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FY 1994-95

ACTION PLAN



USAID/HONDURAS

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USAID/HONDURAS
FY 1994-95 ACTION PLAN
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OVERVIEW

Honduras, a nation of nearly five million people, is one of the poorest countries in Latin America. Having made a number of social strides since the 1970s, begun the democratization process in the 1980s, and engaged in a sweeping economic reform in the early 1990s, all with strong A.I.D. support, upcoming elections have brought Honduras to a crossroads. Does the country continue to take the politically difficult steps needed to keep pace with other nations as we enter the 21st century or does it pull back to more familiar patterns that will doom it to falling further behind its neighbors. The program presented in this Action Plan focuses on helping Honduras to continue along the modernization path.

The Country Situation

The Honduran economy was essentially stagnant from the 1980s through 1990 due in part to external factors, but even more to poor policies and an inward-looking, inefficient private sector. In 1991, the sweeping and comprehensive economic reform program begun in 1990 by the administration of President Callejas, combined with positive private sector response, helped the economy shift into a growth mode. With the approaching November 1993 elections, however, increasing political pressure threatens the reforms and Honduras' economic future.

The majority of Honduras' population is poor. In 1992, Honduran per capita GNP was \$634. According to a UNDP study, over 60 percent of the population earn are less than \$100 per month; 30 percent earn less than \$50 per month. Despite significant progress in the social sector since the 1970s, too many Hondurans still suffer from high infant mortality, poor health, inadequate education, unemployment, and inadequate access to basic services and shelter. Moreover, the economic adjustment begun in 1990 did, as anticipated, impact adversely on the poor, although the social-safety-net programs cushioned some of that impact. A 1992 Mission analysis of the Planning Ministry's biannual household survey that looked at ability to purchase the basic food basket revealed that the percentage of the population below the poverty line increased from approximately 65 percent in June 1988 to about 74 percent in May 1991. Inflation was the most significant contributing factor. This situation should begin to improve now that most market price adjustments have taken place and as economic growth and thus employment increase.

In November 1989, Honduras held its third consecutive free and fair general election for national and local officials. However, there is not yet a deep sense among people about the values of free and open debate, tolerance for opposing opinions, and a government of laws by the people and of the people. Key democratic institutions are traditionally weak, hampered by poor administration, insufficient budgets, and staffs whose tenure is unstable or who are poorly qualified. Key among these institutions is the justice system which is critical to upholding the rule of law, without which there can be little sustained social, economic, or political development.

The natural resources situation also threatens sustained economic progress, and the well-being of the population. Honduras is one of the most geographically and biologically diverse countries in Central America. However, its forests and other natural resources are being exploited with little or no consideration for sustainability. In the past 25 years, Honduras has lost half of its four million hectares of broadleaf forest and the volume of commercial pine timber has declined by more than 40 percent. In addition, the area dedicated to agriculture and pastures exceeds by almost 50 percent the land area suited to such production.

The A.I.D. Program in Honduras

The USAID/Honduras program is built around the concept that the development of a country involves integrating its population into its economic, social, and political processes so that they contribute to and benefit from national progress. Reducing poverty and stimulating economic growth are at the heart of our strategy. At this stage in Honduras' development, economic growth is critical. High growth is inextricably linked to reducing the country's widespread poverty, improving social services, preserving the environment, and strengthening democratic institutions. Meanwhile, improvements in these other areas should, in turn, spur more growth, creating a positive development cycle instead of the downward development spiral that accompanies economic decline.

To promote economic growth, the Mission is integrating project, ESF, and PL 480 resources to (1) support economic policy reforms in the agriculture, trade and investment, and financial sectors and (2) encourage a vigorous private-sector-led employment generating response to those reforms, especially, but not exclusively, with regard to export production. Within this picture, agriculture receives separate focus from the rest of the productive private sector because, over the short to medium term, we see agriculture as the one sector that can respond most quickly to improved policy signals and opportunities, and can increase outputs most significantly. Several projects specifically target small farmers, and small and microenterprises. Employment generation is an important output of our economic-growth projects.

Goals

1. Equitable and sustainable economic growth and development
2. Consolidation of the Honduran democratic system

Strategic Objectives

1. Increased agricultural production and exports
2. Increased private investment and trade
3. Improved management--toward long-term sustainability--of selected natural resources
4. Healthier, better-educated Hondurans
5. More responsive selected democratic institutions and processes, with greater citizen participation.

In the interest of sustained economic growth and the well-being of the Honduran population, the USAID program is using policy dialogue and project assistance to support efforts to arrest forest, land resource, and watershed deterioration. These efforts include development, implementation, and enforcement of a new policy framework, and support for effective activities of private-sector environmental groups.

To help improve the quality of life of poor Hondurans, improve their productivity, and prepare them to participate in democratic processes, the USAID program has sectorwide projects in health and education. The health program focuses on primary health for children under five and their mothers. The education program currently focuses on efficiency, coverage, and quality of primary education. As the education project nears completion, we propose a follow-on that will extend basic education to out-of-school youths and adults through alternative systems and nonformal vocational training.

The USAID program to consolidate democracy in Honduras is focusing on strengthening democratic institutions and increasing citizen participation. A primary focus of the Mission democracy programs is the judicial system, since Honduras cannot develop to its social and economic potential without honest courts to uphold personal and property rights guaranteed by law, especially in the face of government excesses. Anti-corruption, through effective Inspector General operations is a key theme, both within the judicial system and throughout government. A new project in this area is planned for FY 1993. The second major element of our democracy program is municipal development because it is at this level that citizens can have the strongest say in decisions that affect their daily lives and that opportunity for participation is greatest.

Performance

The USAID/Honduras program has made good to excellent progress, for the most part, at the various levels of the Strategic Objective Framework. We can even cite progress at the goal level with respect to overall performance of the economy, as a result of the Government's economic reform program--a program that has received strong support from A.I.D. balance-of-payments and project assistance.

Following relatively good economic performance in 1991, the Honduran economy grew at 4.3 percent, exceeding earlier projections. Per capita income grew for the first time since 1989. The consolidated budget deficit as a share of GDP dropped to roughly 3.5 percent, less than half of what it was in 1990. Inflation, which had accelerated to 34 percent in 1991, has returned to single-digit rates. After substantial devaluation, the exchange rate has stabilized, and there are signs that some flight capital has started to return to Honduras. Even the country's external debt has come down to more modest levels.

Significantly, the adjustment program appears to be producing gains in many segments of the economy; and the worst adverse effects of structural adjustment on lower-income groups probably have passed. Latest data show the manufacturing sector growing at almost 12 percent per year, and continued progress in nontraditional agricultural export

Improving Equity

Health Sector II

- Infant mortality decreased from 61 per thousand live births in 1985 to an estimated 45 in 1992. This is lower than the other Central American countries, except Costa Rica.
- Children under one who were vaccinated against diphtheria, measles, polio, and tuberculosis exceeded 86% in 1991. Except for measles immunizations in Costa Rica, Honduras' record is the best in Central America.
- Some 157,000 rural dwellers now have potable water for the first time.

Primary Education

- Over 1,800 school classrooms, serving approximately 72,000 children, have been built/renovated since 1986.
- Three million textbooks for grades 1-3 have been distributed; another 6 million for grades 4-6 are in preparation for distribution this year.
- The number of primary school students graduating from the sixth grade has increased 34% since 1986.

Vocational Training

- Over 15,000 people (young people or workers who require new skills for supporting their families in a changing economy) have been trained under the U.S.-supported CADERH program.
- Sixteen CADERH training centers provide job-entry and skill-upgrading training to over 3,000 people annually. Approximately 30% of the trainees have been women, and many are single mothers who would have difficulty obtaining gainful employment.

Small Business II (primarily enterprises with 1-10 employees)

- Over 25,000 loans have been made to small and microenterprises since 1988.
- Fifty-five percent of borrowers have been women; over 18,700 jobs have been created.

Honduras Peace Scholarships

- Over 2,000 Hondurans have been sent to the United States for long- and short-term studies in virtually all economic sectors.
- Over 80 percent of the trainees have been socially or economically disadvantaged.

PL 480 Title II

- The School Feeding Program provides milk and cereals for approximately 300,000 of the neediest pre-school and primary-school children in the country.
- The Maternal Child Health program provides food to approximately 12,000 nutritionally vulnerable mothers and 104,500 children.

Population II

- Couples using contraceptives increased from 27% in 1981 to 47% in 1991. (The ideal for any country is the 60-65% range.) This has helped decrease infant mortality, maternal morbidity and mortality, and lower the population growth rate.
- Fertility rates in women of reproductive age decreased from 5.6% in 1987 to 5.1% in 1991.

Export Development and Services

- Agricultural and industrial investment programs have generated an estimated 53,000 jobs; about 85% of jobs generated by the industrial program are held by women.

growth. Most employment indicators also show improvement. For example, open unemployment has decreased 0.5 percent in the last two years. Jobs generated by A.I.D. projects alone are increasing by the thousands annually. And inflationary pressures, which had produced sharply increased food costs for urban residents are abating, while improved pricing policies, at least in the early stages of the adjustment, have favored the rural population, the poorest in the country.

Progress toward Strategic Objectives also continued apace in 1992. Narratives and tables in each of the sections on individual Strategic Objectives describe progress against indicator targets in such varied areas as agricultural sector growth, trade, natural-resource protection and conservation, infant mortality reduction, primary-school coverage and efficiency, and increased participation in government processes. Also in 1992, several years of policy dialogue culminated in passage of three landmark pieces of legislation that, if effectively implemented, will greatly facilitate achievement of the agriculture, private sector, natural resources, and democracy targets. As is the case for the macroeconomy, many program areas continue to require close attention to ensure continued progress toward Mission objectives.

Prospects

Honduras has the potential to achieve a much higher level of economic development by the end of this century, one that generates self-sustaining growth and that is able to meet the basic needs of the majority of its population. Such a level of enhanced economic well-being would also provide a solid base for the deepening and broadening of Honduran democracy. Yet, realization of this potential will not be easy.

The critical variable for the future will be the political will of the new Honduran government to maintain and to deepen the reform of its socioeconomic system. In close coordination with the other donors, the U.S. has an essential role to play in persuading the new government that it must stay the sometimes unpopular course and guide the reform process through to fruition.

To play this role successfully, the U.S. will require modest ESF balance-of-payments assistance (i.e., \$20-30 million per year)--in addition to technical assistance, policy dialogue and advice--to leverage our influence, provide tangible evidence of U.S. support, and assist in providing the foreign exchange levels needed to sustain higher growth and to afford a concerted attack on poverty.

After investing \$400 million and forgiving \$430 million of debt in support of Honduran reform since 1990, it would be a tragic waste if the U.S. were to pull back financially at this juncture and let the opponents of reform undercut the most far-reaching economic restructuring in Honduran history.

* * * * *

Strategic Objective Framework Refinements

Last August, with the help of the Monitoring and Evaluation technical-assistance team, USAID/Honduras began a refinement process of the Mission's Strategic Objective (S.O.) Framework which had already received high marks during last year's Action Plan review. The refinement process continued through preparation of this Action Plan.

The individual Strategic Objective sections of this Action Plan and the matrix at Annex A to this document detail the changes. As a group, the refinements:

1. improve the logic of the framework (e.g., some indicators were better measures of outputs than performance and some indicators were better measures of a different program output than the one under which they were previously listed);
2. streamline the framework by reducing the number of performance indicators, program outputs, and program-output indicators; and
3. better articulate/clarify Mission intent.

Two refinements reflect program adjustments that respond to: (1) Section 599, which limits our role in promoting U.S. investment in Honduras; and (2) Honduras' basic education needs.

Program Focus

In keeping with Bureau and Agency emphasis on program focus, the Mission program holds to the five Strategic Objectives approved in last year's Action Plan review.

Within the Strategic Objective Framework, we plan to reduce our portfolio from 28 projects/programs in 1993 to 22 in 1995. Twelve projects are scheduled for completion between now and the end of FY 1995, seven of which will not have any follow-on activity. We plan only two projects starts and two project amendments in the FY 1994-1995 period.

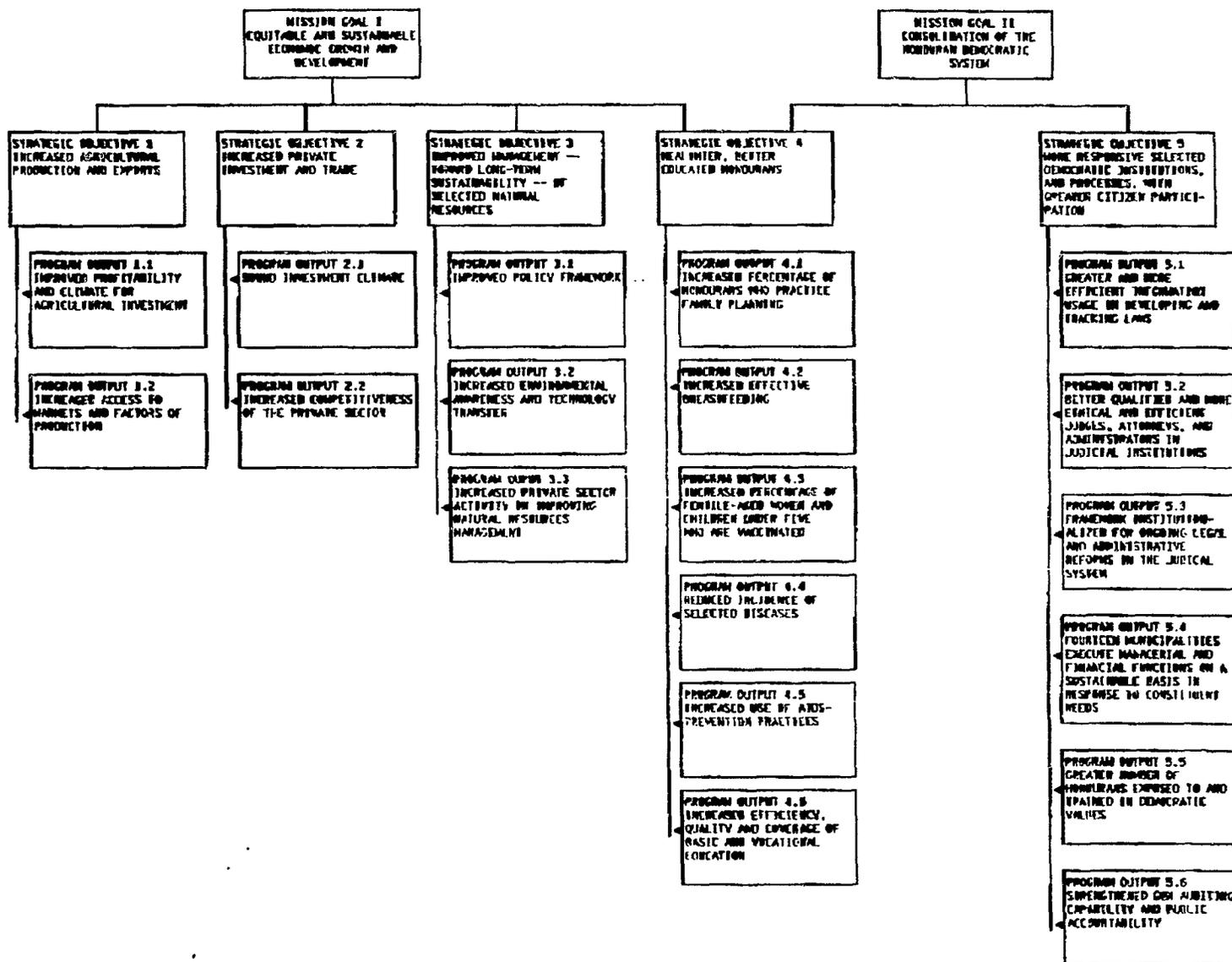
Resource Requirements

The Mission program levels are within the Action Plan controls. We urge holding as close as possible to the 1994-1995 ESF levels to enable us support to the new government's willingness to stay the course in the face of intense pressure by their opponents to backtrack on, or even reverse, Honduras' impressive and apparently successful economic reform program. Our Development Assistance budget is especially tight in FY 1994. A cut to or below our FY 1993 level will require dropping ongoing programs.

The Mission workforce levels are also within the latest AID/W controls and the Mission has identified all the specific positions that will be affected. As discussed in the Resource Requirements narrative, the Mission is undertaking a number of steps that will enable us to implement the program presented in this Action Plan. Further personnel reductions

will, however, force us to begin reducing programs to enable us to maintain our high accountability standards.

USAID/HONDURAS PROGRAM SUMMARY TREE



STRATEGIC OBJECTIVE 1.

INCREASED AGRICULTURAL PRODUCTION AND EXPORTS

A. PERFORMANCE

The agriculture sector grew by 2.9 percent in real terms in 1992, somewhat lower than our projection of 3.2 percent and significantly lower than 1991's impressive 6.3 percent growth rate.

Several exogenous factors contributed to this poorer-than-expected performance. A drastic drop in world coffee prices plus lower banana prices and a labor strike caused substantial impacts in these key traditional export products. Analysts have determined that without these two major externalities we would have seen significant growth (by straightlining 1990 coffee and banana levels, the growth rate would have been on the order of 5 percent) a fact apparently appreciated by entrepreneurs, since activity in the sector appears to remain strong for high-value crops and rural employment-intensive activities. The Honduran Federation of Agricultural Producers and Exporters also reports that, sectorwide, the nontraditional agricultural exports that A.I.D. tracks grew by 28 percent to over \$48 million in 1992 and generated about 3,000 jobs. Since the 1986-87 crop cycle, these exports have generated about 29,000 jobs.

Another contributing factor was the GOH's response to what turned out to be overly pessimistic estimates of grain production due to drought. Although agricultural trade was liberalized a protective tariff remained in effect on basic grains. The GOH temporarily lowered tariffs on rice and corn, resulting in massive imports. These, in turn, dramatically depressed prices for local production in 1992. The lower prices impacted negatively on some farmers' income in the short term, although consumers (especially the poor) benefitted from increased real income.

Passage of the 1992 Agricultural Modernization Law, the major policy dialogue achievement of this sector, secured sweeping reforms in agricultural price and tariff policies, land- and tree-tenure security, and the organization of public sector agriculture and forestry management. Passage of the law is only the beginning of the policy-reform process that will require significant technical assistance and monitoring. In order for these reforms to have their desired impact on sector growth, investment and employment, they must be effectively implemented. Still, the new law, coupled with continued efforts to privatize remaining state-owned enterprises and the trend toward freer trade, contributed to a significant improvement in the climate for agricultural investment in 1992.

If properly implemented, the new law, along with the growth of farmer's organizations, will increase farmer's access to markets and factors of production. Small farmer organizations supported by USAID continued to show phenomenal growth--both in

membership and in assets. Some 55,000 affiliates (14,000 women) are benefitting from membership; rural credit unions alone had a 39 percent growth in assets and a 21 percent growth in membership. As agricultural policy adjustments and the regulations pertaining to the Agricultural Modernization Law begin to be implemented, farmers' access to land markets, financial markets, and output markets will continue to grow. USAID continues to provide technical assistance, training, and selective local currency inputs contributing to this modernization process.

B. REFINEMENTS

There are two broad refinements in the framework for Strategic Objective 1 that (a) result in clearer logic underlying the relationships between means and ends and (b) result in a significantly reduced set of indicators (from 20 to nine) that respond to key manager questions. The refinements do not reflect any change in program substance.

1. The Mission dropped the term **Investment** from the Strategic Objective so that it now reads **Increased Agricultural Production and Exports**. The change makes it clearer that the thrust of the program is on increased production with an emphasis on exports. Increased investment, which is a means to obtaining increased production and exports, is now an Indicator for the first Program Output. Meanwhile, we added two Performance Indicators. One quantifies growth in nontraditional agricultural exports because several of our projects focus on these commodities. The other captures the employment impact of agricultural sector growth.

2. We also determined that achievement of two Program Outputs, (1) **Improved Profitability and Climate for Agricultural Investment** and (2) **Increased Access to Markets and Factors of Production**, are necessary and reasonably sufficient to lead to achievement of the Strategic Objective.

C. EVALUATION

The Monitoring and Evaluation (M&E) Plan for this Strategic Objective consists mostly of information collected through secondary data and the contributing projects. All indicators are quantitative and will be reported on an annual basis. The information needed to monitor changes in these indicators will come from GOH statistics, the agricultural data base that is being maintained by the Policy Analysis and Implementation Project (Agricultural Component), and other project M&E systems.

An issue of special interest in the achievement of this Strategic Objective is "impact on the poor". This has been recognized by the Mission by identifying the following key manager question: "How have people benefitted? That is, what have been the impacts of increases in agricultural production and exports on household incomes, consumption

and nutrition? And in particular, what has been the impact on the poor? on women?". To address these concerns we are financing two special studies. We believe these studies fall into the "linkage study" category.

The first, already underway, will try to trace the effects of the policy reforms on changes in the prices of agricultural commodities and the resulting changes in agricultural output and to estimate the effects of these changes on the incomes of different household groups within the country. Using data from the GOH's Multi-Purpose Household Survey and agricultural production surveys, an analysis is being made of the changes that have occurred in household incomes for eight income classes for urban, rural, rural-agricultural, and rural-nonagricultural classifications. A rural social accounting matrix (SAM) is also being constructed as a basis for analyses of the changes occurring in the agricultural sector by commercial and reform sector and by several different farm-size categories within the commercial and reform sectors. Estimates are also being made of the effect of policy reforms on employment in the agricultural sector.

A second study, expected to start in mid-CY 1993, is a sample household survey designed to obtain detailed information on the food expenditure and consumption patterns of Honduran households and their education and health status as well as information on their incomes and employment. These data will allow users to examine the relationships between public policy and food consumption.

In addition, the GOH will carry out a National Agricultural Census in 1993 which will provide some much needed baseline data for the sector. This census will collect gender-disaggregated information.

PERFORMANCE INDICATORS:

**STRATEGIC OBJECTIVE 1:
INCREASED AGRICULTURAL
PRODUCTION AND EXPORTS**

- A) GROWTH IN REAL AGRICULTURAL SECTOR GDP
- B) EXPORT EARNINGS FROM AGRICULTURE (ANNUAL GROWTH)
- C) EXPORT EARNINGS FROM NONTRADITIONAL AGRICULTURAL COMMODITIES
- D) INCREASED EMPLOYMENT IN THE AGRICULTURAL SECTOR

**PROGRAM OUTPUT 1.1:
IMPROVED PROFITABILITY
AND CLIMATE FOR
AGRICULTURAL INVESTMENT**

**PROGRAM OUTPUT 1.2:
INCREASED ACCESS TO
MARKETS AND FACTORS
OF PRODUCTION**

INDICATORS:

- a) Reduction in Price Distortions Affecting the Agricultural Sector, and Investment in Agriculture.
- b) Investment in Agriculture.

INDICATORS:

- a) Increased Agricultural Land Sales.
- b) Increased Membership in Farmer-owned Organizations.
- c) Net Equity of Farmer-owned Organizations.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
Indicator: 1.A Growth in Real Agricultural Sector GDP				
Unit: Percent Annual Growth		Year	Planned	Actual
Source: National Accounts	Baseline	1990	---	1.2%
Comments: S.O. 1 has been reworded since last year. The term "investment" was dropped from the S.O. since it is a determinant of production and exports, and is tracked separately under P.O. 1.1. Actual growth was lower than expected in 1992 due to reduced production by banana growers which resulted from a strike and to some extent by coffee producers.		1991	2.5%	3.4%
		1992	3.2%	2.9%
		1993	3.5	***
		1994	3.8	***
		1995	4.1	***
	Target	1996	4.5%	***

Indicator: 1.B Export Earnings from Agriculture (Annual Growth)				
Unit: Percent Annual Growth		Year	Planned	Actual
Source: National Accounts	Baseline	1990	---	-0.8%
Comments: Intermediate targets have been added under the "planned" column. Otherwise, this indicator is unchanged from last year. Negative growth for 1990 and 1991 is the result of falling international prices, especially for coffee and bananas. Final 1992 data will be available mid-1993.		1991	0.0%	-3.7%
		1992	5.0%	***
		1993	6.0%	***
		1994	7.0%	***
		1995	8.0%	***
	Target	1996	9.0%	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
Indicator: 1.C Export Earnings from Nontraditional Agricultural Commodities				
Unit: Percent Annual Growth in Export Earnings		Year	Planned	Actual
Source: National Accounts	Baseline	1992	---	Baseline information not yet available ***
Comments: This indicator will be tracked for the first time based on 1992-93 growth. In the past nontraditional agricultural exports (which exclude bananas, coffee, and beef) have been tracked indirectly as a contribution to overall agricultural exports.		1993	6%	***
		1994	6%	***
		1995	7%	***
		1996	8%	***
		1997	8%	***
		1998	8%	***
		1999	9%	***
	Target	2000	10%	***

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE — S.O. 1

Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
Indicator: 1.D Increased Employment in the Agricultural Sector				
Unit: Number of Persons Employed Part or Full Time in Agriculture and Forestry		Year	Planned	Actual
Source: SECPLAN Multi-Purpose Surveys	Baseline	1991	---	567,720
Comments: Planned targets have been calculated on the basis of 3.5 percent annual growth in GDP, which is somewhat in excess of expected population growth rates and would therefore reflect a healthy agricultural economy attracting labor from other sectors and/or putting to work previously unemployed agricultural workers. It also assumes that the sector moves toward labor-intensive, high-value-export commodities in which there is a comparative advantage.		1992	587,590	588,371
		1993	608,156	***
		1994	629,441	***
		1995	651,472	***
		1996	674,273	***
		1997	697,873	***
		1998	722,298	***
		1999	747,578	***
		Target	2000	773,744

Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
PROGRAM OUTPUT NO. 1.1 Improved Profitability and Climate for Agricultural Investment				
Indicator: 1.1a Reduction in Price Distortions Affecting the Agricultural Sector, and Investment in Agriculture				
Unit: A Range of Protection Coefficients		Year	Planned	Actual
Source: Policy Analysis and Implementation Project (522-0325.02)	Baseline	1988	---	0.6-1.29
<p>Comments: A Nominal Protection Coefficient (NPC) in the range of 0.9 to 1.1 supplies a commodity market close to equilibrium (1.0) in terms of policy impacts on price. If the NPC is below 1.0, policy is a disincentive to production; if it is above 1.0, it is a subsidy. This indicator tracks NPC's for a selection of six commodities (bananas, beef, coffee, corn, melons, and sugar).</p> <p>In 1991, sugar (at 0.45) and coffee (at 0.82) were the only commodities outside the target range for the 1990-91 period, whereas in 1988 almost all commodities were outside the ideal range.</p> <p>Data for 1992 will be available April or May, 1993.</p>		1991	0.9-1.10	0.45-0.97
		1992	0.9-1.10	***
		1993	0.9-1.10	***
		1994	0.9-1.10	***
		1995	0.9-1.10	***
		1996	0.9-1.10	***
	Target	1997	0.9-1.10	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
PROGRAM OUTPUT NO. 1.1 Improved Profitability and Climate for Agricultural Investment				
Indicator: 1.1.b Investment in Agriculture				
Unit: Millions of Lempiras		Year	Planned	Actual
Source: National Accounts	Baseline	1990	---	110
Comments: 1992 data not yet available. Information will be available in spring, 1993.		1991	115.5	125.4
		1992	121.3	***
		1993	127.3	***
		1994	133.7	***
		1995	140.4	***
		1996	147.4	***
		Target	1997	154.8

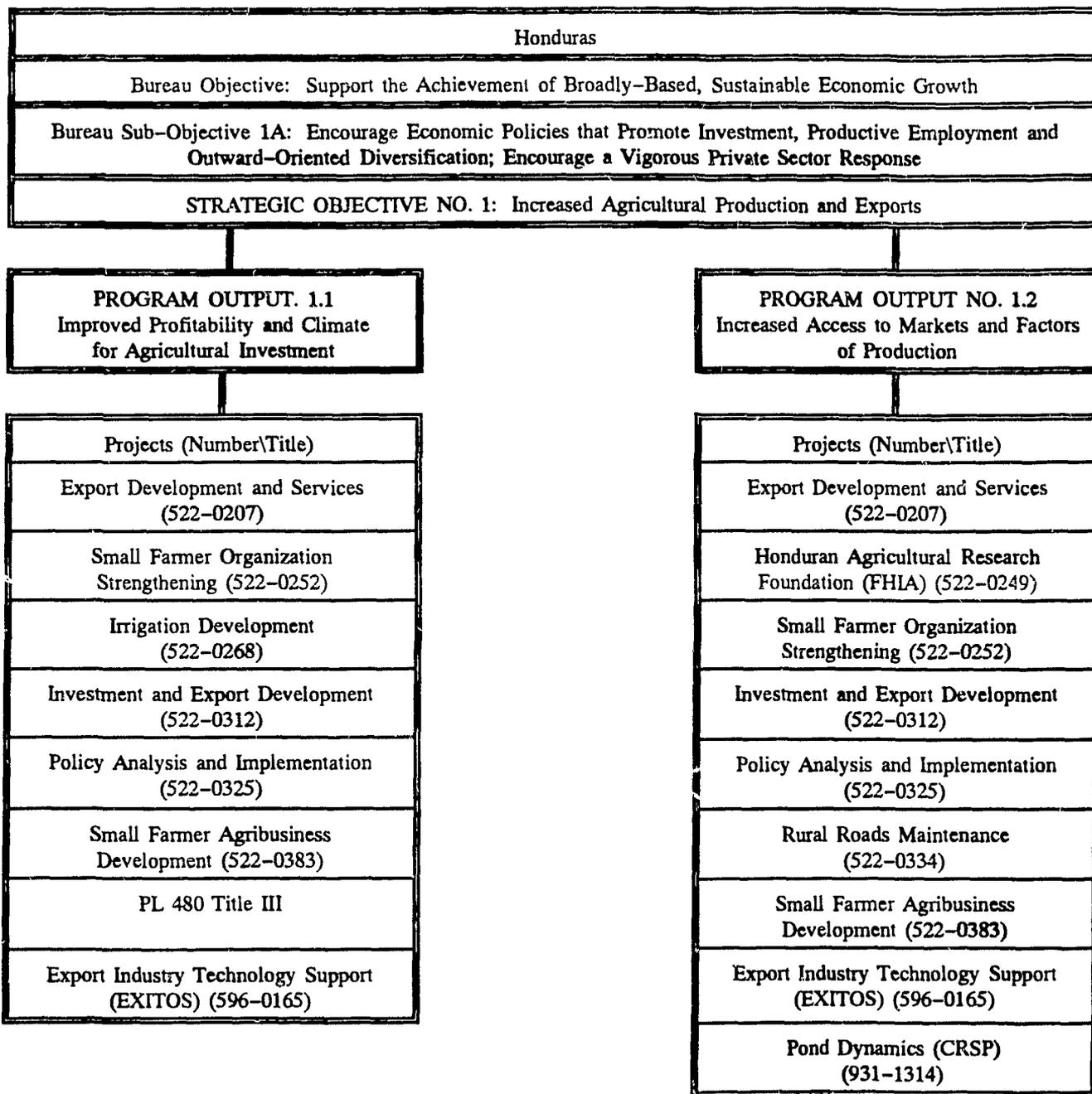
Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
PROGRAM OUTPUT NO. 1.2 Increased Access to Markets and Factors of Production				
Indicator: 1.2a Increased Agricultural Land Sales				
Unit: Number of Land Sales: Total, Women, Men		Year	Planned	Actual
Source: National Property Registry Sales	Baseline Total Women Men	1993	---	Baseline information not yet available ***
Comments: These data are not available as of January, 1993. Development of baseline, targets, and actual results will be a task of a technical assistance team to be fielded in early 1993.	Total Women Men	1994		***
	Total Women Men	1995		***
	Total Women Men	1996		***
	Total Women Men	1997		***
	Target Total Men Women	1998		***

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE — S.O. 1

Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
PROGRAM OUTPUT NO. 1.2 Increased Access to Markets and Factors of Production				
Indicator: 1.2b Increased Membership in Farmer-Owned Organizations				
Unit: Number of Members: Total, Women, Men		Year	Planned	Actual
Source: Farmer Organizations' Records	Baseline Total Women Men	1993	---	Baseline information not yet available ***
Comments: These data not yet available. Development of the baseline and planned targets will be a task of a technical assistance team to be fielded spring, 1993. Thereafter, annual data will be reported and adjusted beginning in 1994.	Total Women Men	1994		***
	Total Women Men	1995		***
	Total Women Men	1996		***
	Total Women Men	1997		***
	Target Total Women Men	1998		***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Increased Agricultural Production and Exports				
PROGRAM OUTPUT NO. 1.2 Increased Access to Markets and Factors of Production				
Indicator: 1.2c Net Equity of Farmer-Owned Organizations				
Unit: Millions of Lempiras		Year	Planned	Actual
Source: Farmer Organization Records	Baseline	1993	---	Baseline information not yet available ***
Comments: Data not yet available. To be developed by technical assistance team to be fielded in spring 1993.		1994		***
		1995		***
		1996		***
	Target	1997		***

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"



STRATEGIC OBJECTIVE 2

INCREASED PRIVATE INVESTMENT AND TRADE

A. PERFORMANCE

USAID/Honduras private sector targets are showing significant program impact. In 1992, manufactured exports to the U.S. jumped by an estimated 43 percent to \$339 million and U.S.-Honduran trade increased by some 35 percent to \$1.6 billion from the previous year's \$1.2 billion. More importantly for the people of Honduras, where combined unemployment and underemployment is estimated at 60 percent, Mission-assisted enterprise programs have generated more than 47,000 new direct jobs since 1988.

ESF-supported Honduran economic reforms aimed at opening the economy helped pave the way for these achievements. By January 1992, the GOH had reduced the import-tariff band from 1990's 0-90 percent range to the targeted 5-20 percent range. In January 1993, the GOH removed the 10 percent surcharge on half of the items to which a surcharge applied. Following an exchange-rate liberalization process begun in 1990, the GOH virtually unified the exchange rate at a floating level in June 1992, ahead of IMF targets. As a result of these profound changes, foreign exchange that was previously almost unobtainable, is available and guaranteed by law for foreign and domestic investment. Investment flows, both foreign and domestic, are also up. Continuation of these reforms, while critical to the economy, is by no means certain, as pressure from powerful reform detractors increases with the approaching November 1993 elections and government transition.

At the sector level, Honduras set the base for improving its investment climate through the June 1992 passage of the ESF-supported Private Investment Law and required implementing regulations. The Law establishes a transparent and simple legal framework for investments that is compatible with a free-market, open economy.¹ In October 1992, the Congress also passed an amendment to the new Investment Law derogating all laws that conflict with it. Much remains to be done to consolidate and deepen the policy and legislative improvements. Honduras must ensure proper implementation of the new Investment Law. With USAID support, the Honduran Council for Private Enterprise (COHEP) and the Foundation for Investment and Development of Exports (FIDE) are monitoring implementation of the Law, including the establishment of a one-stop shop in the Ministry of Economy to speed up investment.

Other legislation currently under active consideration by the GOH to improve the

¹The Law provides for equal treatment of foreign and domestic investment, broadens the sectors where foreign investment can participate, provides for free repatriation of profits and streamlines the procedures for establishing operations in Honduras.

investment climate includes comprehensive intellectual property rights legislation, a new banking law (discussed below), and reform of the Honduran labor code. Although the labor code is considered to be one of the best in the region for protecting worker rights, the outdated law needs to be revised to more adequately address and respond to the needs of a more competitive and open market environment. USAID is also supporting efforts to improve business/labor relations. The GOH, business, and labor are meeting to discuss labor/management problems. As a direct result of meetings held to date, the Ministry of Labor has taken action on several complaints filed with the Ministry and has put into place new procedures aimed at identifying and resolving problems on a timely and equitable basis. These changes should also help prevent labor abuses in the future.

Critical to the ultimate success of all of these efforts is the need to ensure that investor rights are protected through fair application of the law. USAID efforts under the democracy objective (Strategic Objective No. 5) to improve the judicial sector will contribute to this end.

In the financial sector, the Central Bank (BCH) has abolished legal ceilings on commercial-bank interest rates, has eliminated interest-rate subsidies on Central Bank rediscounts, and is phasing out its directed credit lines. The GOH needs to continue modernizing the financial sector to put it on a market basis. The BCH has drafted a new banking law (we expect passage this year), that will encourage greater domestic savings and establish a system that will provide for more efficient savings allocation to productive enterprises. We expect that the legislation will also provide for greater competition among financial institutions, new disclosure rules, restrictions on insider lending, expansion of banking services, and better supervision of the banking system by the Superintendency of Banks. We will need to monitor progress of the legislation and provide technical assistance and training to support its effective implementation.

Lastly, privatization of state-owned enterprises has indeed accelerated over the last year. There were 12 privatizations in 1992 (the largest worth about \$70 million) and there has been one so far in 1993, bringing the total to 31 since the USAID-assisted program began in 1986.

B. REFINEMENTS

The Mission has dropped **Production** from the Strategic Objective so that it now reads **Increased Investment and Trade**, to more clearly highlight the two major thrusts of our private sector programs.

At the Performance level, measuring **Gross Private Investment** in millions of dollars rather than the percent growth used last year provides a clearer achievement measure. Adding **U.S. Honduras Trade** and **Incremental Employment in the Manufacturing Sector** highlights Mission interest in growth in bilateral trade and employment generation. We have dropped **Export Earnings from Manufactures** from this level, but have included **Increased Manufactured Exports to the U.S.** as a Program Output Indicator.

At the Program Output/Indicator level, the Mission reduced the number of Program

Outputs from six to two, and the number of indicators from 20 to seven. First, we dropped **Trade Reforms Adopted** because all indicator targets included in last year's framework were accomplished. The Mission also streamlined the balance of the framework to better reflect the focus of the program (1) by regrouping and subsuming some of last year's Outputs/Indicators under the new **Sound Investment Climate** and **Increased Competitiveness of the Private Sector** and (2) by dropping Outputs/Indicators that are project-level² or inconsistent with Section 599 of the 1993 Appropriations Act.³ (See Annex for comparison of this year's framework with last year's.

C. EVALUATION

Progress in achievement of this Strategic Objective is being monitored through the use of secondary data, such as GOH statistics from the Central Bank, the National Trade Data Bank of the U.S. Department of Commerce's Economics and Statistics Administration, in addition to information from projects' M&E systems.

To address people-level impact and to complement the above data sources, the Mission is carrying out two special studies. All information collected through these studies is gender-disaggregated.

A comprehensive study on EPZ workers is looking at socioeconomic conditions in the Sula Valley. It includes both EPZ workers and population from surrounding communities. Areas under study include education, health, income, transportation, housing, social security, and medical services. The study began last year with the establishment of baseline data. The follow-up survey for this year is scheduled to start in March. At least one more follow-up exercise is scheduled. However, we are considering undertaking similar studies later on to continue to examine worker-rights issues.

Another ongoing special study, carried out under the Small Business II project, is collecting data on income, production levels, employment, and other micro and small business topics.

No linkage study has been developed for this Strategic Objective.

²Although the Program Output, **Selected Private Sector Institutions Strengthened**, has been deleted in its entirety in this year's Action Plan, the Mission will continue to monitor self-sufficiency at the project level because the financial self-sufficiency of the private sector institutions with which we work continues to be an important goal of our projects.

³Indicators affected by Section 599 are: (a) "Increased Foreign Exchange and Jobs Generated from AID-supported EPZs/FTZs," (b) "Additional New Investment in EPZs," and (c) Increased Number of Companies Assisted by FIDE."

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 Competitiveness 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.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
Indicator: 2.A Gross Private Investment				
Unit: Millions of U.S. Dollars (Central Bank)		Year	Planned	Actual
Source: National Accounts	Baseline	1991	---	424
Comments:		1992	475	435
		1993	487	***
		1994	546	***
		1995	611	***
		1996	684	***
		Target	1997	767

Indicator: 2.B U.S. - Honduran Trade				
Unit: Value of Bilateral Exports and Imports (in Millions of U.S. Dollars)		Year	Planned	Actual
Source: National Trade Data Bank (U.S. Department of Commerce)	Baseline	1991	---	1,170
Comments:		1992	1,300	1,576
		1993	1,765	***
		1994	1,977	***

		1995	2,273	***
		1996	2,479	***
	Target	1997	2,777	***
Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
Indicator: 2.C Increased Employment in the Manufacturing Sector				
Unit: Number of Persons Employed on a Full Time in Manufacturing		Year	Planned	Actual
Source: The Census and Statistical Offices	Baseline	1991	—	138,298
Comments: These data measure full time employment in the manufacturing sector at wages in excess of the legislated minimum. In other words, these data exclude those individuals working less than 36 hours a week -- the amount considered full time -- and those receiving wages under the legislatively mandated minimums.		1992		149,222
		1993	161,160	***
		1994	172,441	***
		1995	184,512	***
		1996	197,428	***
		1997	211,248	***
		1998	226,035	***
		1999	241,857	***
		Target	2000	258,787

Honduras
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade
PROGRAM OUTPUT NO. 2.1 Sound Investment Climate
Indicator: 2.1.a Removal of Impediments to Increased Investment Flows
Unit: New Legislation Passed (Investment Law, Banking Law, Intellectual Property Rights Legislation, and Labor Law), and Corresponding Implementing Regulations Issued (Listed Separately Below)

PROGRAM OUTPUT NO. 2.1 Sound Investment Climate				
Indicator: 2.1.a.1 Removal of Impediments to Increased Investment Flows - New Banking Law				
Unit: New Banking Law Passed and Implementing Regulations Issued		Year	Planned	Actual
Source: National Congress	Baseline	1991	---	Existing Banking Law outdated
Comments: The GOH has prepared draft legislation to improve the regulation and supervision of the banking system. The legislation provides for strengthened supervision of the commercial banking system, new disclosure rules, restrictions on insider lending, expansion in the provision of services that banks can provide, and easier start-up for new banks.		1992	New Banking Law drafted	New Banking Law drafted in 09/92
	Target	1993	New Banking Law passed and Implementing Regulations issued	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT NO. 2.1 Sound Investment Climate				
Indicator: 2.1.a.2 Removal of Impediments to Increased Investment Flows - Investment Law				
Unit: New Investment Law Passed and Implementing Regulations Issued		Year	Planned	Actual
Source: National Congress	Baseline	1990	---	Existing investment law not observed
Comments: Movement on the investment law and its regulations has been much more rapid than expected. What was originally planned for 1993 and 1994 has already happened in 1992.		1991	Investment Law drafted	Investment Law was drafted in June 1991
		1992	Investment Law passed	Investment Law was passed on 5/92. Regulations for Investment Law issued 9/92. Laws in conflict with Investment Law derogated 10/92.
		1993	Regulations for Investment Law issued	Completed in 1992
	Target	1994	Laws in conflict with Investment Law derogated	Completed in 1992

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE - S.O. 2

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT NO. 2.1 Sound Investment Climate				
Indicator: 2.1.a.3 Removal of Impediments to Increased Investment Flows - Enactment of Comprehensive Intellectual Property Rights Legislation				
Unit: Patents and Trade Marks, and Copyrights Legislation Passed and Implementing Regulations Issued		Year	Planned	Actual
Source: National Congress	Baseline	1992	---	Patents and Trademarks, and Copyrights legislation outdated
Comments: This is a new indicator	Target	1993	Patents and Trademarks Legislation including implementing regulations drafted and passed. Copyrights Legislation including implementing regulations drafted and passed.	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT NO. 2.1 Sound Investment Climate				
Indicator: 2.1.a.4 Removal of Impediments to Increased Investment Flows - New Labor Law				
Unit: New Labor Law Passed and Implementing Regulations Issued		Year	Planned	Actual
Source: National Congress	Baseline	1992	---	Labor Code outdated
Comments:		1994	New Labor Law drafted.	***
	Target	1995	New Labor Law passed and implementing regulations issued.	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT NO. 2.1 Sound Investment Climate				
Indicator: 2.1.b Increased Number of Privatized State-Owned Enterprises				
Unit: Cumulative Number of Divestitures		Year	Planned	Actual
Source: Privatization Project 522-0289	Baseline	1986	---	0
Comments: The target has been revised upward. Due to recent successes, the Mission now believes it can achieve more in this area.		1991	---	18
		1992	26	30
		1993	42	***
		1994	47	***
	Target	1995	55	***

Indicator: 2.1.c Improved Financial Intermediation				
Unit: The Gap Between Lending and Deposit Rates		Year	Planned	Actual
Source: Central Bank of Honduras	Baseline	1992	---	12.7
Comments: A reduction in the gap between lending and deposit rates should reflect improvement in financial intermediation. A reduction would be an indication of greater competition among banks for deposits and for customers.		1993	11.5	***
		1994	10.5	***
		1995	9.5	***
		1996	8.5	***
	Target	1997	7.5	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT NO. 2.2 Improved Competitiveness of the Private Sector				
Indicator: 2.2.a Improved Competition Among Formal/Informal Financial Institutions				
Unit: Number of Formal/Informal Financial Institutions		Year	Planned	Actual
Source: Superintendency of Banks	Baseline	1991	---	14/1
Comments: This is a new indicator. Formal institutions are commercial banks. Informal institutions are PVO's operating self-sufficient credit programs. Holding everything else equal on increase in the number of institutions in operation should promote competition		1992	14/1	15/1
		1993	15/2	***
		1994	15/3	***
		1995	15/4	***
		1996	16/5	***
	Target	1997	16/6	***

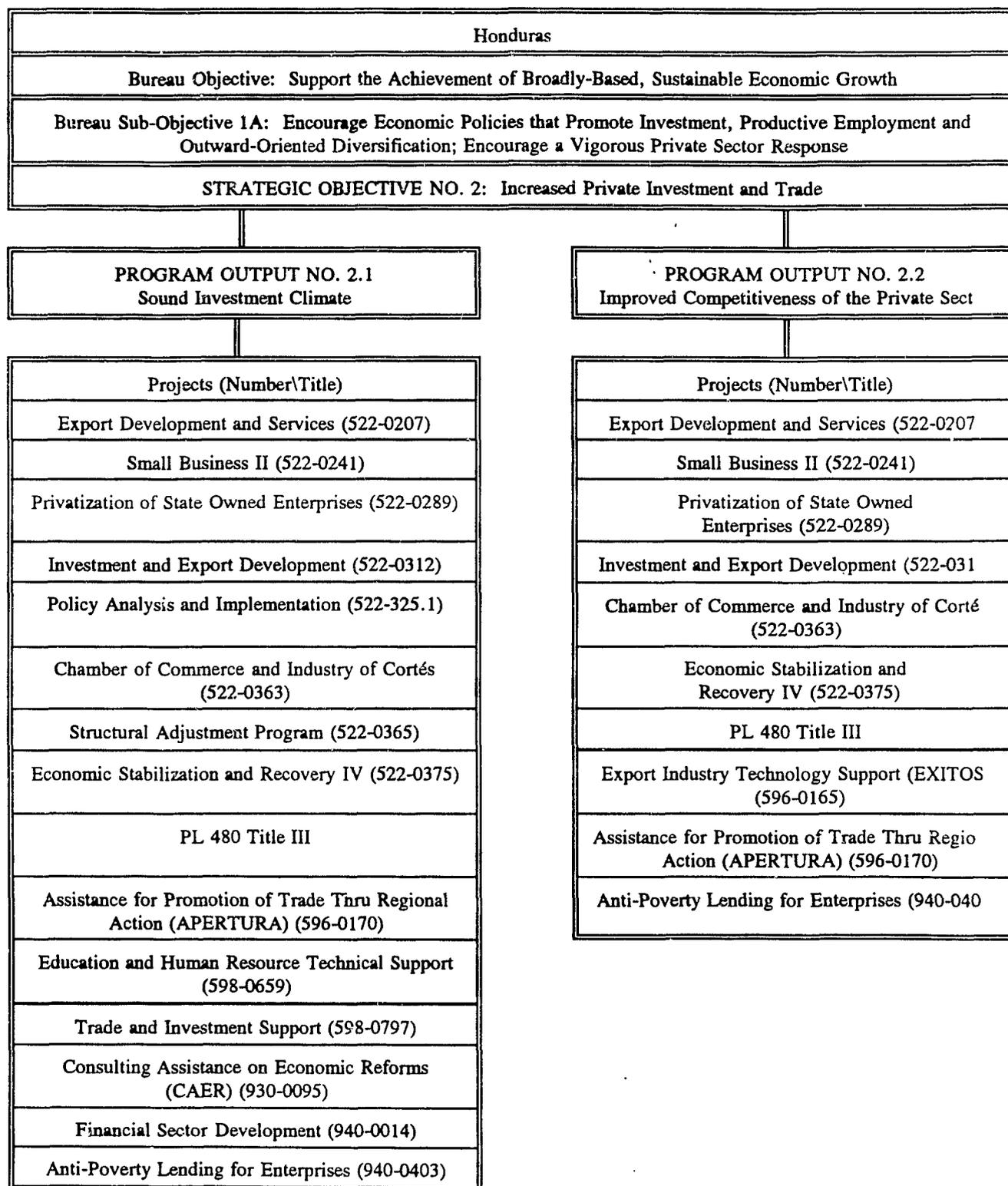
Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT NO. 2.2 Improved Competitiveness of the Private Sector				
Indicator: 2.2.b Loans to Small Enterprises/Access to Credit				
Unit: Cumulative Number of Loans: Total; to Female-Owned Businesses; to Male-Owned Businesses		Year	Planned	Actual
Source: Small Business II Project	Baseline	1991		
	Total		---	19,562
	Female-Owned		---	11,025
	Male-Owned		---	8,537
<p>Comments: Figures for CY1991 have been adjusted in relation to last year's AP. The data collection and reporting system of the project has been revised and improved.</p> <p>* Information for 1996-1998 will be available after the amendment of the Small Business II Project is approved.</p>	Total	1992	24,000	25,000
	Female-Owned		13,200	13,739
	Male-Owned		10,800	11,261
	Total	1993	26,908	***
	Female-Owned		14,843	
	Male-Owned		12,065	
	Total	1994	28,963	***
	Female-Owned		16,020	
Male-Owned		12,943		
Total	1995	31,116	***	
Female-Owned		17,246		
Male-Owned		13,870		
Total	1996 *		***	
Female-Owned				
Male-Owned				
Total	1997 *		***	
Female-Owned				
Male-Owned				
Target Total	1998 *		***	
Female-Owned				
Male-Owned				

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE – S.O. 2

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT NO. 2.2 Improved Competitiveness of the Private Sector				
Indicator: 2.2.c Increased Manufactured Exports to the U.S.				
Unit: Annual Earnings - U.S. Dollars		Year	Planned	Actual
Source: National Trade Data Bank (U.S. Department of Commerce)	Baseline	1991	---	208
Comments: Increases in manufactured exports to the U.S. is an effective measure of Honduras' ability to compete in a world economy. The majority of Honduras' exports are to the U.S. and there are tracked by the U.S. Department of Commerce, only exports to the U.S. will be measured.		1992	314	312
		1993	374	***
		1994	449	***
		1995	539	***
		1996	647	***
		Target	1997	776

Honduras				
STRATEGIC OBJECTIVE NO. 2 Increased Private Investment and Trade				
PROGRAM OUTPUT 2.2: Improved Competitiveness of the Private Sector				
Indicator: 2.2.d Incremental Employment Attributable to USAID-Projects in Manufacturing				
Unit: Cumulative Number Additional Jobs: Total Women, Men		Year	Planned	Actual
Source: Privatization Project 522-0289; Small Business II Project (522-0241); Export Development and Services Project (522-0207)	Baseline Total	1992	---	47,038
	Women		---	32,777
	Men		---	14,261
Comments: This indicator includes employment generation for the above named A.I.D. projects. It does not measure employment gains, arising from our policy-based programs such as ESF. Those employment gains are better measured by sector wide gains in manufacturing employment. (See indicator 2.C.). * Includes only Privatization and Small Business II.	Total	1993	52,687	***
	Women		37,924	
	Men		14,763	
	Total	1994	57,731	***
	Women		41,179	
	Men		16,552	
Target Total	1995	60,671*	***	
Women		42,606		
Men		18,065		

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"



STRATEGIC OBJECTIVE 3.

IMPROVED MANAGEMENT--AIMED AT LONG-TERM SUSTAINABILITY -- OF SELECTED NATURAL RESOURCES

A. PERFORMANCE

Progress towards Strategic Objective Performance Indicators is on target. As shown in the tables, performance has been very good in almost every case. There are now 102,000 hectares of forest under improved management, compared with 45,000 in 1991 and none in 1988. In addition, La Muralla, a 150-square-kilometer tropical hardwood forest reserve was delineated and placed under effective management.

The number of farm households practicing environmentally sound cultivation practices (almost 20,000 in 1992 compared with 11,000 in 1989) has kept pace with expectations. Farmer demonstration plots using these new practices are reporting 100 to 400 percent increases in maize yields.

While these are very positive steps, especially when considered in conjunction with other-donor efforts, needless and rapid destruction of forests and other natural resources continues. A new policy framework needs to be developed, implemented, and enforced. The landmark 1992 Agricultural Modernization Law discussed in Strategic Objective 1 takes a positive step toward improving forestry management by returning ownership of trees on private land to the landowners. As in the rest of the agriculture sector, proper implementation of the law's provisions, will require significant monitoring and technical assistance.

Legislative attention is now turning to passage of an environmental law, which the GOH drafted and submitted (prematurely it turns out) to Congress in 1992. It will undoubtedly require substantial additional work in 1993 before enactment can be expected, as will implementation that should begin in 1994.

The GOH took an important step toward strengthening its regulatory and natural-forest management role by divesting the Honduran Forestry Development Corporation (COHDEFOR) of its sawmill industries. As part of a policy reform process which USAID has supported since the late 1980s, the GOH has decided to replace COHDEFOR with a public sector Honduran Forestry Administration, dependent on public budget and responsible only for those planning regulatory and management functions associated with a public forest service in an open economy. This agency has also been given responsibility for the management of parks, reserves and other protected areas. USAID will work with the GOH at the policy level toward the establishment of the organization and other institutional and operational improvements.

With U.S. assistance, the GOH is beginning an effort to tap the private sector to help protect natural resources. In 1992, USAID began supporting the establishment of the Foundation for Environment and Development (Fundación VIDA) in preparation for its role in managing the environmental trust fund that will support local nongovernmental activities in the natural resources protection/conservation area.

B. REFINEMENTS

The Mission refined all levels of the Objective 3 framework to clarify and streamline the framework and to better reflect proposed achievements.

We revised the wording of the Strategic Objective slightly--from **More Efficient Management and Sustainable Use of Selected Natural Resources**, to **Improved Management--Toward Long-term Sustainability--of Selected Natural Resources**. This change responds to the concern that the original SO implied two objectives: "more efficient management" and "sustainable use." The Objective wording now reflects that the Mission is trying to improve management, but not to establish sustainability in the short-term. The improved management would make sustainability over the long term more likely.

A new Performance Indicator--**Forest Reserves/Protected Areas under Long-term Management Plans**--will better reflect national-level performance within the Mission's manageable interest than did **Increased Area of Forest Managed for Sustainability in Model Management Units**, which is now more appropriately at the Program Output level. We dropped **Increased Number of Studies to Evaluate Ecosystems for Potential Environmental Activities** because we determined that it was a poor indicator of performance-level impact.

At the Program Output level, the Mission has dropped **Reoriented GOH Institutions Responsible for Natural Resources** because the target for its single indicator was met. Instead, the new Indicator--**Public Sector Forestry Management Service Established**--was added to the Program Output --**Improved Policy Framework**--to track continued institutional reform in this sector.

C. EVALUATION

Central to the achievement of this Strategic Objective is people's attitudinal change in relation to natural resources, their use and conservation. Therefore, the Mission will attempt to measure the results of the public awareness activities through a special research study that will assess attitudinal change on a periodic basis.

The Mission still needs to develop a strategy aimed at addressing key questions on environmental degradation, particularly in the area of deforestation.

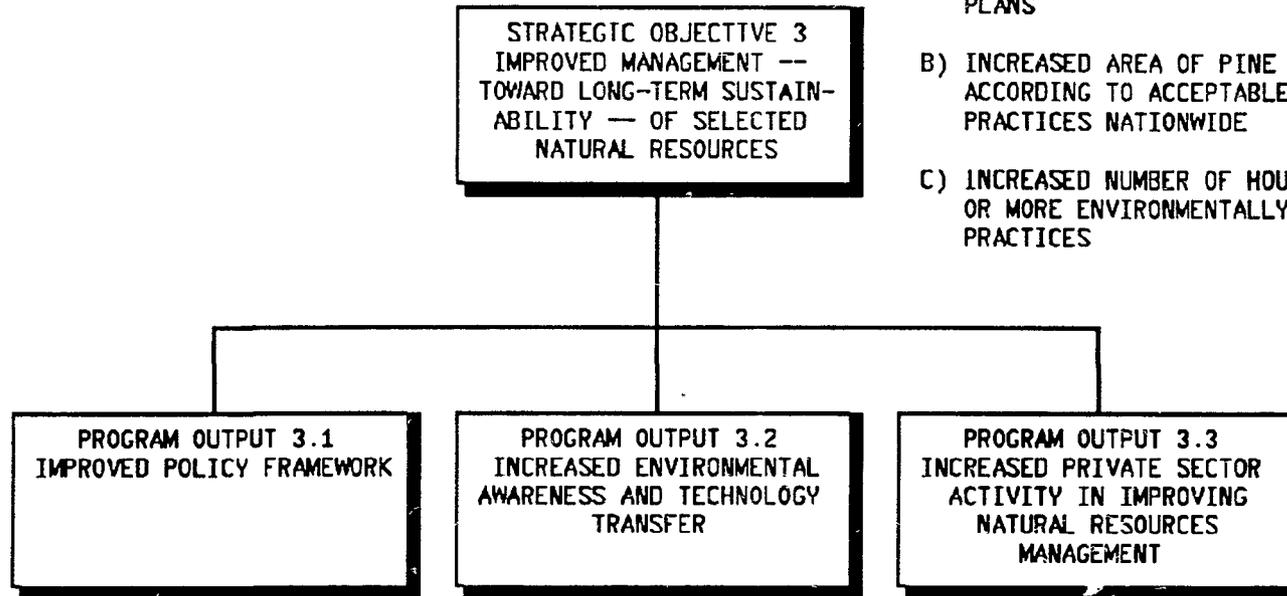
The Mission still needs to develop a strategy aimed at addressing key questions on environmental degradation, particularly in the area of deforestation.

One step towards ensuring impact assessment will be taken under the National Environmental Protection Fund project. At the implementing institution level, Fundación VIDA has agreed to establish an "Evaluation Unit" to oversee program impact. This unit will directly report to the Foundation's Board of Directors. At the NGO level, the project will require that participating NGOs plan evaluation activities in their proposals. For this purpose, guidelines on how to assess impact of different environmental activities will be developed. These guidelines will be used by participating NGOs to set up baseline surveys and subsequent follow up studies for impact analyses.

No linkage study has been developed for this Strategic Objective.

PERFORMANCE INDICATORS:

- A) FOREST RESERVES/PROTECTED AREAS 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.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources				
Indicator: 3.A Forest Reserves/Protected Areas Under Long-Term Management Plans				
Unit: Number of Reserves, Parks, and Protected Areas Managed in Sustainable, Enforceable, Manner		Year	Planned	Actual
Source: Forestry Development Project (522-0246), Policy Analysis and Implementation (522-0325), Environmental Protection Fund (522-0385), Ecosystems Management (522-0391)	Baseline	1988	---	1
Comments: As of 1992, La Tigra and La Muralla were being managed effectively. However, management plans are being finalized by the GOH for 10 more protected areas. These should go into effect in 1993, partly due to other donor conditionality requirements. It is anticipated that three to five plans can be developed and implemented per year for the remainder of the decade, given USAID and other donor support as well as increasing local interest. Seventy such areas have been decreed throughout Honduras.		1992	2	2
		1993	12	***
		1994	15	***
		1995	18	***
		1996	21	***
		1997	25	***
		1998	30	***
		1999	35	***
		Target	2000	40

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources				
Indicator: 3.B Increased Area of Pine Forest Harvested in Accordance with Acceptable Forest Management Practices Nationwide				
Unit: Cumulative Hectares		Year	Planned	Actual
Source: Forestry Development Project (522-0246), Policy Analysis and Implementation (522-0325.02), Ecosystems Management (522-0391)	Baseline	1988	---	0
	Comments:		1991	47,000
		1992	77,000	77,000
		1993	110,000	***
		1994	142,000	***
		1995	180,000	***
		Target	2000	500,000

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources				
Indicator: 3.C Increased Number of Households Practicing One or More Environmentally Sound Cultivation Practices				
Unit: Cumulative Number of Families: Total; Female-Headed, Male-Headed		Year	Planned	Actual
Source: Natural Resources Management Project (522-0168), LUPE Project (522-0292)	Baseline Total	1989	---	11,000
	Female			880
Comments:	Male			10,120
	Total	1992	20,155	19,876
	Female		1,541	1,634
	Male		18,614	18,242
	Total	1993	22,876	***
	Female		1,830	
	Male		21,046	
	Total	1994	26,876	***
	Female		2,150	
	Male		24,726	
Total	1995	32,076	***	
Female		2,566		
Male		29,510		
Target Total	1996	38,000	***	
Female		3,040		
Male		34,960		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE -- S.O. 3

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources				
PROGRAM OUTPUT NO. 3.1 Improved Policy Framework				
Indicator: 3.1.a Improved Environmental Legislation Passed and Regulations Issued				
Unit: Environmental Law and Regulations		Year	Planned	Actual
Source: The Government of Honduras Gazette, Policy Analysis and Implementation (522-0325.02)	Baseline	1991	---	N/A
Comments: Assuming the law is passed in 1993, regulations should be drafted and approved by 1994.		1992	Environmental Law Drafted	Met
		1993	Environmental Law Passed	***
	Target	1994	Environmental Regulations Issued	***

Indicator: 3.1.b Public Sector Forestry Management Service Established				
Unit: Honduran Forestry Administration (AFE) Replaces COHDEFOR		Year	Planned	Actual
Source: Forestry Development (522-0246), Policy Analysis and Implementation (522-0325.02), Public Records	Baseline	1992	---	---
Comments: The public sector Honduran Forestry Development Corporation (COHDEFOR)--with its traditional production, marketing, self-financing and state resource control functions--is being replaced by the Honduran Forestry Administration, dependent on public budget and responsible only for those planning and management functions associated with a public forest service in an open economy. (This initiative is part of structural adjustment/policy reform process which USAID has supported since late 1980's.)		1993	Establishment of Honduran Forestry Administration	***

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources				
PROGRAM OUTPUT NO. 3.2 Increased Environmental Awareness and Technology Transfer				
Indicator: 3.2.a Increased Percentage of Total Lumber Processed by Band Saws				
Unit: Percentage of Total Board Feet		Year	Planned	Actual
Source: COHDEFOR/AFE Records	Baseline	1986	---	57%
<p>Comments: This indicator replaced last year's Transfer of Forest Resources Management Technology to the Private Sector because it better measures the results of the training itself.</p> <p>Since the unit of measure is expressed in percentage of lumber sawn (not percentage of saws), there will always be some variation (different types of sawmill processes and differing quantities of lumber from year to year), although the overall trend will be upward, as it has been since 1986.</p>		1990	74%	74%
		1991	75%	73%
		1992	76%	***
		1993	77%	***
	Target	1994	78%	***

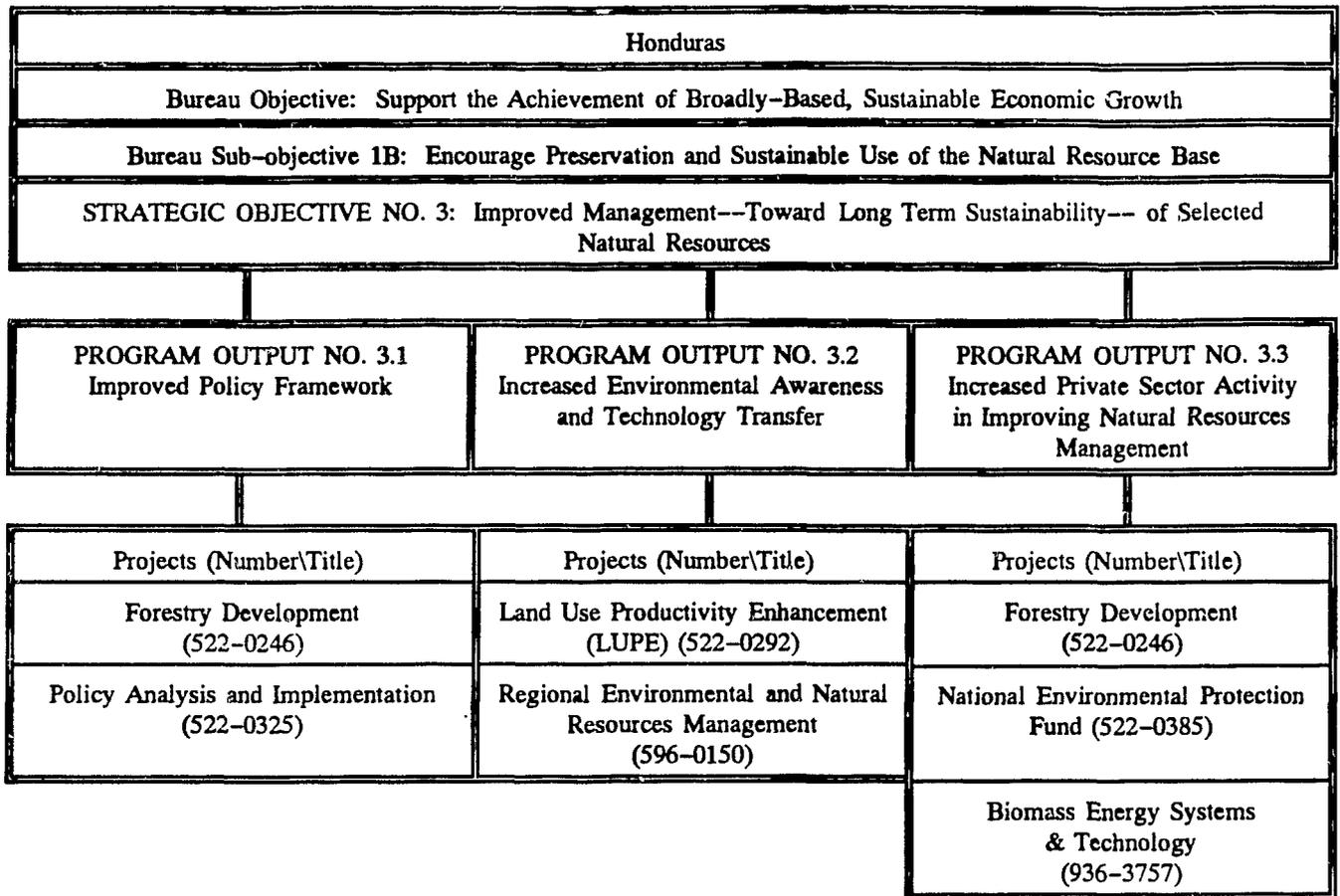
Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources				
PROGRAM OUTPUT NO. 3.2 Increased Environmental Awareness and Technology Transfer				
Indicator: 3.2.b Increased Amount of Training Received by Personnel Responsible for Effective Forest Management				
Unit: Cumulative Person Months of Training: Total; Female, Male		Year	Planned	Actual
Source: Forestry Development Project (522-0246)	Baseline Total	1988	---	24
	Female			N/A
	Male			N/A
Comments:	Total	1989	---	81
	Female			7
	Male			74
	Total	1990	250	253
	Female		35	42
	Male		215	211
	Total	1991	640	693
	Female		130	144
	Male		510	549
	Total	1992	1,200	1,295
Female		250	292	
Male		950	1,003	
Total	1993	2,000	***	
Female		450		
Male		1,550		
Total	1994	2,640	***	
Female		640		
Male		2,000		
Target Total		1995	3,200	***
Female			800	
Male			2,400	

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management -- Toward Long-Term Sustainability -- of Selected Natural Resources				
PROGRAM OUTPUT NO. 3.2 Increased Environmental Awareness and Technology Transfer				
Indicator: 3.2.c Increased Positive Attitudes Among Children and Adults Toward Environmentally Sound Practices With Respect to Pine and Hardwood Forests				
Unit: Average Improvement in Scores on Environmental Attitude Interviews: Total; Female, Male		Year	Planned	Actual
Source: Forestry Development Project (522-0246) and associated sample surveys. Ecosystems Management Project (522-0391).	Baseline Total Female Male	1993	---	Information not yet available
Comments: Targets to be set and surveys to be conducted by the end of 1993. This is a new indicator. It replaces two indicators that were going to measure the amounts of materials and activities to promote increased awareness and more positive attitudes. This new indicator aims at measuring the <u>impact</u> of those materials--namely changes in attitudes among children and adults.	Total Female Male	1994	---	***
	Total Female Male	1995	---	***
	Total Female Male	1996	---	***
	Target Total Female Male	1997	---	***

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Management --- Toward Long-Term Sustainability -- of Selected Natural Resources				
Indicator: 3.2.d Increased Area of Forest Managed for Sustainability in Model Management Units				
Unit: Cumulative Hectares		Year	Planned	Actual
Source: Forestry Development Project (522-0246)	Baseline	1988	---	0
Comments: The area of La Unión was covered in 1991, Salamá added in 1992. In 1993-94, La Muralla will be included.		1991	45,000	45,000
		1992	102,000	102,000
		1993	102,000	102,000
	Target	1994	114,000	***

PROGRAM OUTPUT NO. 3.3 Increased Private Sector Activity in Improving Natural Resource Management				
Indicator: 3.3 Increased Effective Environmental Activities				
Unit: Number of Effective Environmental Activities Carried Out by Discrete NGOs		Year	Planned	Actual
Source: Project Records (522-0292 and 522-0385)	Baseline	1992	---	1
Comments: We are interested not only in number of activities, but activities carried out by <u>different</u> NGOs. Many environmental NGOs are based in local communities or related to regional issues, and one objective here is to encourage geographic dispersion. Hence, the dual interest in measuring both activities and number of organizations.		1993	4	***
		1994	6	***
		1995	7	***
		1996	9	***
	Target	1997	10	***

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"



STRATEGIC OBJECTIVE 4

HEALTHIER, BETTER EDUCATED HONDURANS

A. PERFORMANCE

Health

The infant mortality rate continues to fall. In fact, the 1991-1992 Epidemiology and Family Health Survey (EFHS) indicates that Honduras is doing better than reported in last year's Action Plan so that we now expect to meet our previous long-term target of 42 by 1995. Along with increased potable water and improved treatment of diarrheal disease, one of the key factors of this progress is contraceptive prevalence, which reached the targeted 47 percent level in 1991. Most of the increase over the 41 percent level in 1987 is due to use of traditional methods. We would like to see more gains in the use of modern practices as we move to our 51 percent target for 1995. Significantly, in 1992 voluntary sterilization (the most effective method) became the most popular form of contraception.

The nutrition target was actually exceeded, due principally to the reduced incidence and improved treatment of diarrheal diseases and improvements in primary health care.

Vaccinations for young children and women of reproductive age were again on target as the government continues to place high priority on the program. For example, the MOH and the international donor community have attached a high priority to the elimination of neonatal tetanus, and we expect the program to continue to meet or exceed targets.

Primary health care and family planning services still need to be expanded into even the most remote areas of the country. Sustaining and expanding services will require reduction in cost per service delivered and improvement of fee-collection structures.

Meanwhile, the country must deal with the growing AIDS problem and cholera. Honduras' National AIDS Program has made extensive efforts in AIDS education that seem to be paying off. During the past year, the Ministry of Health program to combat AIDS has significantly expanded through massive use of media such as radio, television, newspapers, and billboards. However, the reported number of AIDS cases in Honduras increased by at least 29 percent in 1992.⁴ Fortunately, condom distribution has

⁴While Honduras is more candid than its neighbors in reporting of the extent of its AIDS problem, this level may be higher than 29% since individual health regions have fallen behind in their reporting to the central level. We would also note here that the rate of increase in reported cases is not an indicator of transmission, due to the relatively long delay between infection and manifestation of the disease. As noted in Table 1, we are developing baseline data for our new Performance-level AIDS indicator on HIV transmission.

significantly increased in Honduras, outpacing the 1992 target. We think this trend may continue because public education programs recently changed their focus from contraception to AIDS protection.

Conservative cholera case definition used by the Ministry of Health and inexperience with treating the disease have led to higher-than-expected case fatality rates. Many of the deaths have been among urban male alcoholics. The epidemic has been notably contained in Honduras during 1992 (407 new cases with 17 deaths) compared to its Central American neighbor countries. Emergency supplies made available to the Ministry of Health, with LAC/DR/HPN assistance, should help reduce the case fatality rate to more acceptable levels.

Education

All education indicators were met or exceeded in 1992. There has been a 40 percent increase in primary school graduates since 1986, and a 22 percent reduction in dropout rates. Total enrollments in grades one through six increased by more than 30,000 in 1992 over 1991, exceeding the 1992 target. Significantly, the enrollments increased while repetition rates declined, indicating increased efficiency as well as coverage.

Despite these improvements, however, the rate at which Hondurans are becoming better educated is not sufficient. Less than 40 percent of all children are completing primary school. According to data from other developing countries, Honduras is still falling short of the minimum 60 percent primary-education completion rate needed to produce a sufficiently trained workforce to generate a healthy economy that in turn creates more employment and better incomes. With nearly one million students presently enrolled in the formal primary-school system and with 97 percent of its budget dedicated to salaries, more cost-effective ways of increasing school enrollments are badly needed.

B. REFINEMENTS

The Strategic Objective remains unchanged. The only refinement that implies a change in program direction occurs at the Program Output level. The sixth Output--**Increased Efficiency, Quality, and Coverage of Primary Education System**--has been reworded to read--**Increased Efficiency, Quality, and Coverage of Basic and Vocational Education**. This change reflects Mission plans to extend basic education and nonformal vocational education to out-of-school youths and adults. As a result, we have added two new Performance Indicators--**Cumulative Aggregate Annual Incomes of Employed Vocational Training Center Graduates** and **Basic Education Graduates of each of the Five Levels of the Alternative Delivery System**.

Other Performance-level changes include a revision of the baseline data for the first Performance Indicator--**Infant Mortality Rate**--based on the 1991 EFHS data for 1989. This information was not available during last year's Action Plan. We have revised the targets for subsequent years in accordance with the new baseline data.

We added a new Performance Indicator for health--**Reproductive Risk**--because maternal mortality is recognized as an appropriate measure of maternal health and general access to health services.

We have removed the AIDS Performance Indicator--**Decelerated Rate in the Growth of Incidence of AIDS**--because it is inappropriate due to the long latency period between infection and the onset of disease. A more appropriate performance indicator is the **Reduction of HIV Transmission in Selected Groups of the Population** (e.g., women of reproductive age). This indicator will be quantified later in 1993 upon the establishment of baseline data by the national AIDS program. Additionally, we removed sexually transmitted diseases (STDs) from this indicator. No valid baseline data currently exists on STDs, which appeared as an indicator in last year's Action Plan and it would be impossible to provide accurate "planned" numbers.

We eliminated two Education Performance Indicator Units which showed the percentages of people completing fourth grade and completing sixth grade. The Performance Indicator Units showing the numbers of children completing fourth grade and completing sixth grade cover this area sufficiently. We moved the Performance Indicator--**Increased Coverage Grades 1-6**--to the Program Output level because it more logically fits there.

Another Education Performance Indicator--**Increase in Academic Achievement in the Four Basic Subjects in Grades 1-6**--was revised and moved to the Program Output Level. The revision now includes the "aggregate" improvement in standardized test scores by subject area for grades 1-6. The new unit of measure is the sum of the increase in standardized testing grades for grades 1-6. The aggregate level will better show overall improvement rather than the fluctuations between the various grade levels. The change also facilitates reporting because reporting on each grade level would require a much larger table.

C. EVALUATION

Most of the indicators for this Strategic Objective are worldwide-accepted indicators on health and education--recognized indicators of overall national health, maternal health, health of the children in the family, educational achievement and quality of education. The major sources of information are secondary sources such as Ministry of Health and Ministry of Education statistics. There is a consensus among program staff in all three areas of health, population and education that these data are of acceptable quality.

In addition and complementing project Monitoring and Evaluation (M&E) systems, the Mission is planning/supporting a series of special studies to support the information needs of this Strategic Objective. For example, the Primary Education Efficiency project is planning a study on historical analyses of dropout, promotion and repetition rates from 1980 through 1992, using a representative sample of schools for monitoring these rates and the effects of specific interventions impacting on key variables. To support health and population information needs the Mission has allocated \$182,000 for the

Epidemiology and Family Health Surveys which are carried out every four years. This allocation is for a two year period, and covers all data collection analysis and dissemination activities.

No linkage study has been identified for this Strategic Objective.

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 AGGREGATE 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) Mean Duration of Breastfeeding.
b) Mothers' Breastfeeding Exclusively for the First Four Months.

- 4.3 a) Percentage of Children Under Five Vaccinated 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.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
Indicator: 4.A Infant Mortality Rate				
Unit: Infant Deaths per Thousand Live Births		Year	Planned	Actual
Source: EFHS* 1991/1992, EFHS 1995	Baseline	1989	---	50
<p>Comments: EFHS Survey in 1995 will provide actual data for 1993 and 1994. Actual data for 1992 will not be obtained.</p> <p>The infant mortality information comes from the national surveys and is only available every 4 years (when we do an EFHS survey). Because the infant mortality figure is the "indirect" calculation (Brass method) the surveys provide an estimate based on retrospective data provided by the mothers being interviewed. The 1987 survey provided an estimate for the year 1985 (61/1000) and the 1991/92 survey provided an estimate for the year 1989 (50/1000).</p>		1991	48	Not Available
		1992	45	Not Available
		1993	44	
		1994	43	
	Target Total	1995	42	***

Indicator: 4.B Reproductive Risk				
Unit: Number of Women Dying in Childbirth per 100,000 Live Births		Year	Planned	Actual
Source: Studies on Maternal Mortality	Baseline	1989	---	221
<p>Comments: This is a new indicator identified in the Monitoring and Evaluation exercise (see refinements narrative). It is recognized as an appropriate measure of maternal health as well as a measure of the health of children in the family. The 1994 study will not provide data for 1992.</p>		1991	207	Not Available
		1992	193	Not Available
		1993	179	
		1994	165	***
	Target Total	1995	150	***

*EFHS: Epidemiology and Family Health Survey

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
Indicator: 4.C Reduced Level of Malnutrition Among Children Under Five				
Unit: Percent of Children Under 5 at Level 2 or Worse Malnutrition		Year	Planned	Actual
Source: National Nutrition Survey, 1987; EFHS 1991/2; EFHS 1995	Baseline	1987	---	21.6%
Comments: 1995 survey will collect data for 1993 and 1994. 1992 data will not be obtained. Indicator has been changed to measure children under 5 only.		1991	19.5%	19.3%
		1992	19.0%	Not Known
		1993	18.0%	
		1994	17.0%	
	Target Total	1995	16.0%	***

Indicator: 4.D Reduction of HIV Transmission in Selected Groups of the Population				
Unit: To Be Determined		Year	Planned	Actual
Source: Epidemiological Division, Ministry of Health	Baseline Total Female Male	1993	---	Baseline information not yet available
Comments: This indicator replaces an inappropriate one for AIDS (See Refinements Narrative). Indicators will be developed over the coming year.	Total Female Male	1994		***
	Target Total Female Male	1995		***

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
Indicator: 4.E Increased Numbers of Children Starting First Grade who Complete Fourth Grade				
Unit: Thousands of Children		Year	Planned	Actual
Source: Ministry of Education	Baseline Total	1986	---	84.6
	Female		---	43.1
	Male		---	41.5
<p>Comments: Fourth grade textbooks could not be distributed until the end of the school year during 1992. Not having educational materials in the fourth grade during 1992 resulted in a reduction in the projected number of children successfully completing the fourth grade, which was revised from 115,000 to 112,000 children completing the fourth grade for 1992.</p> <p>Nevertheless, the project met the original projection, based on these students having access to textbooks in previous grades (1-3), and the project has contributed to a 36 percent increase in the number of children completing the fourth grade. Males, however, had a lower completion rate which is attributed to the higher opportunity costs for males attending primary school as they grow older. The larger increase in 1994 fourth grade graduates is associated with a significant increase in 1991 first grade enrollments.</p>	Total	1991		110.0
	Female		---	56.1
	Male		---	53.9
	Total	1992	112.0	115.0
	Female		56.9	59.5
	Male		55.1	55.5
	Total	1993	113.5	***
	Female		57.6	
	Male		55.9	
	Total	1994	120.4	***
	Female		61.2	
	Male		59.2	
Target Total	1995	122.2	***	
Female		62.1		
Male		60.1		

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
Indicator: 4.F Increased Numbers of Children Starting First Grade Who Complete 6th Grade				
Unit: Thousands of Children		Year	Planned	Actual
Source: Ministry of Education	Baseline Total	1986	---	61.7
	Female		---	32.6
	Male		---	29.1
<p>Comments: The projection for the number of children completing the sixth grade in 1992 was adjusted from 86,000 to 84,400 during the "Monitoring and Evaluation Exercise". To reflect more up to date information.</p> <p>Both projections for the number of children completing the sixth grade were surpassed and the project has contributed to a 40 percent increase in the numbers of children completing primary school since 1986.</p> <p>The 1994 projection for the number of students completing the sixth grade declines slightly because projections are based on children who initially enrolled in the first grade in 1989, which was lower than 1988 first grade enrollments.</p>	Total	1991	---	83.0
	Female		---	43.0
	Male		---	40.0
	Total	1992	84.4	86.5
	Female		43.9	45.3
	Male		40.5	41.2
	Total	1993	86.0	***
	Female		44.7	
	Male		41.3	
	Total	1994	85.9	***
	Female		44.7	
	Male		41.2	
Target Total	1995	86.9	***	
Female		45.2		
Male		41.7		

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
Indicator: 4.G Cumulative Aggregate Annual Incomes of Employed Vocational Training Center Graduates				
Unit: Thousands of Dollars Aggregate Income		Year	Planned	Actual
Source: Basic Education and Skills Training (522-0388)	Baseline Total	1994	800	Baseline information not yet available ***
	Female		240	
	Male		560	
Comments: This is a new indicator.	Total	1995	1,600	
	Female		480	
	Male		1,120	
	Total	1996	2,600	
	Female		780	
	Male		1,820	
	Total	1997	3,900	***
	Female		1,170	
	Male		2,730	
	Total	1998	5,500	
	Female		1,650	
	Male		3,850	
Total	1999	7,300		
Female		2,190		
Male		5,110		
Target Total	2000	9,300	***	
Female		2,790		
Male		6,510		

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
Indicator: 4.H Basic Education Graduates of Each of the Five Levels of the Alternative Delivery System (Equivalent to Grades 1-9)				
Unit: Thousands of Graduates (Total, Female, Male)		Year	Planned	Actual
Source: Basic Education and Skills Training (522-0388)	Baseline Total	1995	40	Baseline information not yet available ***
	Female		20	
Comments: This is a new indicator.	Male		20	
	Total	1996	64	***
	Female		32	
	Male		32	
	Total	1997	76	***
	Female		38	
	Male		38	
	Total	1998	95	***
	Female		47.5	
	Male		47.5	
Total	1999	120	***	
Female		60		
Male		60		
Target Total	2000	180	***	
Female		90		
Male		90		

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
PROGRAM OUTPUT NO. 4.1 Increased Percentage of Hondurans Who Practice Family Planning				
Indicator: 4.1.a Increased Contraceptive Prevalence in Women of Reproductive Age in Union				
Unit: Percent Sexually Active Women of Reproductive Age in Union Using Family Planning Methods		Year	Planned	Actual
Source: EFHS*	Baseline	1987	---	41 %
Comments: Actual 1991 data has been recalculated and revised. Targets for 1992-1995 have been increased accordingly. EFHS survey in 1995 will measure actual outputs for 1992-1994		1991	47%	47%
		1992	48%	Not Known
		1993	49%	
		1994	50%	***
	Target Total	1995	51%	

PROGRAM OUTPUT NO. 4.1 Increased Percentage of Hondurans Who Practice Family Planning				
Indicator: 4.1.b Reduced Total Fertility Rates of Women of Reproductive Age				
Unit: Average Number of Children Born Alive to a Woman During her Lifetime		Year	Planned	Actual
Source: EFHS*	Baseline	1987	---	5.6
Comments: During the Monitoring and Evaluation Plan Exercise, the Mission decided to simplify the calculation of the Total Fertility Rate. Age-specific fertility rates were not considered necessary to track since Total Fertility Rates are a good and sensitive measurement of progress. 1995 EFHS survey will measure 1992-1994 outputs.		1991	5.1	5.1
		1992	5.0	Not Known
		1993	4.9	
		1994	4.8	***
	Target Total	1995	4.7	

*EFHS: Epidemiology and Family Health Surveys, 1984, 1987, 1991, and 1995

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
PROGRAM OUTPUT NO. 4.2 Increased Effective Breastfeeding				
Indicator: 4.2.a Mean Duration of Breastfeeding				
Unit: 4.2 Number of Months		Year	Planned	Actual
Source: EFHS 1987, 1991/1992, 1995	Baseline	1987	---	17.3
Comments: 1991 Actual has been revised to reflect more accurate data. Surveys in 1995 will obtain 1993 and 1994 data. Data for 1992 will not be obtained.		1991	17.0	17.2
		1992	17.4	Not Known
		1993	17.6	
		1994	17.8	
	Target Total	1995	18.0	***

Indicator: 4.2.b Mothers Breastfeeding Exclusively for the First Four Months				
Unit: Percent of Mothers		Year	Planned	Actual
Source: EFHS 1987, 1991/1992, 1995	Baseline	1987	---	5.5%
Comments: 1995 survey will obtain 1993 and 1994 data. 1992 data will not be obtained.		1991	6.5%	2.3%
		1992	7.0%	Not Known
		1993	8.5%	
		1994	9.0%	
	Target Total	1995	10.0%	***

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.3 Increased Percentage of Fertile-Aged Women and Children Under Five Who Are Vaccinated				
Indicator: 4.3.a Percentage of Children Under Five Vaccinated for Selected Diseases (DPT, Measles, Polio, and Tuberculosis)				
Unit: Percent		Year	Planned	Actual
Source: Ministry of Health Annual Reports D= DPT M= Measles P= Polio T= Tuberculosis	Baseline DPT Measles Polio Tuberculosis (BCG)	1990	-----	D= 80% M= 94% P= 86% T= 81%
Comments: Indicator has been changed to reflect children under 5 only.		1991	D= 85% M= 95% P= 90% T= 85%	D= 87% M= 98% P= 91% T= 91%
		1992	D= 90% M= 98% P= 92% T= 92%	D= 92% M= 99% P= 93% T= 99%
		1993	D= 91% M= 98% P= 93% T= 93%	***
		1994	D= 93% M= 98% P= 94% T= 94%	***
		1995	D= 95% M= 98% P= 95% T= 95%	

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE — S.O. 4

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.3 Increased Percentage of Fertile-Aged Women and Children Under Five Who Are Vaccinated				
Indicator: 4.3.b Percentage of Women Aged 12-49 Vaccinated With a Second Dose of Tetanus Toxoid Within the Last 3 Years				
Unit: Percent		Year	Planned	Actual
Source: Ministry of Health Annual Reports	Baseline	1990	---	49%
Comments: 1992 actual data will be available in April, 1993. The Ministry of Health immunization program changed its monitoring indicator to the above this year due to the fact that it has received information that the vaccine used before 1988 was not adequately effective and to conform with international reporting standards. Baseline data and planned targets have been revised to accommodate the changes in the indicator.		1991	72%	72%
		1992	75%	
		1993	77%	***
		1994	79%	***
	Target Total	1995	80%	***

PROGRAM OUTPUT NO. 4.4 Reduced Incidence of Selected Diseases				
Indicator: 4.4.a Cholera Fatality Rate (Reduce to Less than 1 Percent of Reported Cholera Cases)				
Unit: Percent of Reported Cholera Cases that Are Fatal		Year	Planned	Actual
Source: Ministry of Health Annual Reports	Baseline	1992	Less than 1%	4.2%
Comments: The baseline for Cholera Case Fatality Rate has been changed from 1990 to 1992. In 1990 there were no cases of cholera and in 1991 there were very few, with no fatalities. 1992, however, manifested 407 new cases with 17 deaths (4.2 percent fatality rate). This is an appropriate baseline against which subsequent years may be measured. The indicator was modified to read "reduce to..." rather than "maintain at," since we have not yet arrived at a fatality rate of less than one percent of reported cases.		1993	Less than 1%	***
		1994	Less than 1%	***
	Target Total	1995	Less than 1%	***

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.4 Reduced Incidence of Selected Diseases				
Indicator: 4.4.b Outpatient Visits of Children Under Five to Health Centers Due to Diarrhea				
Unit: Percent of Total Outpatient Visits of Children Under Five to Health Centers Due to Diarrhea		Year	Planned	Actual
Source: Ministry of Health Annual Reports	Baseline	1990	---	17.5%
Comments:		1991	15.7%	15.7%
		1992	14.5%	***
		1993	14.0%	***
		1994	13.5%	***
	Target	1995	13.0%	***

Indicator: 4.4.c Improved Treatment for Diarrhea				
Unit: Percent Children Under Five With Diarrhea in Last 3 Days Who Were Treated With ORS		Year	Planned	Actual
Source: EFHS 1987, EFHS 1991/92 AND EFHS 1995	Baseline	1987	---	17.4%
Comments:		1991	29.5%	29.5%
		1992	32.0%	
		1993	35.0%	
		1994	37.0%	
	Target	1995	40.0%	***

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.5 Increased Use of AIDS-Prevention Practices				
Indicator: 4.5 Increased Total Number of Condoms Distributed (Sold and Handed Out)				
Unit: Thousands of Condoms		Year	Planned	Actual
Source: A.I.D./Washington Procurement Records	Baseline	1990	---	2,600
Comments: During the Monitoring and Evaluation Plan Exercise, the Mission decided to change the wording of the indicator from "Condoms Distributed" to "Increased Total Number of Condoms Distributed (Sold and Handed Out)" to clarify that condoms are both distributed free or sold. Actual data for 1990 and 1991 has been adjusted because more accurate information has been received. Targets for 1993-1995 have been increased because the target for 1992 has been so significantly exceeded.		1991	3,982	3,176
		1992	3,524	5,300
		1993	5,500	***
		1994	5,700	***
	Target Total	1995	6,000	***

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
PROGRAM OUTPUT NO. 4.6 Increased Efficiency, Quality, and Coverage of Basic and Vocational Education				
Indicator: 4.6.a Aggregate Increase Test Score Improvement for Four Subjects (Grades 1-6)				
Unit: Sum of Improved Scores in Four Subject Areas (Grades 1-6)		Year	Planned	Actual
Source: Ministry of Education	Baseline Total	1990	---	0
	Female		---	0
	Male		---	0
<p>Comments: This indicator was changed during the Monitoring and Evaluation Exercise. It was revised to include the "aggregate" improvement in standardized test scores by subject area for grades 1-6. The new unit of measure is the sum of the increase in standardized testing grades for grades 1-6. The aggregate level will better show overall improvement rather than the fluctuations between the various grade levels. The change also facilitates reporting because reporting on each grade level would require a much larger table. Data for 1992 standardized tests will be available in March of 1993.</p> <p>Data for 1993 should be available in January of 1994 with the implementation of the MOE's computerized test reporting system.</p>	Total	1991	---	127.7
	Female		---	126.2
	Male		---	129.7
	Total	1992	145	***
	Female		143	
	Male		147	
	Total	1993	160	***
	Female		158	
	Male		162	
	Total	1994	180	***
	Female		178	
	Male		182	
Target Total	1995	200	***	
Female		198		
Male		202		

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.6 Increased Efficiency, Quality, and Coverage of Basic and Vocational Education				
Indicator: 4.6.b Increased Coverage in Grades 1-6				
Unit: Thousands of Students Enrolled, Grades 1-6		Year	Planned	Actual
Source: Ministry of Education	Baseline Total	1986	---	810.6
	Female		---	---
	Male		---	---
<p>Comments: Actual enrollments for 1991 were reduced from 927,000 to 923,902 based on revised data from the Ministry of Education. Total enrollments for 1992 increased substantially over 1991 while repetition rates declined. Consequently the USAID education program is increasing both the efficiency and coverage of primary education. However, improvements for coverage are understated because as repetition rates decline, total enrollments are reduced. Honduras is recording both increased efficiency and coverage.</p> <p>Please note that last year this was a Performance Indicator.</p>	Total	1991	---	923.9
	Female		---	457.5
	Male		---	466.4
	Total	1992	940.0	955.8
	Female		465.4	474.4
	Male		474.6	481.4
	Total	1993	950.0	***
	Female		470.4	
	Male		479.6	
	Total	1994	965.0	***
	Female		477.9	
	Male		487.1	
Target Total	1995	975.0	***	
Female		482.8		
Male		492.2		

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better-Educated Hondurans				
PROGRAM OUTPUT NO. 4.6 Increased Efficiency, Quality, and Coverage of Basic and Vocational Education				
Indicator: 4.6.c Vocational Training Graduates Employed				
Unit: Number of New Graduates Employed Annually (Total, Female, Male)		Year	Planned	Actual
Source: Basic Education and Skills Training (522-0390)	Baseline Total Female Male	1994	800 240 560	Baseline information not yet available ***
<p>Comments: This is a new indicator. We expect to do a baseline study to obtain this information later in FY1993.</p> <p>We don't expect to see significant increases in graduates until 1996, because new students will not be coming out of the A.I.D.-supported system until then.</p>	Total Female Male	1995	800 240 560	***
	Total Female Male	1996	1,000 350 650	***
	Total Female Male	1997	1,300 390 910	***
	Total Female Male	1998	1,600 480 1,120	***
	Total Female Male	1999	1,800 540 1,260	***
	Target Total Female Male	2000	2,000 600 1,400	***

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE -- S.O. 4

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.6 Increased Efficiency, Quality, and Coverage of Basic and Vocational Education				
Indicator: 4.6.d Increased Number of Students Enrolled in Alternative Delivery System				
Unit: Thousands of Students Enrolled (Total, Female, Male)		Year	Planned	Actual
Source: Basic Education and Skills Training (522-0388)	Baseline Total	1995	60	Baseline information not yet available ***
	Female		30	
	Male		30	
Comments: This is a new Program Output Indicator.	Total	1996	80	***
	Female		40	
	Male		40	
	Total	1997	96	***
	Female		48	
	Male		48	
	Total	1998	120	***
	Female		60	
	Male		60	
	Total	1999	160	***
Female		80		
Male		80		
Target Total	2000	240	***	
Female		120		
Male		120		

Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.6 Increased Efficiency, Quality, and Coverage of Basic and Vocational Education				
Indicator: 4.6.e Reduced Costs of 6th Grade Graduates of the Alternative System, as Compared to the Traditional System				
Unit: Cost Per Graduate of 6th Grade in Traditional System (TS) and Cost Per Graduate of Alternative System (AS)		Year	Planned	Actual
Source: Basic Education and Skills Training (522-0388), Ministry of Education	Baseline	1995	TS= 600 AS= 240	Baseline information not yet available ***
Comments: While the efficiency of the traditional system (TS) is expected to improve, costs per graduate are not expected to decline significantly because the MOE will begin financing the printing of textbooks and educational materials in 1994 and is under pressure to increase teacher's salaries. Consequently, as measures of efficiency improve with lower repetition and dropout rates, and higher promotion rates, costs per graduate should remain approximately the same, or may increase.		1996	TS= 600 AS= 160	***
		1997	TS= 600 AS= 128	***
		1998	TS= 600 AS= 100	***
		1999	TS= 600 AS= 80	***
	Target	2000	TS= 600 AS= 60	***

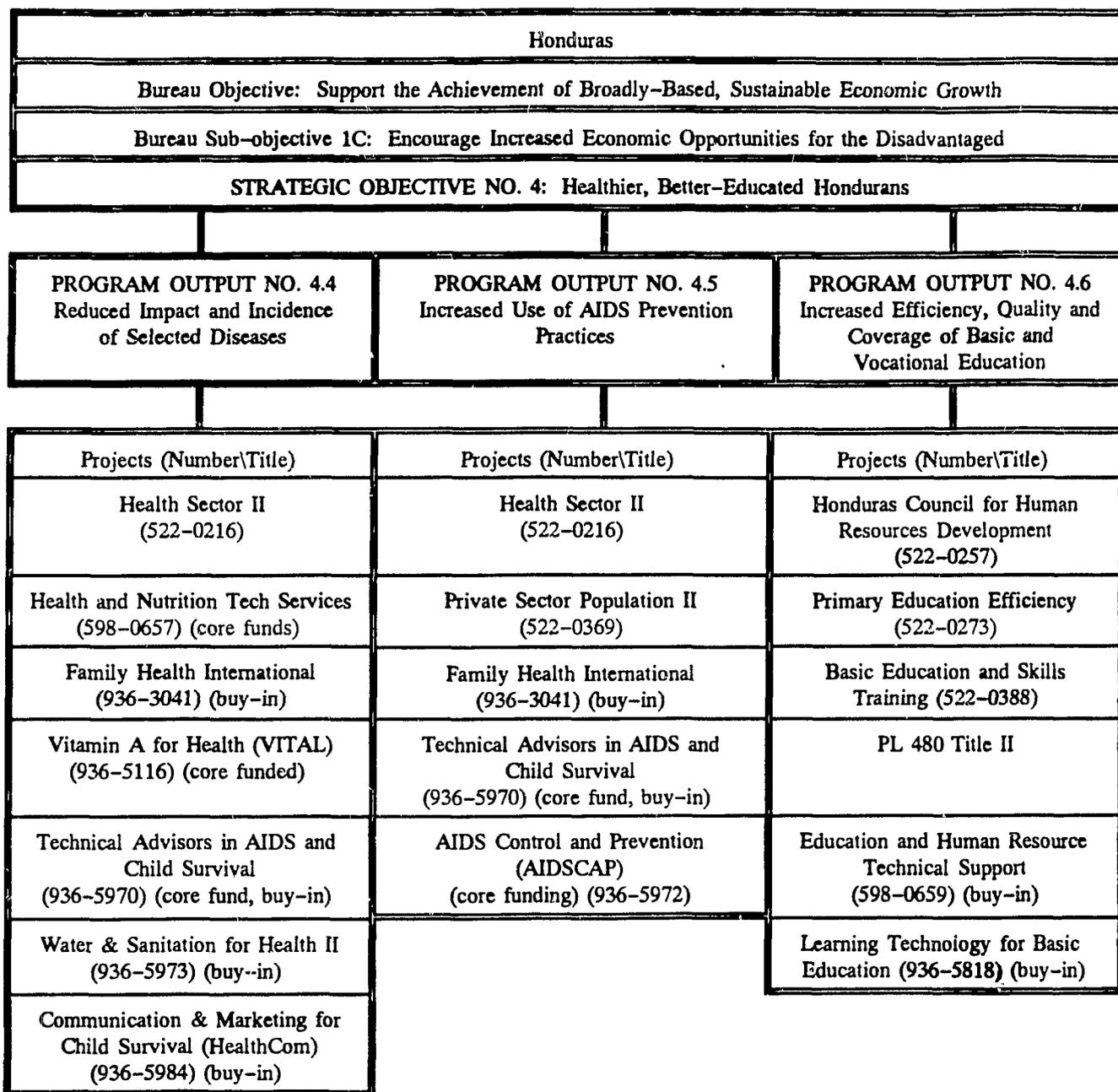
Honduras				
STRATEGIC OBJECTIVE NO. 4 Healthier, Better Educated Hondurans				
PROGRAM OUTPUT NO. 4.6 Increased Efficiency, Quality, and Coverage of Basic and Vocational Education				
Indicator: 4.6.f Reduced Costs of 9th Grade Graduates of the Alternative System, as Compared to the Traditional System				
Unit: Cost Per Graduate of 9th Grade in Traditional System (TS) and Cost Per Graduate of Alternative System (AS)		Year	Planned	Actual
Source: Basic Education and Skills Training (522-0388), Ministry of Education	Baseline	1995	TS= 600 AS= 240	Baseline information not yet available ***
Comments: Baseline data for the cost per 9th grade graduate will be developed later this year. See also note for 4.6.e.		1996	TS= 600 AS= 160	***
		1997	TS= 600 AS= 128	***
		1998	TS= 600 AS= 100	***
		1999	TS= 600 AS= 80	***
	Target	2000	TS= 600 AS= 60	***

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

Honduras		
Bureau Objective: Support the Achievement of Broadly-Based, Sustainable Economic Growth		
Bureau Sub-objective 1C: Encourage Increased Economic Opportunities for the Disadvantaged		
STRATEGIC OBJECTIVE NO. 4: Healthier, Better-Educated Hondurans		
PROGRAM OUTPUT NO. 4.1 Increased Percentage of Hondurans Who Practice Family Planning	PROGRAM OUTPUT NO.4.2 Increased Effective Breastfeeding	PROGRAM OUTPUT NO. 4.3 Increased Percentage of Fertile-Aged Women and Children Age 5 and Under Who Are Vaccinated
Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
Health Sector II (522-0216)	Health Sector II (522-0216)	Health Sector II (522-0216)
Private Sector Population II (522-0369)	Private Sector Population II (522-0369)	Technical Advisors in AIDS and Child Survival (936-5970) (core fund, buy-in)
Strengthening Family Planning Services (522-0389)	Maternal & Neonatal Health & Nutrition (Expanded Program on Breastfeeding) (core funds) (936-5966)	
Contraceptive Procurement (936-3018)	Technical Advisors in AIDS and Child Survival (936-5970) (core fund, buy-in)	
The Population Council (936-3030) (buy-in)		
Family Planning Logistics Management (936-3038)		
Family Health International (936-3041) (buy-in)		
Demographic Data Initiative (Resources for Awareness of Population Impacts) (936-3046) (buy-in)		
Contraceptive Social Marketing II (936-3051) (buy-in)		
Family Planning Management Development (936-3055) (buy-in)		

S.O. 4 continued on next page

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"



STRATEGIC OBJECTIVE 5

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

A. PERFORMANCE

A CID/Gallup Poll conducted in 1992 revealed that 69 percent of the public believed that the 1989 elections were fair, open, and free. This result confirms that the 70 percent targeted in last year's Action Plan for this year's election is indeed achievable.

Not surprisingly, however, the same poll reflected only 33 percent public confidence in the judicial system. While laws exist to castigate Congresspersons who sell votes, judges who sell decisions, registrars who sell citizenship, and bureaucrats who take bribes, most of these and other malefactors operate with impunity. Improvements are occurring at the technical and administrative level. For example, in 1990, there were no procedures in place for hiring, firing, and hearing grievances in the court system. In 1992, the handling of 20 percent of all such cases adhered to the precepts of a merit system established under the Judicial Career Law and we project an increase to 50 percent in 1993. Public defender and prosecutor programs are also taking hold. The heart of the problem is lack of political will outside the court; which is reflected in the portion of the GOH budget provided to the Judicial Branch. At 1.3 percent of national net revenues in 1993, the budget is not even half of the three percent called for by the Constitution. The Court is struggling to free itself from the monetary control of the other two branches of government through the application of court fees and the institutionalization of modern systems to identify and prevent corruption and incompetence, and highlight legal changes to speed the judicial process.

Following continued delays by the Honduran Congress in implementation of the Legislative Reference Center (CIEL), the Mission decided to focus on finishing this activity and to not include any new assistance to the Congress under the 1992 amendment to the Strengthening Democratic Institutions project. On a brighter note, the reduction in the number of days' delay in producing and distributing the Honduran Congressional Record from a seven days to 1.5 days, will greatly accelerate the availability of key Congressional deliberations to the government and the public.

What is undoubtedly the year's most outstanding democratic achievement occurred in the area of municipal development. Citizens now have a greater voice in selecting municipal officials thanks to a modification of the electoral law which will permit voters in the November 1993 elections to cast ballots for mayor and council members separately from national party slates. As a next step, the GOH needs to follow through by transferring authority and financial resources amounting to five percent of central government

revenues to the municipalities. Financial and managerial changes are taking place in the first group of four of 14 projected A.I.D.-supported municipalities regarding municipal operations, use of the annual operations budget as a planning and operations tool, and the use of open town meetings to consult and inform citizens.

Honduras Peace Scholarship Program participants completing "Experience America" during 1992 exceed the target. While the reprogramming of funding under HOPS I is compensating for reduced funding levels for HOPS II, the program's impact will be significantly reduced in the future as levels continue to decline.

B. REFINEMENTS

Both the Strategic Objective and all the Program Outputs remain unchanged.

There are some adjustments in performance indicators. The Mission eliminated **Passage of Well-defined, Internally Consistent and Superseding Major Legislation and Associated Regulations** due to the termination of the Congressional component this year. We refined two performance indicators to provide for more precision of measurement. The term **municipal** was dropped from **Percentage of Public that Believes National and Municipal Elections were Fair Open and Free**; and the term **national** was dropped from the indicator **Improved Public Perception of Local and National Governance**. Now we have one indicator to measure public perception of national government and a separate one to measure their perception of local government.

C. EVALUATION

People's perceptions and attitudes are important when assessing impact of the activities contributing to this Strategic Objective. As such, opinion poll surveys are considered to be critical for assessing this S.O.'s impact. The Mission has already started carrying out these surveys. Using Gallup polls, a baseline was established in May of 1992 for the first two performance indicators. Other projects are considering "piggybacking" onto these ongoing surveys to collect information on local governance and institutional corruption.

Even though the Mission believes this is the best approach for assessing success under this Strategic Objective, we also recognize that some important caveats are in order such as: whether respondents understand the terms of the questions, and can clearly express their perceptions.

The remainder of information to monitor progress is collected through project and counterpart M&E systems including the Supreme Court of Justice, the Inspector General Case Records, official minutes of town meetings from municipal records and others.

No linkage study has been identified for this Strategic Objective.

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.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
Indicator: 5.A Percentage of the Public that Believes that National Elections Were Fair, Open, and Free				
Unit: Percent Favorable Respondents: Total; Female, Male		Year	Planned	Actual
Source: Gallup Polls	Baseline Total	1992	---	69%
	Female		---	69.8%
	Male		---	68.2%
Comments: A public opinion poll measuring public perception of the 1989 elections was conducted in 1992. Another is planned in 1994 for the 1993 elections. Measurements between those two indicators would not be appropriate, since national elections are only every 4 years.	Target Total	1994	70%	***
	Female		70%	
	Male		70%	

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
Indicator: 5.B Public Confidence in the Judicial System				
Unit: Percent Favorable Respondents: Total; Female, Male		Year	Planned	Actual
Source: Gallup Polls	Baseline Total	1992	---	33.0%
	Female		---	33.9%
	Male		---	31.4%
Comments:	Total	1993	40.0%	***
	Female		40.0%	
	Male		40.0%	
	Total	1994	50.0%	***
	Female		50.0%	
	Male		50.0%	
	Total	1995	60.0%	***
	Female		60.0%	
Male		60.0%		
Target Total	1996	70.0%	***	
Female		70.0%		
Male		70.0%		

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
Indicator: 5.C Improved Public Perception of Local Governance				
Unit: Percent Favorable Respondents		Year	Planned	Actual
Source: Public Opinion Poll		1993	---	Baseline information not yet available
Comments: In November of this year, Honduras will have its first election in which Mayors are elected separately. After that election an opinion poll will be taken to determine perceptions of local governance.		1994	---	***
		1995	---	***
		1996	---	***
		1997	---	***

PROGRAM OUTPUT NO. 5.1 Greater and More Efficient Information Usage in Developing and Tracking Laws				
Indicator: 5.1.a Requests for Information by Members of Congress				
Unit: Annual Number of Requests		Year	Planned	Actual
Source: CIEL (Legislative Reference Center) Data Base	Baseline	1992	---	No legislative reference center
Comments: There have been significant problems in the implementation of CIEL due to delays caused by Congress. The planned outputs have been adjusted accordingly.		1993	10	***
		1994	50	***
	Target Total	1995	100	***

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.1 Greater and More Efficient Information Usage in Developing and Tracking Laws				
Indicator: 5.1.b Timely Production and Distribution of Complete <u>Daily Record</u> by Congress				
Unit: Average Number of Days Delay in Producing <u>Daily Record</u>		Year	Planned	Actual
Source: Executive Secretariat Records	Baseline	1991	---	7
Comments:		1992	4	2
		1993	2	***
	Target	1994	1	***

PROGRAM OUTPUT NO. 5.2 Better-Qualified and More Ethical and Efficient Judges, Attorneys, and Administrators in Judicial Institutions				
Indicator: 5.2.a Adherence to Precepts of Judicial Career Law				
Unit: Percent Personnel Hired, Fired, and Grievances Heard According to Judicial Career Law		Year	Planned	Actual
Source: Court Reports to USAID from Court Personnel Records	Baseline	1990	---	No procedures in place
		1992	20%	20%
		1993	50%	***
		1994	75%	***
	Target	1995	95%	***

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.2 Better-Qualified and More Ethical and Efficient Judges, Attorneys, and Administrators in Judicial Institutions				
Indicator: 5.2.b Total Number of Qualified, Full-Time Public Defenders, Law School Graduate Justices of the Peace, Public Prosecutors, and Liaison Office Staff				
Unit: Number of Qualified Professionals		Year	Planned	Actual
Source: Government Personnel Records	Baseline	1987	---	0
Comments: Gender indicators have been eliminated because selection procedures are based on merit and as such cannot carry predetermined gender content. The 1992 planned output was not achieved because the Court received its budgetary allowance late and because of problems in generating the budget from the new computerized accounting system. Because planned output was not achieved in 1992, it has been reduced accordingly in 1993-1995.		1991	---	130
		1992	274	130
		1993	203	***
		1994	254	***
	Target	1995	299	***

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.2 Better-Qualified and More Ethical and Efficient Judges, Attorneys, and Administrators in Judicial Institutions				
Indicator: 5.2.c Effective Office of Inspector General				
Unit: Percent Complaints Investigated and Closed Within Three Months		Year	Planned	Actual
Source: Inspector General Case Records	Baseline	1992	---	Baseline information not yet available ***
Comments:		1993	25%	***
		1994	50%	***
	Target	1995	75%	***

PROGRAM OUTPUT NO. 5.3 Framework Institutionalized for Ongoing Legal and Administrative Reform in the Judicial System				
Indicator: 5.3 Total Budget Availability for the Court Measured Against Constitutionally Mandated Amount				
Unit: Percent (GOH Court Budget Plus Fee Income Divided by National Current Net Revenues)		Year	Planned	Actual
Source: National Accounts	Baseline	1991	---	1.05%
Comments: Revenue for 1993 decreased by one million Lempiras. Goals for 1994 and 1995 have not been changed because introduction of the Judicial Seal, which will generate new funding, is expected to take place in 1994.		1992	1.5%	1.38%
		1993	2.0%	1.30%
		1994	2.5%	***
	Target	1995	3.0%	***

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.4 Fourteen Municipalities Execute Managerial and Financial Functions on a Sustainable Basis in Response to Constituent Needs				
Indicator: 5.4.a Community Attendance in Town Meetings				
Unit: Average Number of Attendants per Meeting in Participating Municipalities: Total; Female, Male		Year	Planned	Actual
Source: Municipal Data - Official Minutes of Town Meetings	Baseline Total	1991	---	20
	Female		---	5
	Male		---	15
Comments:	Total	1992	50	110
	Female		10	35
	Male		40	75
	Total	1993	120	***
	Female		45	
	Male		75	
	Total	1994	140	***
	Female		55	
	Male		85	
	Total	1995	160	***
	Female		60	
	Male		100	
Total	1996	180	***	
Female		70		
Male		110		
Target Total	1997	200	***	
Female		80		
Male		120		

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.4 Fourteen Municipalities Execute Managerial and Financial Functions on a Sustainable Basis in Response to Constituent Needs				
Indicator: 5.4.b Proportion of Municipal Budget Going to Capital Projects				
Unit: Average Percent of Municipal Budget for Capital Projects in Participating Municipalities		Year	Planned	Actual
Source: Municipal Records	Baseline	1991	---	14.5%
<p>Comments: The lower-than-projected percentage in 1992 is partly the result of previously inadequate planning, systems, and community involvement. TA efforts over the last year have concentrated on organizing and "technifying" the investment process. Each participating municipality has an investment plan oriented toward a steadily increasing percentage.</p> <p>Lower percentage is also a result of a clarification among all involved in the definition of what "investment" vs. "operating" costs are.</p>		1992	16%	13.7%
		1993	30%	***
		1994	40%	***
		1995	48%	***
		1996	55%	***
	Target	1997	60%	***

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.4 Fourteen Municipalities Execute Managerial and Financial Functions on a Sustainable Basis in Response to Constituent Needs				
Indicator: 5.4.c Increased Coverage/Provision of Public Services (Water, Sewerage and Refuse Collection) by Municipalities				
Unit: Percent Increase in Urban Inhabitants Receiving all Three Services in Participating Municipalities		Year	Planned	Actual
Source: Municipal Records	Baseline	1991	---	17.0%
Comments: TA efforts which initially targeted reorganization and planning have led to a lower percentage increase than anticipated this year. However, the results of this effort are expected to produce steadily increasing coverage henceforth. Increase of 1 percent coverage is equal to approximately 16,000 persons and an investment of approximately 15.6 million Lempiras.		1992	20%	18.5%
		1993	22%	***
		1994	24%	***
		1995	26%	***
		1996	28%	***
	Target	1997	30%	***

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.5 Greater Number of Hondurans Exposed to and Trained in Democratic Values				
Indicator: 5.5.a People Having Completed "Experience America" Program				
Unit: Cumulative Number		Year	Planned	Actual
Source: Honduras Peace Scholarships I and I/CLASP Information System and the Participant Training Management System (PTMS).	Baseline Total	1986	263	234
	Female		105	79
	Male		158	155
Comments: This indicator was revised during the "Monitoring and Evaluation Exercise" from the number of scholarships awarded to the number of people who have completed "Experience America" programs during studies in the U.S. Consequently all targets and actual data were revised to reflect this change. The final projection for 1997 also was increased based on the reprogramming of funding from the Honduran Peace Scholarships I Project to include increased numbers of short-term scholarships.	Total	1992	1,850	1,883
	Female		740	708
	Male		1,110	1,175
	Total	1993	2,150	***
	Female		860	
	Male		1,290	
	Total	1994	2,300	***
	Female		920	
	Male		1,380	
	Total	1995	2,375	***
	Female		950	
	Male		1,425	
	Total	1996	2,450	***
Female		980		
Male		1,470		
Target Total	1997	2,500	***	
Female		1,000		
Male		1,500		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE — S.O. 5

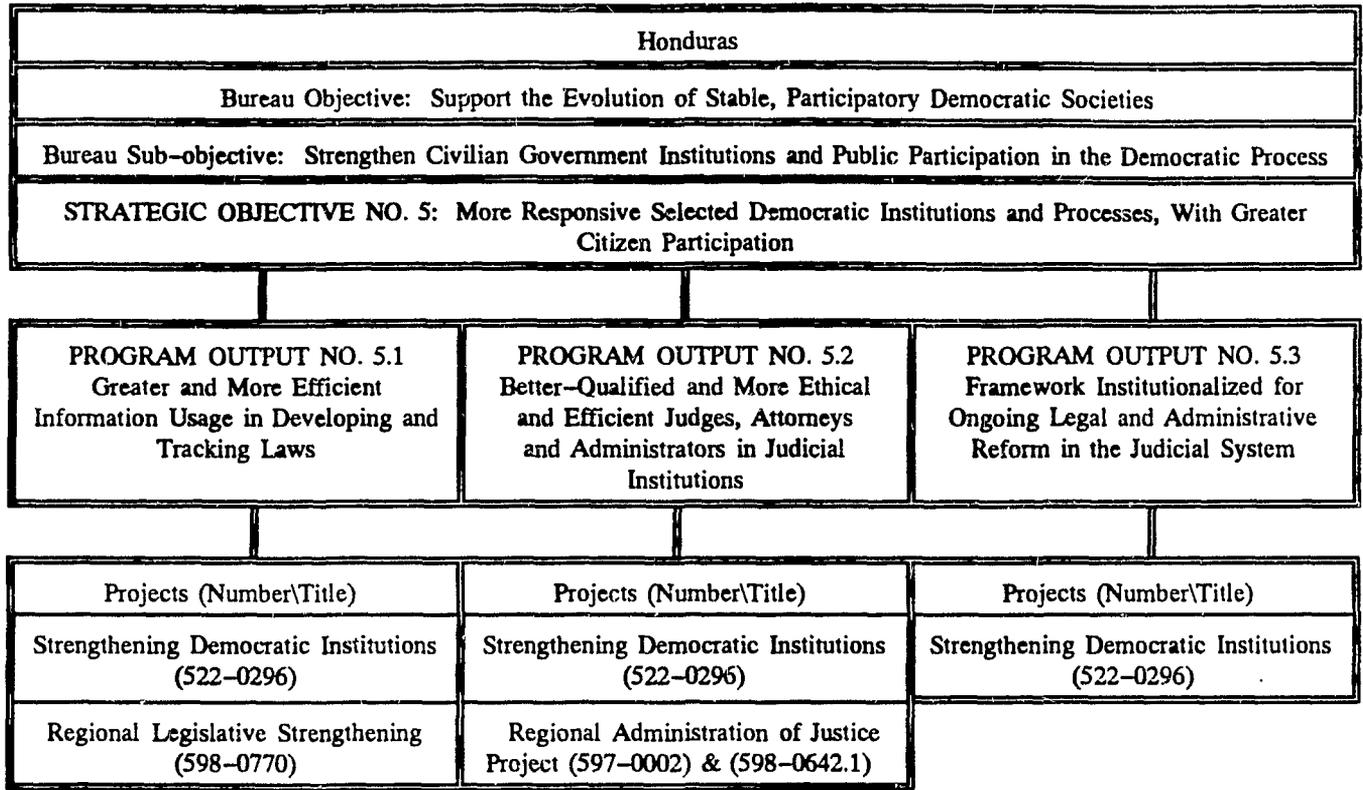
Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.5 Greater Number of Hondurans Exposed to and Trained in Democratic Values				
Indicator: 5.5.b Textbooks Sold				
Unit: Cumulative Number of Textbooks Sold to Participating Bookstores (Thousands)		Year	Planned	Actual
Source: RTAC	Baseline	1986	0	0
Comments: It has been clarified that the cumulative number of textbooks sold is based on sales of books to book stores.		1991	314	314.4
		1992	345	345.0
		1993	366	***
		1994	390	***
		1995	405	***
	Target	1996	420	***

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.6 Strengthened GOH Auditing Capabilities and Public Accountability				
Indicator: 5.6.a Controller General Conducting Audits in Accordance With AICPA* Standards				
Unit: AICPA Standards Met and RIG Certification		Year	Planned	Actual
Source: Non Federal Audit	Baseline	1988	---	Government audits done inefficiently with undertrained staff
Comments: The dates have been changed to reflect a FY 1993 start.		1993	Basis for financial audit standards established	
		1994	Operational audit standards established	***
	Target	1995	Controller general audit reports in accordance with AICPA standards	

* American Institute of Certified Public Accounting

Honduras				
STRATEGIC OBJECTIVE NO. 5 More Responsive Selected Democratic Institutions and Processes, With Greater Citizen Participation				
PROGRAM OUTPUT NO. 5.6 Strengthened GOH Auditing Capabilities and Public Accountability				
Indicator: 5.6.b Audit Findings of Fraud and Corruption Are Prosecuted and Sanctioned				
Unit: Percentage of Cases Successfully Adjudicated		Year	Planned	Actual
Source: Court Records, Controller Records, Public Integrity Records, Attorney General Records	Baseline	1993	---	No follow-on of disclosures of fraud and corruption
		1994	10%	
		1995	20%	***
	Target	1996	30%	

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"



S.O. 5 continued on next page.

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE" (Continued)

PROGRAM OUTPUT NO. 5.4 Fourteen Municipalities Execute Managerial and Financial Functions on a Sustainable Basis in Response to Constituent Needs	PROGRAM OUTPUT NO. 5.5 Greater Number of Hondurans Exposed to and Trained in Democratic Values	PROGRAM OUTPUT NO. 5.6 Strengthened GOH Auditing Capabilities and Public Accountability
Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
Municipal Development (522-0340)	Strengthening Democratic Institutions (522-0296)	Strengthening Accountability Systems (522-0381)
Local Government Outreach Strategy (LOGROS) 596-0167	Honduras Peace Scholarships (CAPS) (522-0329)	
	Honduras Peace Scholarships II (HOPS II) (522-0364)	
	Regional Technical Aid Center II (RTAC II) (522-0384) (OYB transfer)	
	Evaluation of Caribbean and LA Scholarship Program (598-0661) (buy-in)	
	Regional Technical Aid Center (598-0791)	
	Central American Journalism Strengthening (598-0802)	
	AIFLD Union to Union II (598-0805)	
	AIFLD Core Grant II (598-0806)	
	Learning Technology for Basic Education (936-5818) (buy-in)	

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

OTHER
Strategic Planning and Technical Support (522-0269)
Shelter Sector Development (522-0324)
Central American Survival Assistance (522-0380)
Biomass Energy Systems and Technology (BEST) (536-5737)
Regional Central American Rural Electrification Support (CARES) (596-0146)
INCAP Instructional Strengthening (596-0169) (buy-in, core funds)
Rural Development Technical Services (LACTECH) (597-0022)
A.I.D./Israel Cooperative Development Program (930-0185)
Sorghum/Millet CRSP Intsormil (931-1254)
Tropsoils (CRSP) (931-1311)
Bean/Cowpea (CRSP) (931-1316)
Conservation of Biological Diversity (936-5554)
Environmental/Natural Resources Policy & Training (936-5555)
Forest Resources Management (936-5556) (FRM II)
Energy Training Program (936-5734)

SECTION II: STATUS OF PORTFOLIO

A. New Initiatives

The following new projects and project amendments are proposed for the Action Plan period:

1994:

522-0388	Basic Education and Skills Training	(New)
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1995:

522-0241	Small Business II	(Amendment)
522-0340	Municipal Development	(Amendment)
522-0389	Strengthening Family Planning Services	(New)

The Mission's goals of *Equitable and Sustainable Economic Growth and Development* and the *Consolidation of the Honduran Democratic System* result from our assessment that development to be successful in Honduras must be based on improving the ability of individuals to participate fully in society and the economic life of the country. Therefore, the proposed new initiatives focus on increasing Honduran capacity to save, invest and create productive employment; developing the human resource base to make it more economically productive; and strengthening local democratic institutions. Each activity will produce program outputs necessary to achievement of the Mission's Strategic Objectives and, in general, will build on past successes in key sectors where there is opportunity for significant impact. As discussed below, the Mission will end its involvement in areas, such as shelter and irrigation, that do not directly further its Strategic Objectives and program outputs. We will also phase out of foreign investment promotion in compliance the FY 93 foreign assistance appropriations act.

The Mission plans two new projects in support of its Strategic Objective of *Healthier Better Educated Hondurans*. The FY 94 Basic Education and Skills Training Project will help expand basic and vocational education opportunities especially for those Hondurans with limited access. It will consolidate and build upon lessons learned in the area of radio learning under the Primary Education and Efficiency Project (PEEP) and double the number of PVO vocational centers established under the Council for Human Resource Development Project (CADERH). Although last year's Action Plan contemplated an end to assistance to CADERH, the Mission has determined, based on further evaluation, that

there is a great need to provide basic and vocational education to out-of-school youth and adults marginalized by the formal educational system. The FY 95 Strengthening Family Planning Services Project will capitalize on the GOH's increased commitment to improving public sector family planning services. The project will build upon the assistance provided to the Ministry of Health (MOH) and the Honduran Social Security Institute (IHSS) under the Health Sector II project to further strengthen GOH capacity to implement a more comprehensive family planning program. The project will also support PVOs to provide educational and referral services to populations in the localities which they serve.

Through a FY 95 amendment to the Municipal Development Project, the Mission will deepen its support for its Strategic Objective of *More Responsive Selected Democratic Institutions and Processes, with Greater Citizen's Participation*. The amendment will support the extension of institutional and structural reforms being implemented in fourteen municipal centers to a second set of cities.

Last year's Action Plan contemplated a one year no-cost extension to the successful Small Business II (SB II) Project. Based on additional evaluation and refinement of the Strategic Objective of *Increased Private Investment and Trade*, the Mission foresees the need to continue to support to the small business sector. In FY 95 the Mission will amend the SB II project to provide the additional project resources needed to significantly expand savings mobilization, improve small business access to credit and generate productive employment.

The Mission's multi-year PL-480 Title III program currently supports policy reforms which directly contribute to our objective of *Increased Agricultural Production and Exports*. This program ends in FY 94. Should Honduras continue to remain eligible for Title III resources, the Mission will propose a new FY 95 PL-480 Title III program to support both agricultural and natural resource policy reforms.

B. Terminating Activities

By consolidating the Mission's program and concentrating resources in only those areas which make a direct contribution to the Mission's approved strategic framework, the Mission will, in this Action Plan period, reduce the number of projects in its portfolio from 28 in 1993 to 23 in 1995. In FY 1993, the Mission will terminate its involvement in five activities: the International Executive Service Corps Project; the CASA Project, which provided rehabilitation services to victims of the Nicaraguan conflict; the Irrigation Development Project; the Shelter Sector Program and the Strategic Planning and Technical Support Project. None of these activities contributes directly to the Mission's Strategic Objectives.

In FY 94, an additional five projects will end: Export Development Services; the Human

Resources Development Council (CADERH); CCIC; the Agricultural Research Foundation (FHIA); and the Honduran Peace Scholarship I Program. With the end of the Export Development Services project, the Mission will have phased out its support for investment promotion activities. It is expected that support will, however, under our section 599 phase-out strategy continue under the Investment and Export Development Project (IED) approved in last year's Action Plan, for the development of non-traditional agricultural exports and for efforts to improve business and labor relations and the competitiveness and productivity of Honduran manufactures. The Chamber of Commerce of Cortés (CCIC) project, which was scheduled to end this year, will be extended one year to FY 94. This extension will permit the Chamber to work with municipal, community, business and national leaders to analyze and implement recommendations from a study of the social and economic impacts of the growth of the maquiladora (drawback) sector around San Pedro Sula. As planned last year, the Mission will phase out its support for CADERH's in-plant and industry-specific training during FY 94. Support for CADERH's vocational training activities will be continued in the new Basic Education and Skills Training Project. The FHIA project, which has already achieved most of its outputs, will end on September 30, 1994. The Government of Honduras has agreed in principle to provide FHIA with an endowment in lempiras equivalent to approximately \$18 million to assure the sustainability of the organization and its successful research programs.

The Mission plans to terminate two projects in FY 95: Strengthening Democratic Institutions (SDI); and Small Farmer Organization Strengthening (SFOS). However, while the SDI project will end in FY 95, the Mission foresees the need to continue supporting democratic change in Honduras, particularly in the area of judicial reform through a possible FY 96 activity. The SFOS project was originally designed to strengthen both agricultural cooperative and credit union sectors. Last year, based upon the results of the SFOS mid-term evaluation, the Mission extended the SFOS Project for two years to complete the financial and institutional restructuring of approximately 40 credit unions. The project has achieved significant success and by FY 95 the Mission support to the credit sector will no longer be required.

**NEW PROJECT DESCRIPTION
(FY 94)**

LAC BUREAU OBJECTIVE: Support the Achievement of Broadly-Based, Sustainable Economic Growth.

LAC SUB-OBJECTIVE: Encourage Greater Opportunities for Increased Participation in the Economy by the Disadvantaged.

MISSION STRATEGIC OBJECTIVE: Healthier, Better Educated Hondurans

PROJECT TITLE: Basic Education and Skills Training
PROJECT NUMBER: 522-0388
FISCAL YEARS: FY 94-00
LOP FUNDING: \$10.0M
TYPE OF FUNDING: DA - Basic Education/Adult Literacy Earmark

A. CONSISTENCY WITH MISSION STRATEGY: The goal of the project *is healthier, better-educated Hondurans*. Achievement of this goal will be measured by increased numbers of graduates at each level of the basic and vocational education systems. The purpose of the project is *to increase the efficiency, quality and coverage of the basic and vocational education systems*. Achievement of this purpose will be measured by an increase in enrollments, a decrease in the MOE's per student and per graduate costs in the basic education system, and an increase in the productivity and employment of PVO and municipal vocational training graduates.

B. RELATIONSHIP TO USAID AND OTHER DONOR ACTIVITIES: The project will provide an important complement to the Mission's current primary and vocational education projects and the efforts of other donors (Germany, World Bank, Japan, and UNESCO) to improve the formal, basic education system. In vocational education, the project will target the disadvantaged sectors of Honduran society that will not have access to a proposed \$30 million IDB project for private secondary and post-secondary technical education, due to the academic and financial requisites for enrollment.

C. RELATIONSHIP OF THE PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: The project is in accordance with Agency policies to diversify basic education opportunities, base instruction on the needs of disadvantaged sectors of society, involve community organizations and employers, utilize nonformal vocational education strategies, and provide skills and knowledge directly applicable to productivity and employment.

D. PROJECT ACTIVITY DESCRIPTION: The project will provide basic education and expanded nonformal vocational education opportunities for disadvantaged out of school youth and adults who are unemployed or underemployed, and have been marginalized by the traditional, formal basic and vocational education systems.

The Human Resource Development Council (CADERH: 522-0257) has been very successful in providing nonformal vocational training for out of school youth and adults by expanding coverage and strengthening the vocational training capabilities of PVOs and municipalities. The Primary Education Efficiency Project (PEEP: 522-0273) is also achieving significant improvements in the quality, efficiency and cost-effectiveness of primary education. It is estimated that by 1995 project interventions will have led to an increase of 50 percent in primary school graduates and a 30 percent reduction in dropout rates. Despite these improvements, less than 40 percent of all children will be completing primary school, only 10 percent will go on to complete secondary school, and less than 2 percent of the unemployed and underemployed, out school youth and adults will have access to vocational training.

Data from other developing countries indicate that until 60 percent of the emerging workforce completes primary school, at least 25 percent completes secondary school, and access to vocational training is available for young people and adults with no marketable skills, economic growth will be sluggish due to low productivity and a poorly trained workforce. With nearly 1,000,000 students presently enrolled in the formal primary school system and 97 percent of its budget dedicated to salaries, the MOE will be unable to provide additional teachers, facilities or funding for a rapid, massive increase in enrollments in basic or vocational education to meet the challenges of a more competitive global economy.

The project will address these constraints by establishing a nationwide alternative basic education delivery system and strengthening and expanding CADERH's network of PVO and municipal training centers.

The first component of the project will build upon experimental efforts with the MOE to develop an alternative basic education delivery mechanism, using interactive radio and other media, self-paced learning materials and basic education monitors, instead of teachers. The project will provide a complement to the traditional and more expensive classroom based system and will shift the burden of funding recurrent costs of the system from the GOH to participants, employers, PVOs and other entities.

The project's second component will build upon the successes of the CADERH project, expand and strengthen CADERH's network of 16 PVO and municipal training centers to approximately 35 training centers, and increase annual enrollments from approximately 3,000 to 10,000 out of school youth and adults. This component will construct and equip centers, provide self-paced competency based training materials, trade certification exams, and train instructors. It is anticipated that increased enrollments and graduates from nonformal vocational training institutions will increase the cumulative individual productivity of participants by at least \$10 million over the life of the project.

The project's two major components are complementary, strategic interventions for meeting the educational and training needs of some of the least privileged sectors of society who have been marginalized by the formal education and training systems, promoting the concept of "life-long learning", while reducing the recurrent cost pressures on the GOH of both systems. Many participants will benefit from both the alternative

basic education delivery system, which will increase the basic education levels of the workforce, and nonformal vocational training to increase individual productivity. The self-paced learning materials developed by the alternative basic education delivery system will be used by the nonformal vocational training network and the general public, and the curricula and training opportunities developed by the nonformal vocational education component will be used by the formal and nonformal vocational training sector to establish trade certification exams, competency based instruction, and a unified vocational trades evaluation system.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: The project will be implemented through a Handbook 3 Agreement with the MOE and a Cooperative Agreement with CADERH.

F. SUSTAINABILITY OF PROPOSED ACTIVITIES: The recurrent costs of the basic education delivery system and vocational training will be minimal, with most of the costs being paid by participants, employers, PVOs, municipalities and community organizations.

G. MISSION MANAGEMENT ROLE: The Education and Training Officer of the Office of Human Resources Development will manage the project. The project will fund an administrative assistant.

H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES:

- CADERH's vocational centers are not affected by the Section 599 legislation, with the exception of one program that trains approximately 50-75 sewing machine operators per year who may then seek and obtain employment in the area's Export Processing Zones (EPZs). Training will be provided for individuals, rather than firms, thus it is anticipated that this training will not be affected by Sec. 599.
- The vocational training portion of the project will not meet the education earmark but will provide training for employment for the less favored sectors of society, which account for over 65 percent of the Honduran population, that have dropped out of the formal primary and secondary education systems. The current definition of basic education encourages investments in formal primary and secondary education systems which often cannot reach the least privileged sectors of society. These sectors often drop out of formal schooling because of more immediate economic needs which will not allow them to remain in school over a six to twelve year period. They then enroll in vocational training programs of one to two years in length so that they can obtain gainful employment. It would seem that meeting these needs is just as critical as providing primary and secondary education. If there is an opportunity to redefine the education earmark, the Senate Foreign Relations Committee's suggestions for 1991 could provide more appropriate language for meeting the human resource needs of developing countries.

NEW PROJECT DESCRIPTION
(FY 1995)

LAC BUREAU OBJECTIVE: Support the Achievement of Broadly-based, Sustainable Economic Growth.

LAC SUB-OBJECTIVES: Encourage Economic Policies that Promote Investment, Productive Employment and Outward-Oriented Diversification; Encourage Vigorous Private Sector Response and; Encourage Increased Economic Opportunities for the Disadvantaged.

MISSION STRATEGIC OBJECTIVE: Increased Private Investment and Trade.

PROJECT TITLE: Small Business II (SB II), Amendment
PROJECT NUMBER: 522-0241
FISCAL YEARS: FY 88-98
LOP FUNDING: \$15.0 M plus a \$7.5 M amendment
TYPE OF FUNDING: DA

A. CONSISTENCY WITH MISSION STRATEGY: The goal of the amended project will be revised to conform to the Strategic Objective of *increased private investment and trade*. Achievement of the goal will be measured by increased investment and increases in production in the small business sector. The project purpose is to *foster small and micro business growth by improving the competitiveness of these enterprises so they may attract new investment*. Key indicators of project success will be new employment generated and loans made to micro and small businesses. The project will encourage a higher degree of competition and improved financial services among informal sector financial institutions, and increased access to credit by small scale enterprises.

B. RELATIONSHIP TO USAID AND OTHER DONOR ACTIVITIES: Improved access to credit through increased competitiveness of financial intermediaries is necessary to increase private investment and generate employment. The proposed project amendment together with several other USAID supported activities will improve the competitiveness of the private sector. Complementary USAID-financed projects at the policy level include, the Policy Analysis and Implementation Project (PAIP:522-0325), and the Structural Adjustment Program (SAP:522-0365). Technical, management and financial assistance provided under the SB II Project Amendment will also complement credit resources provided by other donors, such as IDB, CABEL, and the EEC, to private financial intermediaries who on-lend to informal and small-scale enterprises.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: The project conforms to the Agency's guidelines on micro enterprise development, use of PVOs, and financial markets development policy.

D. PROJECT DESCRIPTION: The Project will build on the successes of the SB II project by strengthening and expanding a network of institutions that provide credit, training, technical assistance and services to micro and small enterprises. SB II originally supported the formation of a network of PVOs strengthened through the small business program of the National Association of Industries (ANDI/PYME) and directly funded the National Development Foundation of Honduras (FUNADEH). The project also financed a Central Bank rediscount line for small and medium-sized enterprises. This USAID project supported network has made more than 26,600 loans and created more than 21,400 jobs from September 1988 to December 1992. Approximately 54 percent of all the loans have gone to women-owned or managed businesses.

Under this amendment the project will assist approximately ten PVOs with the greatest potential for self-sufficiency, including FUNADEH and the ANDI/PYME core group to restructure their small business development operations. The amendment will consist of three major components. The first will improve PVO capacity to mobilize resources and allocate them to investments which yield maximum returns. The second will upgrade the institutional capacity of the PVO to administer and control its operations. The third component will provide resources to restructure operations and increase portfolio levels to ensure institutional sustainability. The project will work with PVOs in the following manner. An interested PVO will pass through an institutional assessment. This assessment will contain a description of the PVO's current strategy, expected outputs, market analysis, internal operating procedures and financial assessment. The information will help determine the viability of the individual PVO, quantify its return on investment and determine its merit for participating in the project. If the PVO qualifies, a strategic plan will be prepared. This plan will include specific recommendations to improve the PVO's management and internal controls, including adjustment of its existing financial and credit policies, to reflect market terms and conditions. The project will then assist the PVO to implement this plan. All technical and financial resources will be concentrated on assuring the sustainability of the PVOs. During FY 1993, the project will apply for funding and seek assistance from AID/W's Anti Poverty Lending Program (APPLE) to support and expand the existing local PVOs informal sector lending programs in Honduras.

The project is expected to provide the following results: 1) improved financial intermediation capabilities of a larger number of PVOs providing an increased number of loans to the smallest enterprises, especially women-owned and operated enterprises, and 2) increased competitiveness of the sector as a result of the improved access to credit which stimulates growth and competition in the small business sector. During the project amendment, approximately 12,500 new loans will be made. The loans will create nearly 900 new jobs. Over 50 percent of the loans will be made to women entrepreneurs. The average loan size will be approximately \$400.00.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: The Project will continue with the basic implementation arrangements established under SB II with only a few modifications. To implement the grant amendment ANDI has proposed to transfer the management of the operation of its micro enterprise program to the Jose Maria Covelo Foundation. This Foundation was created by ANDI so that Honduras would have a specialized organization to assist PVOs in implementing their informal sector and micro enterprise programs, as well as a mechanism to obtain tax-exempt resources to support this effort. In practice, all of the ANDI/PYME personnel will be transferred to the Foundation and no operations will be affected.

F. SUSTAINABILITY OF PROPOSED ACTIVITIES: The Project will only work with organizations with a strong potential for becoming self-sufficient by the PACD. Several of the participating PVOs, most notably FUNADEH, are already self-sufficient or within reach of sustainability in the near term. Because self-sustainability is based substantially on the quality and performance of loan portfolios, adherence to market-determined real interest policies and vigorous loan recovery procedures are indispensable conditions for participation as implementing entities.

G. MISSION MANAGEMENT ROLE: The project will be under the responsibility of the Private Sector Programs office and will be managed on a day-to-day basis by a USPSC supervised by a USDH private sector officer.

H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES:

- Section 599 (C) of P.L. 102-391 states that no funds may be given for any project or activity that contributes to the violation of "internationally recognized worker rights". This includes the right of association, organization, collective bargaining, compulsory labor, minimum age for the employment of children and acceptable conditions with regard to minimum wages, hours of work and occupational safety and health. Due to its nature, the informal sector generally does not maintain adequate safety and health standards. Most of the women who obtained loans from poverty lending programs are engaged in family business where all the children work in the family business in one way or another. The houses which also function as workshops in the informal sector, typically do not have running water, sanitation services, etc. Mission is awaiting final A.I.D./W guidance on Section 599.

NEW PROJECT DESCRIPTION
(FY 95)

LAC BUREAU OBJECTIVE: Support the Achievement of Broadly-Based, Sustainable Economic Growth.

LAC SUB-OBJECTIVE: Encourage Greater Opportunities for Increased Participation in the Economy by the Disadvantaged.

MISSION STRATEGIC OBJECTIVE: Healthier, Better Educated Hondurans.

PROJECT TITLE: Strengthening Family Planning Services
PROJECT NUMBER: 522-0389
FISCAL YEARS: FY 95-99
LOP FUNDING: \$7.0M
TYPE OF FUNDING: Population

A. CONSISTENCY WITH MISSION STRATEGY: The goal of the project is *healthier, better educated Hondurans*. Achievement of this goal will be measured, in part, by reduced maternal mortality (a decrease in number of deaths of mothers per 100,000 live births). The purpose of the project is to *increase the percentage of Hondurans who practice family planning*. Progress towards achieving this purpose will be measured by an increase in contraceptive prevalence in women of reproductive age in union.

B. RELATIONSHIP TO USAID AND OTHER DONOR ACTIVITIES: The other major donor in this area is the United Nations Fund for Population Activities (UNFPA). The UNFPA recently approved a five year \$7.5 Million program which will concentrate principally on population policy formulation, research, education and training. This Project complements the UNFPA activities and is not redundant.

The proposed project will support improvements to public sector family planning services and thus complement the Mission's Private Sector Population II Project, which may be extended through September 1997. The proposed major implementing agencies, the Ministry of Health (MOH) and the Social Security Institute (IHSS) will coordinate with the private Honduran Family Planning Association (ASHONPLAFA) to maximize coverage and impact of family planning services.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: The project is in full conformance with the A.I.D. Policy Paper on Population Assistance which makes essential linkages between development, health and population growth. The underlying principle of this project is voluntarism and informed choice, in accordance with A.I.D. policy.

D. PROJECT DESCRIPTION: GOH commitment to family planning has increased recently as new information surfaced indicating maternal mortality rates are much higher than previously thought. This new project, which will capitalize on this increased commitment, is a follow-on to the family planning component of the Health Sector II project scheduled to end in FY1996. Although Health Sector II has supported a significant increase in MOH family planning services, a large number of facilities still do not provide comprehensive services due to lack of training, equipment, supplies, educational materials and monitoring. Under the new project, all family planning activities will be permanently integrated within the MOH.

The proposed project will also support a new program with the IHSS--an institution with easy access to a large number of fertile age women and men in the workforce. Although the IHSS has become increasingly enthusiastic about family planning, only contraceptive commodities were provided to this institution through the Health Sector II project. The Health Sector II project does not finance training, equipment, supplies, or technical assistance which the IHSS now so desperately needs and wants. This new project will allow the IHSS to implement a complete family planning program.

The new project will also include a component to strengthen the family planning curriculum at the University Medical School and various schools of nursing. Finally, private voluntary organizations (PVOs), due to their ability for outreach into communities, will be assisted to provide educational and referral services to populations in localities they serve.

The project will have a significant positive impact on the health of women and children through the prevention of illness and deaths related to reproductive risk. A secondary benefit will be economic improvement in the lives of families having fewer children.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: The project will be implemented through HB3 Agreements with the MOH and IHSS. In addition, an institutional contract will be executed to manage the PVO component.

F. SUSTAINABILITY OF PROPOSED ACTIVITIES: The majority of the operational expenses such as salaries will be paid by the grantees themselves. It is, however, unlikely that the MOH or the IHSS can be self-sufficient in contraceptives.

G. MISSION MANAGEMENT ROLE: The Health/Population Officer with the Office of Human Resources Development will be responsible for overall management of the project. Two FSN Population advisors will be partially funded by the project to provide day-to-day implementation support.

H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES:

- Continued government commitment to providing family planning services, especially after elections in 1994.

NEW PROJECT DESCRIPTION
(FY 95)

LAC BUREAU OBJECTIVE: Support the Evolution of Stable, Participatory Democratic Societies.

LAC BUREAU SUB-OBJECTIVES: Strengthen Civilian Government Institutions and Strengthen Public Participation in Democratic Processes.

MISSION STRATEGIC OBJECTIVE: More Responsive Selected Democratic Institutions and Processes, with Greater Citizen Participation.

PROJECT TITLE: Municipal Development Project (Amendment)
PROJECT NUMBER: 522-0340
FISCAL YEARS: FY 95-96
LOP FUNDING: \$10.0M plus a \$2.0M amendment
TYPE OF FUNDING: DA

A. CONSISTENCY WITH MISSION STRATEGY: The goal of the amended project, to strengthen democracy in Honduras, conforms with the Strategic Objective of *more responsive selected government institutions and processes with greater citizen participation*. An indicator of goal achievement will be improved public perception of local governance as measured by annual public opinion polls. The project's purpose is 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*. Indicators include: increased community attendance at open town meetings; increased proportion of municipal budgets going to capital projects; and, increased coverage/provision of public services of water, sewerage and refuse collection.

B. RELATIONSHIP TO USAID AND OTHER DONOR ACTIVITIES: This project complements the Mission's Strengthening Democratic Initiatives (SDI) Project as both are designed to foment more responsive democratic institutions and to promote increased citizen participation in governance. The SDI project works primarily with central level organizations to improve their institutional capabilities, while the Municipal Development Project (MDP) works at the local level where citizens are more immediately affected. At the regional level, the project amendment will contribute to regional municipal development objectives and utilize selected resources of ROCAP's Local Government Outreach Strategy (LOGROS) project. The MDP amendment will complement major decentralization and municipal development efforts of the UNDP and the IDB.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: Strengthening democratic initiatives is a fundamental goal of the Agency, Bureau and Mission. The project supports A.I.D.'s policies on Local Organizations in Development, Institutional Strengthening and Urban Development.

D. PROJECT DESCRIPTION: The MDP seeks to both strengthen local governments and increase the role of residents in the local decision-making process. It accomplishes this through the provision of extensive technical assistance and training directed at building the capacity of selected municipalities to collect taxes, implement internal financial controls and invest in basic services such as water, sewerage, and solid waste collection and disposal. It also engages municipalities in a continuing dialogue with central government authorities concerning the adoption and implementation of policies which support increased municipal autonomy.

This amendment both strengthens existing MDP activities and creates a potential for expansion as follows:

1. Funds development of master plans and related technical work, allowing MDP municipalities to design and implement water and sewerage projects using their own resources and others available through both the bilateral GOH and regional CABEL programs. This activity would be extended to additional selected municipalities with the local technical municipal services organization created under the program playing a key role in the implementation of assistance;
2. Provides resources to the Universidad Tecnológica Centroamericana (UNITEC) and the University of San Pedro Sula to strengthen their capability to provide mid-to long-term training to the municipal staff. Other centers/providers of training will also receive support as they are identified;
3. Expands the role and influence of the Honduran Municipal Association (AMHON) with key central government organizations by providing funds to increase the effectiveness of AMHON in securing policies, legislation and resources that support municipal governments;
4. Provides support to local organizations responsible for the promotion of responsive local governments and the forging of productive links between community and local government. Through this support, the Project will seek to build community-level pressure for municipalities to improve accountability for their actions and resources.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: A Cooperative Agreement will be signed with a Honduran NGO created under the project to provide most of the technical assistance. Existing contracts or cooperative agreements will be extended with private educational institutions for the training. The existing Cooperative Agreement with AMHON, as a key lobbying instrument of the municipalities, will also be extended. The MDP originally involved assistance to fourteen municipalities. As the project is

implemented, unresponsive members of the original group may be dropped from the project, or graduated based on achievement of established objectives. Other municipalities with a demonstrated interest and commitment will be added. The new municipalities will be eligible for only selected TA activities, e.g., municipal assessments, budget preparation, and will be expected to satisfy the rest of their technical assistance and training needs using their own resources.

F. SUSTAINABILITY OF PROPOSED ACTIVITIES: The project requires that municipalities fund an increasing share of their technical assistance and training needs out of central government transfers and local revenues.

G. MISSION MANAGEMENT ROLE: The project will be managed by a U.S. PSC within the Mission's Municipal Development and Infrastructure Office. The project's management burden should decrease substantially during the final years of the project as local organizations are strengthened and take on greater responsibility for project implementation.

H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES: None

CENTRAL AND REGIONAL PROJECTS

Centrally and Regionally Funded Projects are quite variable in terms of objectives, size, the management style and impact on the development objectives of the country Mission, so it is difficult to discuss them as if they were uniform units. It is not clear to what extent Agency policy expects that centrally funded projects contribute to the Strategic Objectives of the Mission. If centrally funded projects are expected to contribute to the objectives of the Mission, the Mission should have more input into the design and approval of new centrally funded project than has been the case up to now. In addition, the management entities of on-going centrally funded projects must be made aware of this imperative.

There is a wide difference of opinion among Agency personnel as to the "management burden" of centrally funded projects. Some opine that Mission staff need not be involved with these projects. However, if they are to contribute to the objectives of the Mission and if we are to ensure that resources are used as intended, there must be direct oversight. With Mission staff reductions in Honduras, there will be a need for reductions in centrally funded projects.

There is an urgent need to for an impartial evaluation of centrally funded projects, including the Collaborative Research Support Programs (CRSPs). Over time, there has been a tendency to start new centrally funded activities and continuing most of the on-going ones. In the face of shrinking resource levels this has resulted in central projects that are under funded. The CRSP or project management entity has adequate resources provided by AID/W to travel to countries seeking additional financial support from the Mission. In effect, one part of the Agency funds an outside entity to lobby another part of the Agency for funds. This is not an efficient use of agency resources. Many evaluations in the past have only examined the question of whether the project or CRSP produced results. Issues of cost effectiveness, management methods, appropriateness of the activity have either not been the focus of evaluations, or has been relegated a secondary role.

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SECTION III.

UPDATE ON THE STATUS OF TROPICAL FORESTS AND BIODIVERSITY (FAA 118 & 119)

A. Major Conservation Challenges.

The major conservation challenges have not changed since the update of August of 1992. The main issues include deforestation of both pine and hardwood forests with associated loss of biological diversity, loss of topsoil due to unsustainable agricultural methods, and loss and contamination of water supplies from agricultural practices and deforestation.

B. Progress in Conservation of Biodiversity and Reduction of Deforestation.

Additional mission activities since the update of August 1992 include the extension of the Agricultural Component of the Policy Analysis and Implementation Project (PAIP), the development of the National Environmental Protection Fund Project (NEPA), and extended effort through the Forestry Development Project (FDP) for protected areas. The PAIP extension will include policy analysis and implementation of new environmental legislation, as well as work with the implementing regulations for that legislation. The PAIP will also address other policy issues related to natural resource management. The NEPA project will address a range of conservation and biodiversity issues through joint projects between U.S. NGOs and Honduran NGOs, and is expected to be approved in April 1993. The extension of effort through the FDP project will strengthen the GOH institution responsible for protected areas through technical assistance at the planning level, delimitation of priority park and reserves, and limited logistical support in the field.

C. How Mission Will Address Host Country Needs in FY 1994-95.

This is described in the August 1992 update and the above paragraph.

SECTION IV. -- RESOURCE REQUIREMENTS

A. PROGRAM BUDGET

The Development Assistance (DA), Economic Support Fund (ESF) and PL 480 levels proposed in this Action Plan for FYs 1994 and 1995 (see the table below) are consistent with both the Action Plan guidance and Honduras' development needs.

	FY 1993	FY 1994	FY 1995
Development Assistance	26,008	28,600	28,600
Economic Support Funds	9,700	30,000	30,000
PL480 Title II	4,658	4,724	4,724
PL480 Title III	14,000	14,000	14,000
TOTAL	54,366	77,324	77,324

The proposed program levels respond to:

- A.I.D.'s objectives in Central America: strengthened democracy, broad-based economic growth, improved quality of life of lower-income groups, protection of the environment, and increased trade;
- Honduras' poverty (its low per capita GDP qualifies it as an IDA-eligible country) exacerbated by its heavy debt overhang; and
- Honduras' good-to-impressive economic, social, and democratic performance over the past three years.

Economic growth is essential to continued Honduran development progress. High growth is inextricably linked to reduction of the country's widespread poverty, improvement of its social services, preservation of the environment, and strengthening of its democratic institutions. It can only come from further structural reforms and project initiatives, guided by the donor community, that enhance the efficiency with which the existing resource base is utilized. The critical variable for the future is the political will of the Honduran government to maintain and to deepen the reform of its socioeconomic system. Yet the intensity of pressure against the reforms is increasing with the approaching November 1993 elections.

There is a vital role for USAID/Honduras in persuading the future government that it must stay the course and guide continuation of the reform. To play this role successfully, the program will require ESF balance-of-payments levels at or near the requested \$30 million level in FY 1994-1995. We have invested \$400 million and forgiven \$430 million

of debt in support of Honduran reform since 1990. We have also witnessed an increase in GDP from 0.1 percent to 4.3 percent in 1992, despite two bad years for the country's two main export crops. It would be a tragic waste to pull back financial assistance at this juncture and let the opponents of reform undercut the most far-reaching economic restructuring in Honduran history.

Because of the increasing uncertainties regarding ESF levels for Honduras, we have decided to begin including projects previously financed with ESF (Strengthening Democratic Institutions, Honduras Peace Scholarships, and the public-sector portion of Policy Analysis and Implementation) within the DA budget. That budget is already under pressure from this year's 32 percent budget reduction from FY 1992. Congressional earmarks exacerbate the pressure by limiting budget flexibility. Worse yet, in numerous instances only a portion of the total obligation of a project counts toward the earmark. In such cases we need to obligate levels well in excess of the earmarked portion of the project just to meet that project's earmark. Thus in FY 1993, while the Mission's total earmark level is \$17.1 million, the Mission must obligate \$20.7 million (nearly 80 percent) of its \$26 million budget to meet that total earmark. In FY 1994, the level increases to \$22.2 million (77 percent of the requested \$28.6 million or 85 percent of the budget if we are held to the FY 1993 level). Reductions in the requested level will further strain our already limited ability to contribute to Bureau economic-growth and/or democracy objectives.

B. OPERATING EXPENSE FUNDS

In analyzing the scarce staff and OE resource availabilities against the workload requirements of our program, we have found that there are no easy answers. Indeed the Agency has been struggling with this conundrum for many years. Nevertheless, since FY 1991 we have been working on reducing our administrative requirements with notable success.

Recognizing that U.S. employees are our most expensive human resource, our plan calls for a 41 percent reduction in this category over the four-year period from FY 1991 through FY 1995. We have already achieved more than half that reduction (23 percent) and have identified each position to be deleted through FY 1995. Workload redistribution has begun to cause some strains--we may be stretching our officers too thinly, a situation that will only worsen as we move to the next phase of our reduction plan. To help alleviate this problem, we plan to train our FN professional employees to assume more and higher-level responsibilities, although even this measure has its limits since our FN staff will be reduced by 16 percent over the same four-year period.

Accommodating these sharp staff reductions requires careful planning and preparation, especially when our workload--as measured by Food Aid, and DA and ESF project assistance--is being reduced at a considerably lower rate. We are reviewing our program-implementation and monitoring systems with the objective of streamlining where possible. We are also looking for ways to reduce our administrative burden by designing new document preparation and clearing systems using our new PC/LAN, by using a

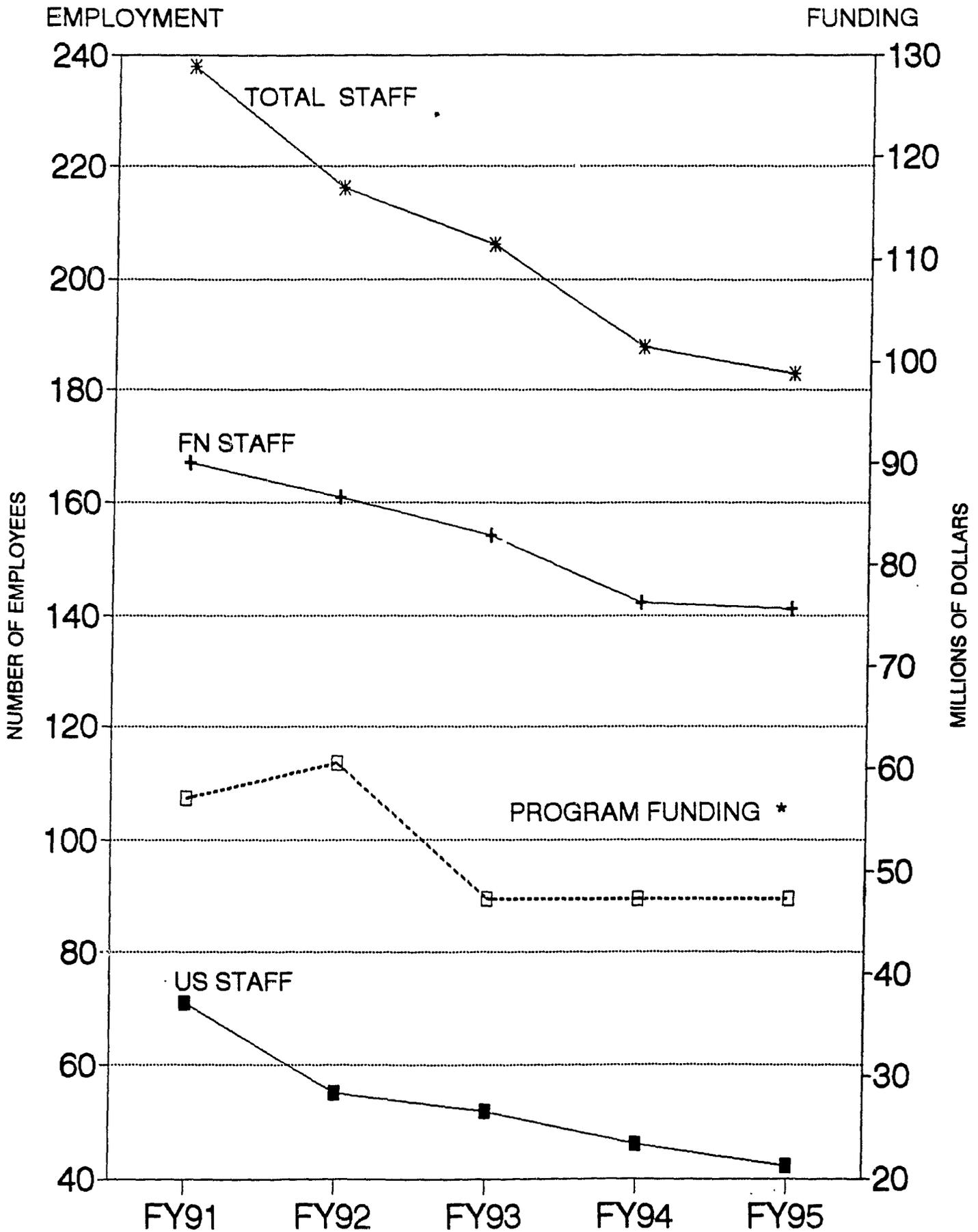
common-sense approach to project design documentation, and by requiring somewhat less consensus building and more decision making in our daily work. However, our overriding concern is to continue the high degree of accountability we have achieved. Therefore, major staff reductions beyond the currently projected levels will require program reductions and postponing development gains for Honduras.

Through thoughtful planning and careful resources management we have reduced our OE requirements by 15 percent over the FY 1991-95 period and reduced dependency on trust funds from 75 percent of total OE to 36 percent. We have achieved these reductions despite several factors that offset many of our savings measures. Since 1991, we have completed two high-cost projects, the upgrade of our computer network to a PC/LAN-based system and the remodeling of our office building following the 1988 fire. Expected OE savings gains from personnel reductions have been partially offset by the new FN retirement system. As negotiated by the Embassy, this system requires payments in the range of \$260,000 to \$300,000 over the next four years to fund the program for prior service of the FN staff. Another limiting factor on OE savings is that many of the positions being eliminated are project funded. Over the FY 1991-95 period, project-funded Mission personnel will be cut by 35 percent (versus the 23 percent overall cut).

We are concerned that the current drive for resource cuts not go beyond the dramatic reductions we have already programmed. The Mission's responsibility for our program is still increasing, as evidenced by the PPAS system of program monitoring. We have carefully planned our resource needs with an eye toward efficiency and effectiveness while maintaining our accountability standards. Further cuts will affect our ability to assure accountability and responsible oversight.

The following chart and graphs show our plan not only for the FY 1994-1995 Action Plan period, but for the entire four-year period of our reduction plan.

COMPARISON OF STAFF VS. PROGRAM



* Program Funding includes DA & ESF projects, PL480 Title II, and PL480 Title III, but not ESF Cash Transfers.

PROGRAM/RESOURCES ANALYSIS

OPERATING EXPENSES

(\$ Million)

	FY 91	FY 92	FY 93	FY 94	FY 95
SOE	1.0	1.5	2.1	2.4	2.3
TRUST FUNDS	3.2	2.9	1.7	1.4	1.3
TOTAL	4.2	4.4	3.8	3.8	3.6

WORKFORCE (Positions) ^{1/}

	91	FY 92 Red.	92	FY 93 Red.	93	FY 94 Red.	94	FY 95 Red.	95	Total Red.
USDH	37	5	32	2	30	2	28	3	25	12
USPSC	25	5	20	2	18	3	15	0	15	10
PASA	9	6	3	(1)	4	1	3	1	2	7
FSNDH	33	13	20	0	20	1	19	0	19	14
FSNPSC	134	(7)	141	7	134	11	123	1	122	12
TOTAL	238	22	216	10	206	18	188	5	183	55

^{1/} FTE's are at least 5% less

PROGRAM (Other Than Cash Transfers)

(\$ Millions)

	FY 91	FY 92	FY 93	FY 94	FY 95
DA	32.9	35.2	26.0	28.6	28.6
ESF PROJECTS	2.9	5.0	2.7	-	-
PL480 TITLE II	7.3	6.3	4.7	4.7	4.7
PL480 TITLE III	14.0	14.0	14.0	14.0	14.0
TOTAL	57.1	60.5	47.4	47.3	47.3

Over the period 91 thru 95:

- 41% reduction in US personnel
- 32% reduction in USDH
- 23% reduction in total personnel
- 17% reduction in program

**TABLE 4
USAID HONDURAS
PROGRAM FUNDING SUMMARY**

FUNDING BY STRATEGIC OBJECTIVE			
	FY93 Estimated	FY94 Requested	FY95 Requested
Mission Strategic Objective #1	22,365	32,850	34,579
Mission Strategic Objective #2	5,000	18,390	18,941
Mission Strategic Objective #3	7,837	7,250	6,538
Mission Strategic Objective #4	16,158	16,940	13,942
Mission Strategic Objective #5	2,690	1,400	2,800
Other	316	494	524
T o t a l	54,366	77,324	77,324

FUNDING BY CATEGORY			
	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance	26,008	28,600	28,600
Economic Support Funds	9,700	30,000	30,000
PL-480 Title II	4,658	4,724	4,724 *
PL-480 Title III	14,000	14,000	14,000
T o t a l	54,366	77,324	77,324

TABLE 4
USAID/HONDURAS
SUMMARY PROGRAM FUNDING TABLE
Dollar Program

Mission Strategic Objective NO. 1: Increased Agricultural Production and Exports

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
522-0312 Investment and Export Development	900	400	1,300
522-0325 Policy Analysis and Implementation	965	1,050	960
522-0334 Rural Roads Maintenance	2,000	2,000	2,319
522-0383 Small Farmer Agribusiness Development	1,000	400	1,000
Subtotal DA	4,865	3,850	5,579
Economic Support Funds			
522-0365 Structural Adjustment Program	3,500	15,000	15,000
Subtotal ESF	3,500	15,000	15,000
P.L. 480 Title III	14,000	14,000	14,000
PROGRAM TOTAL	22,365	32,850	34,579

**USAID/HONDURAS
Dollar Program**

Mission Strategic Objective No. 2: Increased Private Investment, Production and Trade

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
522-0241 Small Business II	0	0	500
522-0289 Privatization of State Owned Enterprises	1,100	1,190	1,541
522-0325 Policy Analysis and Implementation	0	2,200	1,900
Subtotal DA	1,100	3,390	3,941
Economic Support Funds			
522-0325 Policy Analysis and Implementation	400	0	0
522-0365 Structural Adjustment Program	3,500	15,000	15,000
Subtotal ESF	3,900	15,000	15,000
P.L. 480	---	---	---
PROGRAM TOTAL	5,000	18,390	18,941

**USAID/HONDURAS
Dollar Program**

**Mission Strategic Objective No. 3: Improved Management--Toward Long Term
Sustainability--of Selected Natural Resources**

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
522-0246 Forestry Development	2,700	1,500	2,628
522-0292 Land Use Productivity Enhancement	2,300	1,150	1,000
522-0325 Policy Analysis and Implementation	735	1,750	1,540
522-0385 National Environmental Protection Fund	2,102	2,850	1,370
Subtotal DA	7,837	7,250	6,538
Economic Support Funds	---	---	---
P.L. 480	---	---	---
PROGRAM TOTAL	7,837	7,250	6,538

**USAID/HONDURAS
Dollar Program**

Mission Strategic Objective No. 4: Healthier, Better-Educated Hondurans

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
522-0216 Health Sector II	7,800	8,085	3,173
522-0273 Primary Education Efficiency	1,200	1,400	680
522-0369 Private Sector Population Program II	2,500	2,311	285
522-0388 Basic Education and Skills Training	0	420	2,980
522-0389 Strengthening Family Planning Services	0	0	2,100
Subtotal DA	11,500	12,216	9,218
Economic Support Funds	---	---	---
P.L. 480 II	4,658	4,724	4,724
PROGRAM TOTAL	16,158	16,940	13,942

**USAID/HONDURAS
Dollar Program**

**Mission Strategic Objective #5: More Responsive Selected Democratic Institutions
and Processes, With Greater Citizen Participation**

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
522-0296 Strengthening Democratic Institutions	0	500	0
522-0340 Municipal Development	0	0	1,300
522-0364 Honduras Peace Scholarships II	0	500	500
522-0381 Strengthening Accountability Systems	390	400	1,000
Subtotal DA	390	1,400	2,800
Economic Support Fund			
522-0296 Strengthening Democratic Institutions	1,500	0	0
522-0364 Honduras Peace Scholarships II	300	0	0
522-0384 RTAC II	500	0	0
Subtotal ESF	2,300	0	0
P.L. 480	---	---	---
PROGRAM TOTAL	2,690	1,400	2,800

**USAID/HONDURAS
Dollar Program**

Other:

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
522-0000 Program Development and Support	316	494	524
Subtotal DA	316	494	524
Economic Support Funds	---	---	---
P.L. 480	---	---	---
PROGRAM TOTAL	316	494	524

SECTION V

ISSUES

1. ESF Levels

The Performance sections of the Action Plan indicate that Honduras' economic reform program is having significant impact on the economy. It also notes that many politically difficult steps are needed to consolidate the reform. Yet, as Honduras approaches the November 1993 elections and the transition to a new government, pressures against the reform threaten its continuation. After investing \$400 million and forgiving \$430 million of debt in support of Honduran reform since 1990, it would be a tragic waste if we were to pull back financially at this juncture and let the opponents of reform undercut the most far-reaching economic restructuring in Honduran history.

2. ACSI Codes

The ACSI code system is being used to track USAID compliance with Congressional earmarks. In a couple of instances, however, we found the ACSI codes and their use to be more restrictive than they need to be.

a. Basic Education. The ACSI code, **Basic Education for Children** is more restrictive than the legislation. By specifying "children" it restricts applicability of the earmark to primary education. This has not presented a problem for the Mission in the past because our basic education activity was at the primary-school level. However, as discussed in the Action Plan, the Mission believes basic education coverage can be significantly expanded through the use of radio and other media that will reach all age groups. Can the ACSI Code be adjusted to give at least as much definition flexibility as the legislation? Could vocational training, for people who do not have enough basic education to get into vocational schools also be included?

b. Environment. We have used the **Environmentally Sustainable Agroecosystems (ESA)** ACSI code for several of our environmental projects. We noted in last year's ABS that we did not get credit for this. In fact, the ESA Code was included under "Training" in the ABS (page 15) Why can't the Mission get credit for this under the environmental earmark?

ANNEX A

SUMMARY OF REFINEMENTS

REVISED STRATEGIC OBJECTIVES, PROGRAM OUTPUTS AND CORRESPONDING INDICATORS

STRATEGIC OBJECTIVE 1

ACTION PLAN FY1993-94	REVISED *
<p>STRATEGIC OBJECTIVE 1: INCREASED AGRICULTURAL INVESTMENT, PRODUCTION, AND EXPORTS</p> <p>A) Growth in Agriculture Sector GDP</p> <p>B) Increased Domestic Agricultural Production</p> <p>C) Increased Export Earnings from Agriculture</p> <p>D) Increased Investment in Agriculture</p>	<p>STRATEGIC OBJECTIVE 1: INCREASED AGRICULTURAL PRODUCTION AND EXPORTS</p> <p>A) Growth in Real Agricultural Sector GDP</p> <p>B) Eliminated</p> <p>C) Export Earnings from Agriculture (Annual Growth)</p> <p>D) Transferred to 1.1.I below</p> <p>E) Export Earnings from Nontraditional Agricultural Commodities</p> <p>F) Increased Employment in the Agricultural Sector</p>
<p>PROGRAM OUTPUT 1.1: IMPROVED PROFITABILITY AND CLIMATE FOR AGRICULTURAL INVESTMENT</p> <p>A) Reduction in Agriculture Trade Distortions</p> <p>B) Elimination of GOH Controls on Interest Rates for Agricultural Activities</p> <p>C) Elimination of Quantitative Agriculture Import Restrictions</p> <p>D) Establishment of Legal Basis for Land Rentals</p> <p>E) Elimination of GOH Interventions in Seed Production (MNR - Ministry of Natural Resources)</p> <p>F) Elimination of GOH Interventions in Grain Marketing (IHMA - Honduran Agricultural Marketing Institute)</p> <p>G) Elimination of Public Sector Involvement in Sugar Production</p> <p>H) Elimination of GOH Intervention in Fertilizer Retailing (BANADESA Privatization)</p>	<p>PROGRAM OUTPUT 1.1: SAME</p> <p>A) Reduction in Price Distortions Affecting the Agricultural Sector, and Investment in Agriculture (Protection Coefficient for Selected Commodities)</p> <p>B) Eliminated</p> <p>C) Eliminated</p> <p>D) Eliminated</p> <p>E) Eliminated</p> <p>F) Eliminated</p> <p>G) Eliminated</p> <p>H) Eliminated</p> <p>I) Investment in Agriculture</p>

* Letters A), B), C), etc. are for the convenience of tracking this table, and do not necessarily track with other parts of this document.

STRATEGIC OBJECTIVE 1 (Continued)

ACTION PLAN FY1993-94	REVISED
<p>PROGRAM OUTPUT 1.2: INCREASED PROMOTION OF PRIVATE INVESTMENT IN DOMESTIC AND EXPORT AGRICULTURE</p> <p>A) Increased Number of Agriculture Export Promotion Events Sponsored by FPX (Off-Shore Trade Fairs, Trade Mission to Honduras, Symposiums, and Local Field Days)</p>	<p align="center">ELIMINATED</p>
<p>PROGRAM OUTPUT 1.3: INCREASED ACCESS TO MARKETS AND FACTORS OF PRODUCTION</p> <p>A) Increased Quantity of Fertilizer Imports Non Banana Company</p> <p>B) Reduction in Coffee Quality Discount for Aid Assisted Coffee Producers</p> <p>C) Increased Number of Land Sales</p> <p>D) Increased Value of Land Sales</p>	<p>PROGRAM OUTPUT 1.2: SAME</p> <p>A) Eliminated</p> <p>B) Eliminated</p> <p>C) Increased Agricultural Land Sales</p> <p>D) Eliminated</p> <p>E) Increased Membership in Farmer-Owned Organizations</p> <p>F) Net Equity of Farmer-Owned Organizations</p>
<p>PROGRAM OUTPUT 1.4: CREATION/STRENGTHENING OF PRIVATE SECTOR INSTITUTIONS SERVICING AGRICULTURE</p> <p>A) FHIA Meets Core Costs With Fees and Endowment</p> <p>B) FPX Meets Operating Costs with Fees and Other Business Income</p> <p>C) Increased Number of Viable Farmer-Owned Outlets for Agriculture Inputs</p>	<p>PROGRAM OUTPUT: ELIMINATED</p> <p>A) Eliminated</p> <p>B) Eliminated</p> <p>C) Subsumed into 1.2.E and 1.2.F above</p>

STRATEGIC OBJECTIVE 2

ACTION PLAN FY1993-94	REVISED
<p>STRATEGIC OBJECTIVE 2: INCREASE PRIVATE INVESTMENT, PRODUCTION AND TRADE</p> <p>A) Increased Gross Private Investment</p> <p>B) Increased Export Earnings from Manufacturing</p>	<p>STRATEGIC OBJECTIVE 2: INCREASED PRIVATE INVESTMENT AND TRADE</p> <p>A) Gross Private Investment</p> <p>B) Subsumed into 2.2.F below</p> <p>C) U.S.-Honduran Trade</p> <p>D) Increased Employment in the Manufacturing Sector</p>
<p>PROGRAM OUTPUT 2.1: TRADE REFORMS ADOPTED</p> <p>A) Maximum Import Tariff Reduced (Incl. Surcharges)</p> <p>B) Export Tariffs Eliminated (Except for Bananas)</p>	<p align="center">SUBSUMED INTO NEW PROGRAM OUTPUTS 2.1 AND 2.2</p>
<p>PROGRAM OUTPUT 2.2: PRIVATIZATION PROCESS ACCELERATED</p> <p>A) Privatization Law Amended</p> <p>B) Implementation Procedures Simplified</p> <p>C) Increased Number of Privatizations</p>	<p>PROGRAM OUTPUT: SUBSUMED INTO NEW PROGRAM OUTPUTS 2.1 AND 2.2</p> <p>A) Eliminated</p> <p>B) Eliminated</p> <p>C) Transferred to 2.1.C below</p>
<p>PROGRAM OUTPUT 2.3: IMPROVED INVESTMENT CLIMATE</p> <p>A) New Investment Law Passed</p> <p>B) Implementing Regulations for New Investment Law Issued</p>	<p>PROGRAM OUTPUT 2.1: SOUND INVESTMENT CLIMATE</p> <p>A) Removal of Impediments to Increased Investment Flows</p> <p>B) Integrated into 2.1.A above</p> <p>C) Increased Number of Privatized State-Owned Enterprises</p> <p>D) Improved Financial Intermediation</p>

STRATEGIC OBJECTIVE 2 (Continued)

ACTION PLAN FY1993-94	REVISED
<p>PROGRAM OUTPUT 2.4: IMPROVED FINANCIAL INTERMEDIATION</p> <p>A) Gross Domestic Savings Increased</p> <p>B) Bank Reserve Requirements Decreased</p> <p>C) Legal Framework Modernized</p> <p>D) Bank Spreads Reduced</p> <p>E) Access to Credit Improved</p>	<p align="center">SUBSUMED INTO NEW PROGRAM OUTPUTS 2.1 AND 2.2</p>
<p>PROGRAM OUTPUT 2.5: INCREASED INVESTMENT PROMOTION AND EXPORT DEVELOPMENT</p> <p>A) Increased Foreign Exchange and Jobs Generated from AID-Supported FTZs/EPZs</p> <p>B) Additional New Investment in EPZs</p> <p>C) Increased Number of Companies Assisted by FIDE that Export</p>	<p>PROGRAM OUTPUT 2.2: IMPROVED COMPETITIVENESS OF THE PRIVATE SECTOR</p> <p>A) Incremental Employment Attributable to USAID-Projects in Manufacturing</p> <p>B) Eliminated</p> <p>C) Eliminated</p> <p>D) Improved Competition Among Formal/Informal Financial Institutions</p> <p>E) Loans to Small Enterprises/Access to Credit</p> <p>F) Increased Manufactured Exports to the U.S.</p>
<p>PROGRAM OUTPUT 2.6: SELECTED PRIVATE SECTOR INSTITUTIONS STRENGTHENED</p> <p>A) Self Sufficient Credit Programs of Financial-Intermediary PVOs</p> <p>B) COHEP Institutionally Sound and Effectively Negotiating Market-Oriented Policy</p> <p>C) CCIC Financially Self-Sustaining</p> <p>D) FIDE Able to Sustain its Operations from Fees and Other Domestic Sources</p> <p>E) Strengthened Honduran Bankers Association (AHIBA)</p>	<p align="center">ELIMINATED</p>

STRATEGIC OBJECTIVE 3

ACTION PLAN FY1993-94	REVISED
<p>STRATEGIC OBJECTIVE 3: MORE EFFICIENT MANAGEMENT AND SUSTAINABLE USE OF SELECTED NATURAL RESOURCES</p> <p>A) Area of Forests Managed for Sustainability in Model Management Units</p> <p>B) Area of Pine Forest Harvested According to Acceptable Forest Management Practices Nationwide</p> <p>C) Households Practicing Environmentally Sound Cultivation Practices</p> <p>D) Ecosystems Evaluated for Environmental Activities</p>	<p>STRATEGIC OBJECTIVE 3: IMPROVED MANAGEMENT -- TOWARD LONG-TERM SUSTAINABILITY -- OF SELECTED NATURAL RESOURCES</p> <p>A) Transferred to 3.2.G below</p> <p>B) Same</p> <p>C) Increased Number of Households Practicing One or More Environmentally Sound Cultivation Practices</p> <p>D) Eliminated</p> <p>E) Forest Reserves/Protected Areas Under Long-Term Management Plans</p>
<p>PROGRAM OUTPUT 3.1: IMPROVED POLICY FRAMEWORK</p> <p>A) Improved Agricultural Water Use Legislation Passed</p> <p>B) Implementing Regulation for Improved Agricultural Water Use Laws Issued</p> <p>C) Improved Forest Management Legislation Passed</p> <p>D) Implementing Regulations for Improved Forest Management Laws Issued</p> <p>E) Improved Environmental Legislation Passed</p> <p>F) implementing Regulations for Improved Environmental Law Issued</p>	<p>PROGRAM OUTPUT 3.1: SAME</p> <p>A) Eliminated</p> <p>B) Eliminated</p> <p>C) Eliminated</p> <p>D) Eliminated</p> <p>E) Improved Environmental Legislation Passed and Regulations Issued</p> <p>F) Integrated into 3.1.E above</p> <p>G) Public Sector Forestry Management Service Established</p>
<p>PROGRAM OUTPUT 3.2: REORIENTED GOH INSTITUTIONS RESPONSIBLE FOR NATURAL RESOURCES</p> <p>A) All COHDEFOR Industrial Operations Divested</p>	<p align="center">ELIMINATED</p>

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STRATEGIC OBJECTIVE 3 (Continued)

ACTION PLAN FY1993-94	REVISED
<p>PROGRAM OUTPUT 3.3: INCREASED ENVIRONMENTAL AWARENESS AND TECHNOLOGY TRANSFER</p> <p>A) Households Receiving Technical Assistance on Environmentally Sound Cultivation and Animal Husbandry Practices</p> <p>B) Transfer of Forest Resources Management Technology to the Private Sector</p> <p>C) Environmental Materials Developed and Disseminated to Selected Audiences</p> <p>D) Activities Promoting Environmental Awareness to Selected Audience Carried Out</p>	<p>PROGRAM OUTPUT 3.2: SAME</p> <p>A) Eliminated</p> <p>B) Eliminated</p> <p>C) Increased Positive Attitudes Among Children and Adults Toward Environmentally Sound Practices With Respect to Pine and Hardwood Forests</p> <p>D) Integrated into 3.2.C above</p> <p>E) Increased Percentage of Total Lumber Processed by Band Saws</p> <p>F) Increased Amount of Training Received by Personnel Responsible for Effective Forest Management</p> <p>G) Increased Area of Forest Managed for Sustainability in Model Management Units</p>
<p>PROGRAM OUTPUT 3.4: INCREASED PRIVATE SECTOR CAPACITY TO IMPROVE NATURAL RESOURCES MANAGEMENT</p> <p>A) Environmental Trust Fund to Support Private Sector Natural Resource Activities Established</p> <p>B) Number of NGOs Working on Natural Resources Management Activities</p>	<p>PROGRAM OUTPUT 3.3: INCREASED PRIVATE SECTOR ACTIVITY IN IMPROVING NATURAL RESOURCES MANAGEMENT</p> <p>A) Eliminated</p> <p>B) Increased Effective Environmental Activities</p>

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STRATEGIC OBJECTIVE 4

ACTION PLAN FY1993-94	REVISED
<p>STRATEGIC OBJECTIVE 4: HEALTHIER, BETTER-EDUCATED HONDURANS</p> <p>A) Reduced Infant Mortality Rate</p> <p>B) Reduced Total Fertility Rate</p> <p>C) Reduced Level of Malnutrition Among Children 5 and Under</p> <p>D) Decelerated Rate of Growth of Incidence of AIDS and Other STDs</p> <p>E) Increased Numbers and Percentages of People Starting First Grade Who Complete Fourth Grade</p> <p>F) Increased Numbers and Percentages of People Starting First Grade Who Complete Sixth Grade</p> <p>G) Increased Academic Achievement Levels in Grades 1-6</p> <p>H) Increased Coverage in Grades 1-6</p>	<p>STRATEGIC OBJECTIVE 4: SAME</p> <p>A) Same</p> <p>B) Reproductive Risk</p> <p>C) Reduced Level of Malnutrition Among Children Under Five</p> <p>D) Reduction of HIV Transmission in Selected Groups of the Population</p> <p>E) Increased Numbers of Children Starting First Grade Who Complete Fourth Grade</p> <p>F) Increased Numbers of Children Starting First Grade Who Complete Sixth Grade</p> <p>G) Transferred to Program Output 4.6.B</p> <p>H) Transferred to Program Output 4.6.C</p> <p>I) Cumulative Aggregate Annual Incomes of Employed Vocational Training Center Graduates</p> <p>J) Basic Education Graduates of Each of the Five Levels of the Alternative Delivery System (Equivalent to Grades 1-9)</p>
<p>PROGRAM OUTPUT 4.1: INCREASED PERCENTAGE OF HONDURANS WHO PRACTICE FAMILY PLANNING</p> <p>A) Increased Contraceptive Prevalence</p> <p>B) Reduced Age-Specific Fertility Rates for Women</p>	<p>PROGRAM OUTPUT 4.1: SAME</p> <p>A) Increased Contraceptive Prevalence in Women of Reproductive Age in Union</p> <p>B) Reduced Total Fertility Rates of Women of Reproductive Age</p>
<p>PROGRAM OUTPUT 4.2: INCREASED EFFECTIVE BREASTFEEDING</p> <p>A) Increased Mean Duration of Breastfeeding</p> <p>B) Breastfeeding Exclusively for the First Four Months</p>	<p align="center">SAME</p>

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STRATEGIC OBJECTIVE 4 (Continued)

ACTION PLAN FY1993-94	REVISED
<p>PROGRAM OUTPUT 4.3: INCREASED PERCENTAGE OF FERTILE-AGED WOMEN AND CHILDREN AGE 5 AND UNDER WHO ARE VACCINATED</p> <p>A) Increased Percentages of Women Aged 12 and Over Vaccinated for Tetanus Toxoid</p> <p>B) Increased Percentage of Children 5 and Under Vaccinated for Selected Diseases (DPT, Measles, Polio, and Tuberculosis)</p>	<p>PROGRAM OUTPUT 4.3: INCREASED PERCENTAGE OF FERTILE-AGED WOMEN AND CHILDREN UNDER FIVE WHO ARE VACCINATED</p> <p>A) Percentage of Women Aged 12-49 Vaccinated With a Second Dose of Tetanus Toxoid Within Last 3 Years</p> <p>B) Increased Percentage of Children Under Five Vaccinated for Selected Diseases (DPT, Measles, Polio, and Tuberculosis)</p>
<p>PROGRAM OUTPUT 4.4: REDUCED INCIDENCE OF SELECTED DISEASES</p> <p>A) Maintain Cholera Fatality Rate at Less than 1% of the Reported Cholera Cases</p> <p>B) Reduced Incidence of Diarrhea for Children Under 5</p>	<p>PROGRAM OUTPUT 4.4: SAME</p> <p>A) Cholera Fatality Rate (Reduce to Less Than 1% of Reported Cholera Cases)</p> <p>B) Outpatient Visits of Children Under 5 to Health Centers Due to Diarrhea</p> <p>C) Improved Treatment for Diarrhea</p>
<p>PROGRAM OUTPUT 4.5: INCREASED USE OF AIDS PREVENTION PRACTICES</p> <p>A) Increased Total Number of Condoms Distributed</p>	<p>PROGRAM OUTPUT 4.5: SAME</p> <p>A) Increased Total Number of Condoms Distributed (Sold and Handed Out)</p>
<p>PROGRAM OUTPUT 4.6: INCREASED EFFICIENCY, QUALITY, AND COVERAGE OF PRIMARY EDUCATION SYSTEM</p> <p>A) Increased Promotion Rates in All Grades</p> <p>B) Increased Academic Achievement Levels in Grades 1-6</p>	<p>PROGRAM OUTPUT 4.6: INCREASED EFFICIENCY, QUALITY, AND COVERAGE OF BASIC AND VOCATIONAL EDUCATION</p> <p>A) Eliminated</p> <p>B) Aggregate Increase Test Score Improvement for Four Subjects (Grades 1-6)</p> <p>C) Increased Coverage in Grades 1-6</p> <p>D) Vocational Training Graduates Employed</p> <p>E) Increased Number of Students Enrolled in Alternative Delivery System</p> <p>F) Reduced Costs of 8th Grade Graduates of the Alternative System, as Compared to the Traditional System</p> <p>G) Reduced Costs of 9th Grade Graduates of the Alternative System, as Compared to the Traditional System</p>

STRATEGIC OBJECTIVE 5

ACTION PLAN FY1993-94	REVISED
<p>STRATEGIC OBJECTIVE 5: MORE RESPONSIVE SELECTED DEMOCRATIC INSTITUTIONS AND PROCESSES, WITH GREATER CITIZEN PARTICIPATION</p> <p>A) Percentage of Public that Believes National and Municipal Elections are Fair, Open and Free</p> <p>B) Increased Public Confidence in the Judicial System</p> <p>C) Improved Public Perception of Local and National Governance</p> <p>D) Passage of Well-Defined Internally Consistent and Superseding Major Legislation and Associated Regulations</p>	<p>STRATEGIC OBJECTIVE 5: SAME</p> <p>A) Percentage of the Public That Believes That National Elections Were Fair, Open and Free</p> <p>B) Same</p> <p>C) Improved Public Perception of Local Governance</p> <p>D) Eliminated</p>
<p>PROGRAM OUTPUT 5.1: GREATER AND MORE EFFICIENT INFORMATION USAGE IN DEVELOPING AND TRACKING LAWS</p> <p>A) Requests for Information by Members of Congress</p> <p>B) Timely Production and Distribution of the Complete <u>Daily Record</u> by Congress</p> <p>C) Installation and Use of Administrative Systems</p>	<p>PROGRAM OUTPUT 5.1: SAME</p> <p>A) Same</p> <p>B) Same</p> <p>C) Eliminated</p>
<p>PROGRAM OUTPUT 5.2: BETTER-QUALIFIED AND MORE ETHICAL AND EFFICIENT JUDGES, ATTORNEYS, AND ADMINISTRATORS IN JUDICIAL INSTITUTIONS</p> <p>A) Adherence to Precepts of Judicial Career Law</p> <p>B) Total Number of Full-Time Public Defenders, Law School Graduate Justices of the Peace Public Prosecutors, and Liaison Office Staff</p> <p>C) Effective Office of Inspector General</p>	<p>PROGRAM OUTPUT 5.2: SAME</p> <p>A) Same</p> <p>B) Total Number of Qualified, Full-Time Public Defenders, Law School Graduate Justices of the Peace, Public Prosecutors and Liaison Office Staff</p> <p>C) Same</p>
<p>PROGRAM OUTPUT 5.3: FRAMEWORK INSTITUTIONALIZED FOR ONGOING LEGAL AND ADMINISTRATIVE REFORMS IN THE JUDICIAL SYSTEM</p> <p>A) Judiciary Receiving Adequate National Budget Support to Carry Out Its Responsibilities</p> <p>B) Percentage of Judicial Reform Commission Budget Covered by National Budget</p>	<p>PROGRAM OUTPUT 5.3: SAME</p> <p>A) Total Budget Availability for the Court Measured Against Constitutionally Mandated Amount</p> <p>B) Integrated into 5.3.A above</p>

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STRATEGIC OBJECTIVE 5 (Continued)

ACTION PLAN FY1993-94	REVISED
<p>PROGRAM OUTPUT 5.4: FOURTEEN MUNICIPALITIES EXECUTE MANAGERIAL AND FINANCIAL FUNCTIONS ON A SUSTAINABLE BASIS IN RESPONSE TO CONSTITUENT NEEDS</p> <p>A) Increased Number of Town Meetings</p> <p>B) Increased Participation of Community Representatives in Town Meetings</p> <p>C) Increased Number of Municipalities Selecting City Administrators Based on Professional Criteria</p> <p>D) Increased Proportion of Municipal Budgets Going to Capital Projects</p> <p>E) Increased Coverage Provision of Public Services (Water, Sewerage, and Electricity) by Municipalities</p>	<p>PROGRAM OUTPUT 5.4: SAME</p> <p>A) Eliminated</p> <p>B) Community Attendance in Town Meetings</p> <p>C) Eliminated</p> <p>D) Same</p> <p>E) Increased Coverage/Provision of Public Services (Water, Sewerage, and Refuse Collection) by Municipalities</p>
<p>PROGRAM OUTPUT 5.5: GREATER NUMBER OF HONDURANS EXPOSED TO AND TRAINED IN DEMOCRATIC VALUES</p> <p>A) Cumulative Number of People Trained in the United States</p> <p>B) Cumulative Number of Textbooks Sold</p>	<p>PROGRAM OUTPUT 5.5: SAME</p> <p>A) People Having Completed "Experience America" Program</p> <p>B) Same</p>
<p>PROGRAM OUTPUT 5.6: STRENGTHENED GOH AUDITING CAPABILITIES AND PUBLIC ACCOUNTABILITY</p> <p>A) Controller General Conducting Audits in Accordance with AICPA Standards</p> <p>B) Audit Findings of Fraud and Corruption are Prosecuted and Sanctioned</p>	<p align="center">SAME</p>

ANNEX B

GLOSSARY OF ACRONYMS

AFE	Honduran Forestry Administration
AHIBA	Asociación Hondureña de Banqueros (Honduran Bankers Association)
AICPA	American Institute of Certified Public Accounting
AIDSCAP	AIDS Control and Prevention Project
AIFLD	American Institute for Free Labor Development
AMHON	Asociación de Municipalidades de Honduras (National Association of Municipalities)
ANDI	Asociación Nacional de Industriales de Honduras (National Association of Honduran Industries)
ASEPADE	Asesores para el Desarrollo (Advisors for Development)
ASHONPLAFA	Asociación Hondureña de Planificación Familiar (Honduran Family Planning Association)
BANADESA	Banco Nacional de Desarrollo Agrícola
BCG	(Vaccine for Tuberculosis)
BEST	Biomass Energy Systems and Technology
CABEI	Central American Bank for Economic Integration
CADERH	Centro Asesor para el Desarrollo de los Recursos Humanos de Honduras (Advisory Council for Human Resources Development)
CAER	Consulting Assistance on Economic Reforms
CARES	Central American Rural Electrification Support

CCIC	Cámara de Comercio e Industrias de Cortés (Chamber of Commerce and Industries of Cortes)
CID/GALLUP	Interdisciplinary Development Consultancy Sub-sidiary of GALLUP in Costa Rica (Consultoria inter-Disciplinaria en Desarrollo)
CIEL	Centro de Investigación de Estudios Legislativos (Center for Information and Legislative Studies)
CLASP	Caribbean and Latin American Scholarships Program
COHDEFOR	Corporación Hondureña de Desarrollo Forestal (Honduran Forestry Development Cooperation)
COHEP	Consejo Hondureño de la Empresa Privada (Honduran Council for Private Enterprises)
CONAMA	Comisión Nacional del Medio Ambiente (National Commission on the Environment)
CRSP	Collaborative Research Support Program
CY	Calendar Year
DA	Development Assistance
DPT	Diphtheria, Pertussis, Tetanus
EEC	European Economic Community
EFHS	Epidemiology and Family Health Surveys
ESF	Economic Support Fund
EXITOS	Export Industry Technology Support
FDP	Forestry Development Project
FHIA	Fundación Hondureña de Investigación Agrícola (Honduran Agricultural Research Foundation)
FOPEME	Fondo para los Pequeños y Medianos Empresarios (Fund for the Small and Medium Entrepreneurs)

FPX	Federación de Productores y Exportadores Agrícolas de Honduras (Honduran Federation of Agricultural Producers and Exporters)
FSN/PSC	Foreign Service National/Personal Services Contractor
FSN/DH	Foreign Service National/Direct Hire
FTZ/EPZ	Free Trade Zone/Export Processing Zones
FUNADEH	Fundación Nacional de Desarrollo Hondureño (National Foundation for Honduran Development)
FY	Fiscal Year
GDP	Gross Domestic Product
GIS	Geographical Information Survey
GOH	Government of Honduras
HB3	Hand Book 3
HEALTHCOM	Communication and Marketing For Child Survival Project
HIV	Human Infectious Virus
HS II	Health Sector II
IDB	Inter-American Development Bank
IFI	International Financial Institution
IHMA	Instituto Hondureño de Mercadeo Agrícola (Honduran Agricultural Marketing Institute)
INCAP	Instituto de Nutricion de Centroamerica y Panamá (Nutrition Institute for Central America and Panama)
LAC	Bureau for Latin American and the Caribbean (AID)
LACTECH	Rural Development Technical Services
LUPE	Land Use and Productivity Enhancement Project
MDP	Municipal Development Project

M&E	Monitoring and Evaluation
MNR	Ministry of Natural Resources
MOE	Ministry of Education
MOH	Ministry of Health
NGO	Nongovernmental Organization
NPC	Nominal Protection Coefficient
OAS	Organization of American States
OE	Operating Expenses
ORS	Oral Rehydration Salts
OYB	Operational Year Budget
PACD	Project Assistance Completion Date
PAIP	Policy Analysis and Implementation Project
PASA	Participating Agency Services Agreement
PL480	Public Law 480
PSC	Personal Services Contractor
PTMS	Participant Training Management System
PVO	Private Voluntary Organization
PYME	Programa de Pequeña y Micro Empresa (Small and Microenterprise Program)
RENARM	Regional Environmental Natural Resources Management
ROCAP	Regional Office for Central American Programs
RTAC	Regional Technical Aid Center
SAP	Structural Adjustment Project

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SBII	Small Business II
SDI	Strengthening Democratic Institutions
STD	Sexually Transmitted Diseases
TA	Technical Assistance
TNE	Tribunal Nacional de Elecciones (National Elections Tribunal)
TS	Traditional System
UNDP	United Nations' Development Program
USAID	United States Agency for International Development
USDH	United States Direct Hire
USDOC	United States Department of Commerce
USPSC	United States Personal Service Contractor
VIDA (FUNDACION)	Environmental Foundation
VITAL	Vitamin A for Health Project

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