

A.I.D. EVALUATION SUMMARY - PART I

FD-ABM 464

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS. 98159
 2. USE LETTER QUALITY TYPE, NOT DOT MATRIX TYPE.

IDENTIFICATION DATA		
A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/HONDURAS</u> (ES# <u>FY95-3</u>)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input type="checkbox"/> Slipped <input checked="" type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>95</u> Q <u>1</u>	C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>

D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date for the evaluation report.)

Project No.	Project / Program	First PROAG or Equivalent (FY)	Most Recent PA CD (Mc Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
522-0249	Honduran Agricultural Research Foundation (FHIA)	1984	OE 94	20,000	20,000

ACTIONS		
E. Action Decisions Approved By Mission or AID/W Office Director <p style="text-align: center;">Action(s) Required</p> 1. Review the findings of this evaluation to recommend if FHIA should be accepted as the recipient of a new nontraditional agricultural export project.	Name of Officer Responsible for Action Albert Merkel Kelly Flowers, USAID	Date Action to be Completed Completed

APPROVALS			
F. Date of Mission Or AID/W Office Review Of Evaluation:	(Month)	(Day)	(Year)
	10	15	1994

G. Approvals of Evaluation Summary And Action Decisions:

Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission of AID/W Office Director
Signature	<i>Albert L. Merkel</i>	Adolfo Martinez	Carmen Zambrana	Elena L. Brineman
Date	<i>1/5/96</i>	<i>1/1/96</i>	<i>12/17/95</i>	<i>1/18/96</i>

ABSTRACT

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

This Project began in September 1984. The Project Purpose was to establish a private, nonprofit and financially viable agricultural research organization to expand and improve the agricultural research system in Honduras and enable it to be responsive to Honduran needs. The Purpose of this final evaluation was to measure progress toward achievement of the Project Purpose and to analyze achievement of end-of-project goals. The Mission also asked if FHIA should be the recipient of a new project assisting small holder farmers with nontraditional export crops either by joining with another organization, the Federation of Agricultural and Agro-industrial Producers and Exporters of Honduras (FPX), or FHIA alone. Recommendations on the new project are discussed in Block J. The evaluation was conducted by a multi-disciplinary team contracted from AGRIDEC, Inc. through an USAID-managed indefinite quantity contract. The methodology used was to review records and reports and to interview USAID personnel, FHIA staff, and recipients and users of the results of the project sponsored research.

This is the second and final evaluation of the project. There are no outstanding recommendations from the earlier evaluation. The most important recommendation was that an endowment fund be established. The fund was established in 1993 for L.100,000,000 with counterpart contribution from FHIA of L.25,000,000.

The major findings and conclusions are: 1. FHIA has developed into a maturing, sustainable research institute with international recognition of its capabilities; 2. The FHIA endowment will provide sufficient funds for core operations for the foreseeable future; 3. FHIA's fees cover direct, out-of-pocket costs for providing services; 4. Project goals were met in terms of GDP increase, increased job creation in the agriculture sector and in farmer's income; 5. FHIA could be a more effective organization if communications were improved between internal divisions; 6. FHIA is under increasing pressure from government agencies to take up government research needs but sufficient funding is not available to pay for this research.

Lessons learned:

1. An independent private research foundation can be an effective vehicle to improve agricultural productivity and diversity, and to assist in achieving economic growth.
2. A private research foundation requires an endowment fund to ensure independence and financial self-sustainability.
3. The likelihood of success of a project is increased if an established organization is chosen to implement the project.

COSTS

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Tom Easterling	Agriculture	LAG-4300-1-00-	\$55,000.00	Project DA
D. Frago	Development	3059-00		
M. Colegrove	Consultant, Inc.	D.O.#2		
D. Pratt	(AGRIDEC)			
B. Schulte				
J. Nash				
M. Munoz				
2. Mission/Office Professional Staff		3. Borrower/Grantee Professional		
Person-Days (Estimate) <u>80</u>		Staff Person-Days (Estimate) <u>80</u>		

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

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

Address the following items:

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

Mission or Office
USAID/Honduras

Date This Summary Prepared:
November, 1994

Title And Date Of Full Evaluation Report:
Evaluation Report of Fundación Hondureña de
Investigación Agrícola (FHIA), April 1994.

PURPOSE OF THE EVALUATION AND METHODOLOGY USED

The purpose of this final evaluation was to determine the extent to which Honduran Agriculture Research Foundation (FHIA) has developed into a sustainable research organization. Additionally, the team evaluated the extent of achievement relative to the planned accomplishments in the Project Paper. The Mission also asked if FHIA should be the recipient of a new project assisting small holder farmers with nontraditional export crops either by joining with another organization (FPX) or alone. Recommendations on the new project are discussed below. The evaluation was carried out by a multi-disciplinary team that used project reports, progress reports and other such documents to analyze the progress of the project. Information from these reports were supplemented with other information gathered using interviews and visiting project field sites for research and demonstration. The team also discussed FHIA's performance with producers, cooperatives, Government of Honduras (GOH) officials and other beneficiaries of services. Because of the nature of the project, and the activity of research, gender information was not readily available. Where performance is indicated, gender disaggregated data is often interpolated using similar data sources.

This is the second and final evaluation of the project. There are no outstanding recommendations from the earlier evaluations. The 1978 evaluation recommended that an endowment fund be established. The fund was established in 1993 for L.100,000,000 with counterpart contribution from FHIA of L.25,000,000.

PURPOSE OF THE PROJECT

FHIA was established in September 1984 as an independent, private research organization to contribute to the national research system enabling it to better respond to the technological needs of farmers, especially those producing nontraditional export crops.

The project was designed with four interrelated components related to the development of appropriate agricultural technology, the provision of technical services, and the long-term financial viability of FHIA. These components were the following:

- 1) The establishment of FHIA, including capital investment, technical assistance, and core administrative staff support.
- 2) The development of research programs by FHIA, aimed at improving the productivity of nontraditional export crops, traditional export crops, and basic food crops. The expansion of nontraditional export crops was FHIA's main priority.
- 3) The development of programs in communications, outreach, and institutional strengthening through the creation of a Communications and Development Directorate at FHIA. It was planned that modern communications technology would be used to produce materials in various media to improve the quality of training provided for extensionists, and to maintain research data and information.
- 4) Implement a multi-disciplinary research and technical services program by continuing (and expanding) the laboratory testing service previously carried out by United Brands.

SUMMARY (Continued)

A. Findings and Conclusions

End of Project accomplishments included: 1. FHIA estimated its contribution toward the value of 1993 nontraditional agriculture exports at 18% of the \$45 million nontraditional crops exported in 1993, or about \$8.1 million; 2. Employment contributed by nontraditional crop production directly assisted by FHIA exceeded 6,000 in 1993. The team concluded that in excess of 10,000 jobs were created between 1984 and 1993 that are directly attributable to the project; 3. Farmers participating in FHIA programs increased incomes by at least 25%; 4. The value of nontraditional exports exceeded \$150 million during the 1984-1993 period; 5. The goal of increasing domestic consumption of nontraditional crops of \$65 million was not met but the domestic agriculture sector grew by \$47 million between 1984 and 1992; 6. Tangible benefits of developing new varieties of bananas and plantains have not yet been fully realized to date although several varieties have been licensed for production in the United States, Australia, and South Africa. The team concluded that the potential of these new varieties is economically considerable. Table 3 of the Evaluation Report provided detailed discussion of each EOPS with actual results.

1. FHIA has developed into a maturing, sustainable research organization with international recognition of its capabilities. In this regard the Project Purpose has been accomplished, but some areas still need attention. FHIA lacks (or, at least has not communicated) a central concept statement and a clearly-defined organizational philosophy, and has not developed a set of far-reaching goals to guide the institute. This makes the process of project selection inconsistent, and makes the process of directing and coordinating research functions more difficult than it otherwise would be.
2. FHIA could be a more effective organization if communications were improved between operating Divisions; and within the Research Division, between research programs. For example, there is not a systematic, in depth review of research plans and results. Furthermore, communications between FHIA and the general public about FHIA programs and accomplishments should be improved.
3. The present endowment structure will enable FHIA to maintain its current level of core services for the foreseeable future. However, further assistance will be required if FHIA expands its research program into areas of social concern, where the recovery of operating costs is unlikely (eg. small farmer research support). FHIA merits continued financial support, which should be tied to specific objectives.
4. Of concern is that the GOH has expressed on several occasions its desire that government-sponsored research be incorporated into FHIA's research program, because government funds for this purpose are severely limited. Should FHIA succumb to pressure from GOH to assume this responsibility without adequate funding, the outcome will be detrimental to the Institute.
5. FHIA's service/contract fees consistently cover the organization's direct, out-of-pocket costs for providing services. However, in some cases the fees collected do not fully recover indirect operating costs, nor do they contribute toward a reserve for future expansion. Without this reserve, FHIA will not be able to enlarge its service base.
6. Much of the employment developed as the result of nontraditional agriculture favors the female work force, given the preference for women in some field and especially packing shed and processing operations.
7. The project has directly benefitted approximately 600 women producers, agricultural professionals, and students through its various training programs. In general women have benefitted from the improvement of food production attributable to FHIA's research activities. Also, female participation in FHIA's training programs amounted to 11% of total participants.
8. An observed but unquantified benefit is the value of technology transfer. Small farmers often adopt technology from observation while working with commercial farms. Much of the technology developed by FHIA appears to have been transferred to small holder farmers through this mechanism.
9. Project goals were met in terms of GDP increase, job creation in the agricultural sector, and farmer's income.

SUMMARY (Continued)

B. Recommendations

1. FHIA should develop its central concept and a clear statement of its institutional philosophy, goals, and objectives, and prepare a five-year plan which lays out a strategy for their accomplishment. FHIA's five-year plan for its research program should be aligned with the organization's strategic plan.
2. FHIA should re-examine their fee structure for contract services in light of recovering fully-loaded operating costs and establishing a modest operating reserve.
3. In selecting crops on which to do research, greater consideration should be given to the potential economic return and availability of potential markets for the end product. FHIA should not assume responsibility for carrying out research programs requested by GOH unless adequate funds are available to offset the cost.
4. USAID (and other donors) should be encouraged to consider FHIA a resource available to Honduras and to Central America for contract services, and as a recipient of small grants.
5. FHIA should develop in-house expertise on how to access funds from USAID and other donors (eg. unsolicited proposals), and should aggressively seek these out.

FUTURE DIRECTIONS

The evaluators analyzed two options for continued assistance to this sector: 1) continuing activities with FPX; and (2) developing the project with FHIA. The evaluators recommended the latter alternative as the most viable option. Based on this recommendation, the Mission decided to design a new project with FHIA and to stop providing assistance to FPX. Therefore, the Mission decided to create an office in FHIA to address the needs of nontraditional agriculture export as well as to support definition of new crops for research using market information as a major input in the decision process of FHIA.

LESSONS LEARNED

1. An independent private research foundation can be an effective vehicle to improve agricultural productivity and diversity, and to assist in achieving economic growth.
2. For a research and service-oriented institution to become financially self-sustainable, an endowment fund is necessary to ensure that the focus does not become dependent on support from governmental or secular interests. However the creation of an endowment should follow a fairly long period in which the institution has proven its capabilities and relevance.
3. The likelihood of project success is increased if an established organization is chosen to implement the project. USAID was able to support a research facility which had a long operating history and a base of trained employees, although in a limited area of operations. This gave the project a good chance of success.

ATTACHMENTS

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

1. Project Evaluation Report Titled: Final Evaluation Report of the Fundación Hondureña de Investigación Agrícola (FHIA).
2. Outline of Basic Project Identification Data.

Note: the Evaluation Report was sent to USAID/Washington on October 27, 1995.

COMMENTS

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

USAID/Honduras Comments:

The evaluation met the needs of USAID in providing evidence that the Project met its purpose and goal. The EOPS were not at all times quantifiable but the Team was able to conclude that most had been achieved. Where EOPS were not met, there was sufficient discussion about these EOPS to conclude that they were satisfied to the extent possible. The Mission accepts the findings and recommendations as presented.

The Team traveled extensively throughout the country and interviewed both project implementors and beneficiaries. USAID and GOH officers were interviewed as well. Project documents and other historically important reports were reviewed. We believe that the Team had sufficient time to not only evaluate the project but also to discuss their findings with principal project implementors. The Team did not point out any major weaknesses in resources required to properly evaluate the project. The Team was well represented by diverse expertise and appeared to be compatible.

The findings and lessons learned were similar to those reported by the mission in its various periodic reports on progress of the project. The discussion of the importance of an endowment fund for a nongovernmental, nonprofit research organization points out the most important basis of sustainability for institutions such as FHIA. Research institutions require sufficient income from nonbiased sources to be able to pursue research based on the identified need, instead of doing so based on outside pressure. When an outside source of funds is so important to an organization that the need for those funds directs the activities of that organization, the organization loses its ability to pursue its work based on professional evaluation of need. The endowment fund provided to FHIA assures that, for the immediate future, the organization will remain independent and should maintain its present high professional standards. While FHIA now charges direct costs for contracted services, it is not clear that all indirect costs associated with these services are recovered. FHIA will continue to evaluate costs related to the provision of services and attempt to recover all appropriate costs keeping in mind the development role of the institution and the funding provided from the endowment fund.

The Team expressed an opinion in Lesson Learned #3 that there is an advantage to selecting an established research institution to carry out these types of projects. FHIA was not created from the existing United Fruit Company Research Section. It only occupied the same facilities. Most of the United Fruit Co. researchers and technicians did not transfer to FHIA. The first years of the project were spent in building a staff and reconstruction of the facilities. While some gains were realized because of use of existing facilities, we estimate that only a little time was saved because there was no need to locate or purchase a site for the institution. In effect, FHIA has never been closely related, either in philosophy or professional direction, to the old United Fruit Company Research Center. Therefore we believe the Lesson Learned suggesting advantages to using an "established institution" is not significant in creating a sustainable research institution.

FHIA must continue to utilize long-term planning, and ensure that appropriate annual work plans and budgets are developed and implemented. The institution is still learning this process although they have recently completed a five-year plan. The plan must now become the controlling document for the operations of FHIA. This weakness was correctly pointed out by the evaluators. Our discussions with the Director General of FHIA indicate that he is in full agreement. USAID has agreed to provide FHIA with funding under a Cooperative Agreement to add a marketing section to the institution and to provide assistance in developing better planning methods for identifying research needs and direction.

SUMMARY (Continued)

In summary, this project has met its purpose and has provided Honduras and the region with a very professional, sustainable agriculture research institution dedicated to providing better understanding and production of nontraditional agricultural crops for improved food availability to the people of Honduras, while improving income to Honduras' farmers.

OUTLINE OF BASIC PROJECT IDENTIFICATION DATA

1. Country: **Honduras**
2. Project Title: **Honduran Agricultural Research Foundation**
3. Project Dates: **August 31, 1984 to August 29, 1994**
 - a. First Project Agreement: **August 31, 1984**
 - b. Final Obligation Date: **FY 94**
 - c. Most recent Project Assistance Completion Date (PACD): **August 29, 1994**
4. Project Funding:
 - a. USAID Bilateral Funding US\$ 20,000,000
 - b. Other Major Donors US\$ 0.000
 - c. Host Country Counterpart Funds US\$ 6,500,000

TOTAL US\$ 26,500,000
5. Mode of implementation: **Host Country Grant; Honduran Agriculture Research Foundation (FHIA)**
6. Project Designers: **GOH; USAID/Honduras; S&T/Agriculture; Winrock International; Academy for Educational Development.**
7. Responsible Mission Officials:
 - a. Mission Director(s): Anthony J. Cauterucci (From 1984 to 1988)
John Sanbrailo (From 1988 to 1991)
Marshall D. Brown (From 1991 to 1994)
 - b. Project Officer(s): Richard Owens (From 1984 to 1986)
Joseph Kwiatkowski (From 1986 to 1987)
Craig Anderson (From 1987 to 1989)
Delbert McCluskey (From 1989 to 1993)
Albert L. Merkel (From 1993 to Present)
8. Previous Evaluations(s): **March 21, 1988**