to help implement many of the AMDL's initial reforms and institutional changes.

### 3. Findings and Conclusions

The findings of the evaluation directly related to the Title III program policy reforms are: a) the real producer price index (prices paid to farmers adjusted for inflation) rose 38 percent after a decade long decline; b) by 1993, agricultural producer prices as a whole, as well as for basic grains and traditional exports, were substantially higher than those received by producers during the 1980s; c) the area planted in basic grains increased 13 percent and the

## SUMMARY (Continued)

a) maize planted in the leading nontraditional crop, melons, increased 200 percent in the first year of the reforms; b) agricultural production (measured by 25 crop and livestock products) increased 6.9 percent in the first year of reform and has increased by an annual average of 3.7 percent during the program period; c) the quantity of basic grains, produced largely by poor rural families on parcels of less than five hectares, increased 10 percent during the first two years of the reforms; d) rural households in the bottom 20 percent of income distribution declined by 12.8 percent from 1989 to 1993, faster than any other segment of the population; and e) the proportion of poor in rural areas was 23 percent lower in 1993 than in 1991, while urban poverty increased 18 percent over the same period.

As a result of the Title III local currency funded activities which improve household access to food, the evaluation found that: a) one project assisted the creation of 42,000 jobs, 70 percent of which went to women, and over \$500 million in foreign exchange was earned; b) in 1993 alone, locally owned credit unions assisted by the Small Farmer Organization Strengthening Project (SFOS) made over \$28 million available to small farmers in 45,600 production loans; c) approximately 1,200 households now produce 150,000 metric tons of food annually on 160 small irrigation systems covering 5,258 hectares; d) over 6,000 small farm families have improved management practices on 10,000 hectares of marginal hillside land, increasing production by 50 percent and incomes even more; e) a targeted food coupon program has benefited over 600,000 poor children and almost 70,000 poor, pregnant or lactating mothers through 1993; f) benefits of a Title III financed agricultural research program produced over \$8.3 million in foreign exchange and created 6,375 jobs in 1993 alone; and g) 10,000 farm families using improved production technology have increased incomes by more than 25 percent.

The evaluation concludes that Title III supported policy reforms and local currency funded activities made significant and measurable impacts on availability and access to food within Honduras, especially among the rural poor. It also concludes that continued reform is necessary, as is effective implementation of the reforms.

#### 4. Principal Recommendations

The evaluation recommends that a subsequent Title III Program be developed to continue the progress made under the FY92-94 Program. Like the subject program, it should continue efforts to increase food availability and improve food access by the poor, as well as contribute to effective food utilization.

The evaluation also recommends sustained support for policy reforms that improve food security for the rural poor through increased production and incomes; and it recommends funding local currency activities which are consistent with policy reforms and obviate negative impacts of reform on the poor.

#### 5. Lessons Learned

The principal lessons learned and highlighted by the evaluation of the FY92-94 Title III Program are: a) the balance of payment component of the Title III program is an effective means of securing significant policy changes which enhance food security, particularly when local currency generated from sale of commodities is programmed to activities which support implementation of the reforms; b) program success was enhanced by integration with several of the Mission's DA-funded activities and close coordination with programs of other major donors in the agricultural sector, particularly the World Bank and InterAmerican Development Bank; c) the impact on improved food security is enhanced when the policy reform agenda is comprehensive; and d) policy reforms have limited effectiveness if not maintained and fully implemented, and in many cases, deepened.

## ATTACHMENTS

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

Attachment A: Statement of Work

Attachment B: An Evaluation of the FY92-94 Honduras Title III Program. September 1994.

Attachment C: Outline of Basic Program Identification Data

## COMMENTS

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

The report of the PL-480 Title III Program final evaluation satisfies the demands of the scope of work to the degree the information was available. The evaluation led to a PL-480 Title III Program Proposal for FY95/97 that was considered a model by USAID/Washington. If the new FY 95/97 Title III Program is not funded, ongoing policy reform in the agricultural sector will remain incomplete, and the local currency requirements for both the GOH and USAID/Honduras programs and projects will not be fully funded.

A one year household survey of almost 3,000 rural and urban households was contracted by the Mission and will be available for analysis in December, 1994. The purpose of this effort is: a) to evaluate the impacts of social compensation programs financed by PL-480; b) to obtain indicators that will evaluate the socio-economic condition of the Honduran population, especially health and nutrition indicators; and c) to establish a data bank of evaluation information. The evaluation report notes that the survey is critical for measuring impact of future Title III Programs.

## **TITLE III EVALUATION STATEMENT OF WORK**

### **I. Background:**

The current multi-year PL 480 Title III program (the Program) in Honduras began in FY92 and continues through FY94. The goal of the Program is to enhance the food security of Honduras. As stated in the Program Agreement (attached), the overarching problem being addressed by the Program is malnutrition. The Program addresses this problem by supporting the continued reform of policies and practices which are constraints to improved food security. This aspect of the Program involves "Self-Help Measures (SHMs)" agreed to with the Government of Honduras (GOH). A list of the SHMs under the original agreement and subsequent amendments is attached. In addition, local currency generated by the sale of the donated commodities is jointly programmed by USAID and the GOH to support activities which also improve short, medium and longer-term food security conditions. A list of the activities supported by the Program is attached. Finally, the Program supports improved nationwide food security through strengthening the foreign exchange generating capacity of the economy, which will enable the country to finance necessary imports of food.

### **II. Purpose of the Evaluation:**

The purpose of the evaluation is twofold: (1) to identify the achievements of the Program in meeting its food security objectives, including food availability, access and utilization; and, (2) to document the linkage of the Program to achievement of the Mission's Strategic Objectives.

### **III. Statement of Work:**

In achieving this purpose, the evaluation team shall examine four complementary areas:

- 1) Program policy conditionalities, known as "Self-Help Measures" (SHMs)
- 2) Activities funded by the Title III local currency generated under the program
- 3) The overall impact of the total Title III Program on food security
- 4) The overall progress of the Title III program in meeting PL 480 legislative objectives

In addition, the team should examine the food security relationship of several Mission activities, to lay the basis for possible future support of these activities under a new Title III program.

#### **A. Policy Conditionalities**

The evaluation team will:

- a) Determine which SHMs have been met by the GOH;
- b) Review Program documents and interview Program Managers to determine what were the intended impacts of those SHMs on the food security objectives of the program, and their linkage to the Mission's SOs; and,
- c) Identify the actual impacts of the SHMs on the food security objectives of the program, and their linkage to achievement of the Mission's SOs.

#### **B. Local Currency Funded Activities**

The evaluation team will:

- a) Review Program documents and interview Program Managers to determine what were the intended impacts of LC funded activities on the food security objectives of the program and their linkage to the Mission's SOs; and,
- b) Identify the actual impacts of the LC funded activities on the food security objectives of the program and their linkage to achievement of the Mission's SOs.

#### **C. Overall Impact of Title III Program on Food Security**

The evaluation team will:

- a) Assess the effect of policy conditionalities (SHMs) and LC program support on all three aspects of food security in Honduras: availability of food (including foreign exchange impact), access to food, and utilization of food.

#### **D. Overall Progress of the Title III Program in Meeting PL 480 Legislative Objectives**

The evaluation team will:

- a) Review PL 480 legislative objectives and assess the overall progress of the Honduras Title III program in meeting those objectives.

**E. Relationship of Other Mission Activities to Enhancing Food Security**

The evaluation team will:

- a) Examine the possible relationships of several Mission activities, including health, family planning, nutrition (including the PL 480 Title I program), microenterprise development, and primary education to enhanced food security.
- b) Recommend whether to support these activities under a new multi-year Title III program, and if so, on what basis.