

PD-ABM-577
78577

**RESULTS REVIEW
AND
RESOURCE REQUEST
(R4)**



USAID/HONDURAS

MARCH 1996

TABLE OF CONTENTS

I. FACTORS AFFECTING PROGRAM PERFORMANCE	1
II. PROGRESS TOWARD STRATEGIC OBJECTIVES	
SO1: Enhanced Economic Participation and Increased Incomes of the Poor	8
SO1 Table 1: Activities by Intermediate Result	16
SO1 Table 2: Strategic Objective Performance	18
SO2: Effective Stewardship of Key Natural Resources for Sustainable Economic Growth	36
SO2 Table 1: Activities by Intermediate Result	41
SO2 Table 2: Strategic Objective Performance	43
SO3: Improved Family Health	54
SO3 Table 1: Activities by Intermediate Result	61
SO3 Table 2: Strategic Objective Performance	64
SO4: More Responsive Democratic Processes with Greater Citizen Participation	80
SO4 Table 1: Activities by Intermediate Result	88
SO4 Table 2: Strategic Objective Performance	90
III. STATUS OF MANAGEMENT CONTRACT	
A. Strategic Objective Changes and Refinements	100
B. Results Frameworks	
SO1: Graphic and Narrative	101
SO2: Graphic and Narrative	107
SO3: Graphic and Narrative	111
SO4: Graphic and Narrative	115
C. Special Concerns	
1. Progress in Reengineering	123
2. USAID/W Processes	126
3. Resource Levels and Results	127
Table 3: Obligations, Expenditures and Year End Pipelines	129
4. Development of New Mission Strategy for FY 1998	130
D. Environmental Impact: CFR 22 216	131

IV. RESOURCE REQUIREMENTS

A. Program Funding Request and Global Field Support	132
Table "Annex 1" All Resources Table	
Table "Annex 2" Funding Scenarios by Objective	
Table "Annex 3" Global Field Support	
Table 4: Central and Regional Projects in Honduras by SO	139
B. Program Management Requirements	153
Table 5: Change in OE by Fiscal Year and Functional Code Category	154
Table 6: Staffing Levels From All Sources by Category and Year	155
Table 7: OE Funding and Staffing Requirements	157

V. ANNEXES

A. New Partnerships Initiative (NPI)	158
B. ACSI Codes	158
C. Summit of the Americas	158
D. Project Timeline	162
E. Glossary	163

SECTION I. FACTORS AFFECTING PROGRAM PERFORMANCE

Introduction: The Development Challenge

Honduras, the fourth poorest country in Latin American, presents a significant development challenge. Its per capita gross domestic product (GDP) is only \$673 and over 65% of the population are living below the poverty line. Barely half of the labor force has completed primary school. Democratic processes are not deeply ingrained in the society and remain fragile. The Rule of Law (ROL) does not yet exist. The economically and politically powerful still enjoy relative impunity. The court system is corrupt and historically virtually non-functional. Among human rights concerns are the thousands who remain in prison without being charged or formally sentenced. Local government remains weak and still does not fully represent or adequately serve the community. Maternal mortality is among the highest in Latin America, roughly 4% to 5% of infants die before reaching their first birthday, and 40% of preschool children suffer chronic malnutrition. Honduras accounts for over half of the documented HIV/AIDS cases in Central America. Environmental exploitation has cost Honduras half of its ten million acres of broadleaf forest and 40% of its volume of commercial pine timber. Water supplies are endangered by inadequate watershed management and poor municipal sewerage and refuse disposal. Environmental protection, a relatively new concept for Honduras, is not a high priority for government or the public. Nevertheless, while serious economic, social, political and environmental problems persist, Honduras is making solid progress, largely as a result of politically difficult reforms undertaken by the Government of Honduras (GOH) and its strong social commitment to development of its citizens. USAID is making an important contribution to this progress while focusing on assisting low-income Hondurans and supporting the overarching goal of promoting U.S. interests in Honduras.

United States Interests

U.S. interests in Honduras, which are driven by its proximity to the United States, include a desire for a stable democratic system with protection of human rights, expanding trade and investment opportunities, high levels of illegal immigration, narcotics transit, global environmental and health threats, and by strong Honduran support for U.S. foreign policy issues in international fora. Honduras is undertaking difficult political and judicial reforms, thus attempting to deepen its rudimentary democratic processes and strengthen its civil society. Recent economic reforms have turned Honduras into a growing market for U.S. exports and investment. As a current member of the U.N. Security Council, Honduras strongly supports U.S. foreign policy efforts, such as those involving peacekeeping forces, Cuban refugees, Haiti, Iraq, and Kuwait. Important U.S. global interests include destruction of biodiversity and tropical rain forests, high levels of acquired HIV/AIDS infection, and rapid population growth.

USAID Strategy and Summary of Results

In support of U.S. interests, the USAID strategy in Honduras, which directly contributes to the Agency's goals, focuses on four strategic objectives (SOs):

SO 1: Enhanced Economic Participation and Increased Incomes of the Poor

SO 2: Effective Stewardship of Key Natural Resources for Sustainable Economic Growth

SO 3: Improved Family Health

SO 4: More Responsive Democratic Processes with Greater Citizen Participation

USAID/Honduras' SO Teams and their partners are making solid progress toward their stated strategic targets. Strong GOH commitment to poverty alleviation is demonstrated by implementation of policy reforms which benefit the agricultural sector, particularly the rural poor. Recent policy reforms include liberalizing markets, providing land titles to small farmers, and increasing access to accurate market and product price information. In addition, the GOH has protected social sectors while trimming its budget to conform to IMF (International Monetary Fund) conditions. In 1995, social sectors received about 32% of the national budget: 17% for education, 13% for health, 2% for other social programs; while the military received only 3.9%. USAID poverty alleviation efforts support GOH and NGO programs focused on improving access of the poor to credit, technology, land and markets; improving the policy environment for small and micro producers; and expanding access to basic and vocational education. These efforts are paying off; between 1991 and 1994 the overall incidence of poverty fell from 75% to 67%; while in rural areas it dropped from 80% to 71%. These data, and a 37% increase in female employment between 1990 and 1994 indicate that SO 1 is being achieved.

Environmental objectives also are being achieved. With USAID assistance, the GOH is establishing the basic legal framework for halting natural resources degradation. USAID supports GOH and NGO activities promoting better forest management, environmentally sound hillside cultivation practices that increase on-farm incomes, and improved management of Honduras' protected areas. Effectively managed forest area increased from zero in 1989, to 230,000 hectares in 1995, while the number of hillside farmers using environmentally sound cultivation practices grew from 16,000 in 1993 to 25,000 in 1995.

USAID family health activities, which work with the GOH and numerous NGOs, also are achieving strategic targets. Total fertility declined from 5.1 children per women in 1991 to an estimated level of 4.7. Infant mortality declined from 85 per 1,000 live births in 1979 to 50 in 1989 and is currently estimated to be 42. The proportion of children aged 12-23 months who are seriously malnourished fell from 30% in 1987 to 24 % in 1994.

Democracy efforts by USAID and its GOH, NGO and municipal partners are producing impressive results. For the first time in history, the GOH is actively investigating and prosecuting criminal cases against corrupt judges, powerful civilians, and military officials, some of whom have been incarcerated. The GOH recently abolished the military draft and reduced or eliminated military involvement in other agencies including the investigatory police. In a recent Gallup poll, 71% of educated adults opined that the newly-created Public Ministry (PM) was strengthening the independence of the judiciary. Mayors, who for the first time in 1993 were elected separately from the national ticket, now are more responsive to constituents instead of party bosses. In USAID-assisted municipalities, average citizen attendance at open town meetings grew from zero in 1990 to 166 by 1995. Local government is becoming more responsive. The proportion of budgets in assisted municipalities going to capital projects increased from 15% in 1991 to 44% in 1995; as a result, municipal populations provided simultaneously with water, sewerage and refuse collection increased from 17% in 1991 to 29% in 1995.

Factors Affecting Program Performance

There are a number of cross-cutting factors which affect program performance in all four SOs. One of the most important is the low level of development across all sectors. The country's lack of economic resources to address its development problems is exacerbated by an annual population growth rate of 2.7%. Lack of healthy, educated, skilled human resources affects all sectors. Secondary and vocational schools can accommodate only 30% of the primary school graduates and barely half of adults have completed primary school. Until 50% of the Honduran work force receives at least a basic 12-year education, the chances for rapid and self-sustaining economic development are not good.

A second important factor is solid GOH support for the development of a strong civil society. The GOH actively supports and cooperates with the programs of NGOs for poverty alleviation, community development, vocational training, health care and nutrition, environmental protection, trade issues, judicial reform, governance, and protection of human rights. The GOH also regularly incorporates groups of private citizens representing a wide spectrum of Honduran society as advisors in the decision making process.

The time and effort allocated to reengineering both in Washington and in the field during the last two years has, at times, diverted short term attention from program performance. The Mission, however, is confident that these investments in reengineering will pay significant dividends in the years ahead (See narrative on reengineering in Section III.C). The continuing reduction of the Mission's resources and staff is another factor negatively affecting program performance. The impacts of this factor on the result targets of the Mission's SOs and Results Packages (RPs) are detailed in Sections II, III and IV of this report.

GOH performance on economic reform programs strongly affects Mission program performance toward achievement of SO1 ("Enhanced economic participation and increased incomes of the poor") and influences the other three SOs as well. Honduras is a solid economic performer showing real progress in politically difficult, market-oriented policy reforms over the past seven years. Many of the economic reforms such as liberalizing internal markets and currency devaluations, provide substantial benefits to the agricultural sector, particularly the rural poor. Since the Results Framework for SO1 includes GOH reforms that affect the poor, these reforms are discussed in the Progress (Section II) and Results Frameworks (Section III.B) sections of this report.

Economic growth averaged an impressive 5% per year in the three years prior to 1994, largely as a result of GOH reforms which freed exchange rates, liberalized markets and trade, decontrolled prices and interest rates, reduced public deficit, and controlled inflation. Unfortunately, GDP declined by 1.5% in 1994 due to 1993 election year fiscal excesses, drop in banana exports, low world coffee prices, and a severe 1994 drought, which damaged agriculture and created a very serious electricity shortage. The drought had a significant negative impact on achievement of SO1 and a lesser impact on the other SOs. Fortunately, GOH efforts to restabilize the economy and deepen reforms in 1994 and 1995 were rewarded with growth of 3.6% for 1995.

The political process in Honduras has had a significant impact on the pace of economic reform. In general, progress has been very impressive at the beginning of each administration, but has been characterized by backsliding during presidential election

campaigns. For example, after poor performance during the 1989 election year, the GOH recorded solid progress on reforms in 1990, 1992, and 1993. The reform program was interrupted by significant backsliding during the 1993 election year, but rebounded with strong progress in 1994 and 1995. While good performance may continue well into 1996, the Mission naturally is concerned about the 1997 election year. Potential backsliding on reforms during the 1997 election could adversely affect performance towards achievement of all four SOs.

Through the ups and downs of its roller coaster reform process, the GOH is making progress, but at a high cost. Given the excesses during elections, each new administration, with strong encouragement by the donors, initiates a series of reforms in an attempt to restabilize the economy. While the restabilizing efforts in recent years generally have succeeded, they have not been followed by permanent structural adjustment. On the contrary, just as new structural adjustments are being put into place and tested, another election year appears on the horizon. As the election draws near, Government priorities shift away from the discipline of the adjustment program and toward politically expedient fiscal excesses and other actions which tend to destabilize the economy. After the election, the cycle starts all over again with the donors trying to convince the new administration to restabilize the economy.

The bitter economic medicine associated with restabilizing the economy every four years is giving the general population reform fatigue. Many restabilization and adjustment efforts adversely affect the poor. Wage earners are especially hard hit as their incomes lag far behind inflation, which has been close to 30% for the last two years. Since 1993, inflation has been driven by a combination of continuing devaluation of the lempira, high fiscal deficits, lack of adequate monetary control mechanisms, and the sudden influx of coffee receipts in 1995. Though Honduras has been relatively free of social, political, and ethnic strife and conflict since 1990, public frustration and tension are being generated by high inflation, the generally poor economic situation, and severe poverty. Such frustration and discontent raise the threat of economic disturbances, increase tension throughout the country, divert GOH attention from long term development goals, and adversely affect performance on the Mission's four SOs.

The growing gap between workers' incomes and inflation, is creating public pressure for price controls. Adversely affected citizens favor restrictions on regional trade in basic agricultural products under the mistaken impression that this will increase food supplies and reduce prices. Such public sentiments play into the hands of the many GOH leaders who still retain a statist mentality. They feel that the central government should control the economy and provide for all the needs of the society. These leaders resist the efforts of reform minded officials. The reformers, with strong support by the donor community, have had the upper hand in nonelection years and the reform program has moved ahead rather briskly. However, those with a statist mentality have done better during election years. Furthermore, they continually try to repeal or impede implementation of the reforms. Thus sustainability of reforms already achieved is not assured and will require close USAID monitoring and attention in the years ahead.

Achievement of our environmental objective, **SO2**, is affected by the fact that environmental protection, a relatively new concept for Honduras, is still not a high priority for government or the public, nonetheless interest is growing. Another important factor is that technologies for sustainable management of natural resources currently are not well known, let alone, widely practiced. Exploitation of Honduras' forests and soils, without regard to sustainability, is a serious problem as dramatically illustrated by the

country's 1994-95 electricity crisis, which clearly demonstrated the fundamental linkage between forests, water conservation and the ability to generate hydroelectricity. Both the nation's water supplies and tourism depend heavily upon sound management of protected areas. Proper environmental management also is essential to continued and sustainable growth of agricultural and forest production. The GOH struggles with its efforts to balance long term sustainable management of natural resources with the immediate need to alleviate its severe poverty problem, particularly in rural areas. This internal tension affects USAID's policy reform efforts focused on sustainable resource management.

Improved family health, SO3, is affected by several factors including the inability of families to pay for proper health care. Strong GOH commitment to improved health is evidenced by: 1) the fact that Honduras leads the region with over 94% of its children vaccinated against childhood diseases, 2) its allocation of 13% of its budget to the health sector, and 3) its efforts to implement a series of quality and efficiency reforms in a decentralized health care system. A positive factor affecting family planning efforts is the Catholic Church's restraint in expressing open opposition to condom usage in light of Honduras' serious AIDS pandemic. On the other hand, family planning efforts are affected negatively by lack of an official GOH reproductive health policy, by opposition groups, and by reductions to USAID's population budget.

The democracy objective SO4, is affected by public cynicism based on a history of corruption, nonresponsive and centralized government, weak judiciary, and lack of citizen participation. Countering this cynicism is the strong commitment of the GOH to eliminate corruption, reduce the military's grip on society, improve the judiciary, increase public participation, and promote civil society. The fundamental, historic reforms of the justice system and the development of effective, responsive, and participatory municipal government are integral parts of SO4 and, as such, are discussed in the results portions of this report. Important factors negatively affecting SO4 efforts are the resistance of some privileged elites who enjoyed legal impunity under the old system, and the reluctance of some central government agencies to relinquish power to municipalities.

USAID/Honduras Program Accomplishments

Economic Participation & Increased Incomes of the Poor

- As a result of improved pricing policies and other reforms, the percentage of the populace living below the poverty line decreased from 74.8% in 1991 to 67.2% in 1994.
- The GDP recovered from a dismal negative 1.5% in 1994 to solid growth of 3.6% in 1995.
- Economic growth from USAID encouraged policy reforms led to increased exports totaling \$1,060 million in 1995.
- In 1995 alone, USAID-supported NGO's and credit unions made over 76,000 loans to micro and small entrepreneurs.
- The issuance of individual land titles more than doubled from 4,205 in 1994 to 9,463 in 1995; a quarter of which were issued to women.
- Of the more than 30,000 graduates of the CADERH (a local PVO) vocational training program, 90% have been employed; of those employed, 35% are women. Their incomes have increased by about \$1,000 per graduate for a total of \$27 million per year.
- The number of primary school graduates has increased 57% since 1986. Fifty-two percent of graduates are female. Seventy percent of all 14 year-old Hondurans now graduate from the sixth grade as opposed to about 50% in 1985.
- The number of basic education graduates on the nine levels of the alternative delivery system increased from less than 5,000 in 1994 to over 22,000 (12,000 females) in 1995, exceeding the target by 2,000 graduates.

Effective Stewardship of Key Natural Resources for Sustainable Growth

- Almost 300,000 hectares are under sustainable resource management practices.
- Almost 25,000 hillside farm families have adopted sustainable cultivation practices, which increase on-farm income by over 50%.
- Soil conservation techniques are saving approximately 3,279,000 tons of topsoil annually.

Improved Family Health

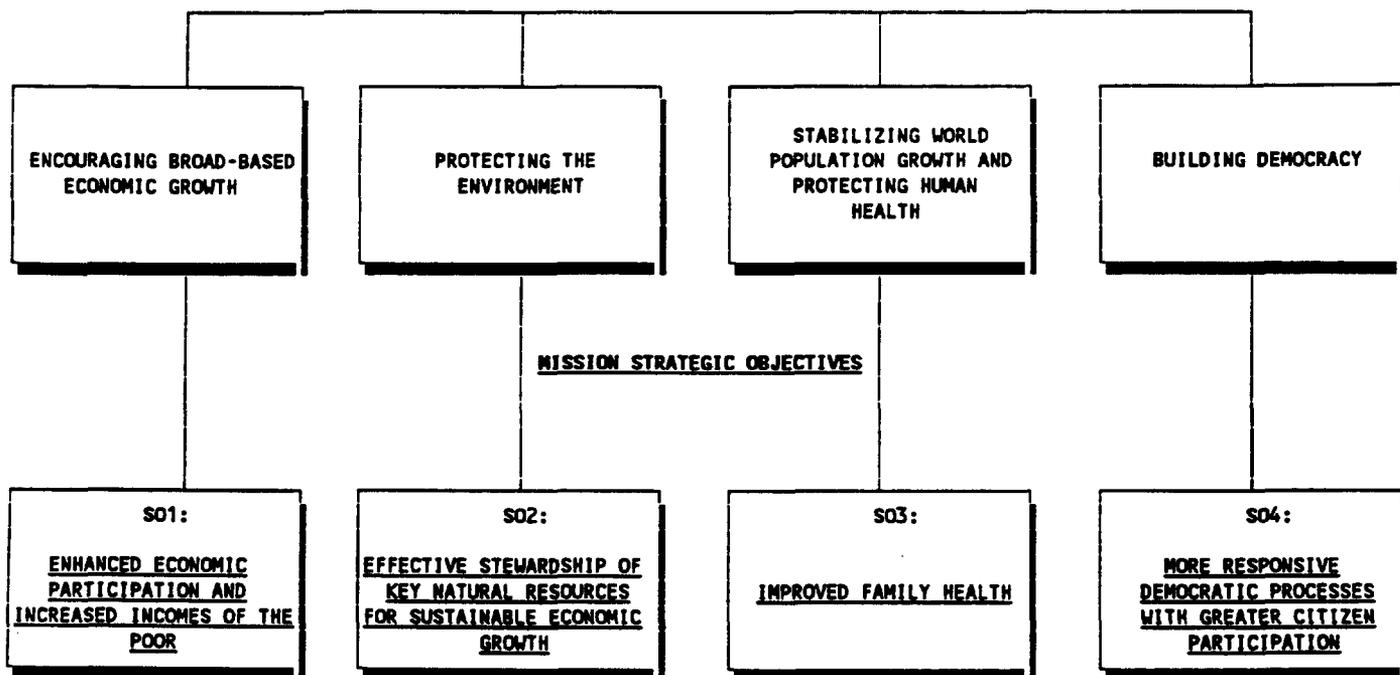
- Infant mortality decreased from 61 per thousand live births in 1985 to 50 in 1989.
- At 94% since 1993, Honduras has the best record in Central America for children vaccinated against diphtheria, measles, polio and tuberculosis.
- Approximately 128,000 people from the most destitute rural municipalities of western and southern Honduras are benefitting from the refocused PL 480 Title II food security program.
- Since 1980 USAID has built over 1,200 water systems in rural areas, benefiting 746,000 people who now have access to safe drinking water. Rural water and sanitation programs have helped shift diarrheal diseases from the leading to the third cause of deaths among infants.
- Deaths from cholera declined to less than 2% of reported cases in 1995 from a high of over 4% in 1992.
- The fertility rate decreased from 6.4 in 1979 to an estimated 5.1 in 1991.

More Responsive Democratic Processes with Greater Citizen Participation

- After five consecutive free elections, this process has been institutionalized, strengthening democracy in Honduras.
- For the first time during the 1993 elections, Honduran citizens were able to cast their vote for mayors separately from candidates for national offices. This will lead to increased local government accountability to the electorate.
- Since town meetings began in 1990, citizen participation has increased from an average of 20 people in 1991 to an average 166 people in 1995, giving communities a greater say in the use of municipal tax revenues.
- In USAID-assisted municipalities, the average number of inhabitants simultaneously receiving water, sanitation and refuse collection services increased from 17% in 1991 to 29% in 1995.
- For the first time in history corrupt judges have been investigated and prosecuted. In 1995 alone, of 469 Court corruption complaints received by the Inspector General's (IG) Office, 401 were investigated resulting in 64 court officials being permanently discharged while 11 court employees were referred to the Public Ministry (PM) for criminal prosecution. The PM processed over 18,000 cases including 73 public corruption cases in 1995.
- In September 1995, over 71% of educated Hondurans opined that the new PM was strengthening the independence of the judiciary.
- Almost 3,000 Honduran leaders have been sent to the United States for long - and short-term studies and exposure to U.S. values and culture. Over 80% of the trainees have been socially or economically disadvantaged.

USAID/HONDURAS STRATEGIC FRAMEWORK

AGENCY GOALS



INTERMEDIATE RESULTS

- | | | | | | | | |
|-----|---|-----|---|-----|--|-----|---|
| 1.1 | Expanded Access by the Poor to Productive Resources | 2.1 | Sustainable Pine Forest Management Practices Extended | 3.1 | Increased Use of Reproductive Health Services Including Family Planning Services | 4.1 | More Honest and Effective Judicial or Prosecutorial Systems |
| 1.2 | Expanded Access and Opportunity through Improved Functioning of Markets | 2.2 | Sustainable and More Productive Hillside Agriculture | 3.2 | Increased Use of Selected Child Survival Interventions | 4.2 | More Responsive and Effective Municipal Government. |
| 1.3 | Expanded Access and Opportunity through Investment in People | 2.3 | Improved Management of Protected Areas (PAs) | 3.3 | Increased Use of STD/AIDS Prevention Practices | | |
| | | | | 3.4 | Improved Household Food Security | | |

SECTION II. PROGRESS TOWARD STRATEGIC OBJECTIVES

SO 1: Enhanced Economic Participation and Increased Incomes of the Poor

I. Summary and Analysis of Data, and Contribution of USAID Activities

The SO1 results support the GOH economic reform program while improving the poor's opportunities for economic enhancement and increased incomes. Tough measures undertaken by the GOH in 1995 began to stabilize many of the macroeconomic indicators. GDP growth recovered from a dismal negative 1.5% in 1994 to solid growth of 3.6% in 1995. Government revenues increased by 48%, buoyed by an expanding tax base, more efficient tax collection, and price increases for many public services. The fiscal deficit, in excess of 11% of GNP when the current GOH administration assumed power in 1994, shrank to less than 7% by the end of 1994 and only 3.5% by the end of 1995. Reversing a trend of several years, net international reserves were positive for the latter months of 1995, improving access to the foreign reserves needed for essential imports. However, the economy's recovery is still struggling and fragile. Inflation, the worst enemy of the poor, remained high at 29.5% over the year, the highest inflation in Central America.

With Honduras entering a year of intense political maneuvering in preparation for next year's election, this is perhaps the most critical year in the country's economic history. If the GOH takes the high road and maintains its current economic reform program, results in terms of higher economic growth and reduced inflation are possible. However, if past history repeats itself and political expediency replaces economic fortitude, the recent gains achieved will be lost.

While macroeconomic indicators are improving, the data indicate that life for the poor in Honduras is still very difficult. Preliminary indications are that the percentage of the populace living below the poverty line (Indicator 1.A), remain near the 1994 level with 67%, which is two points above the 1995 target. However, given that inflation was almost 30% in 1995, just holding the line on poverty is an achievement. The 1995 data, which derived from an annual GOH household survey, are not yet available from the Ministry of Planning.

Total employment in agriculture, industry and service sectors (Indicator 1.B.1) increased 8.7% or over 100,000 new jobs between 1993 and 1995; data for 1995 are not yet available. The greatest increase (12%) was in agriculture which has experienced two years of growth after nearly a decade of steady decline. Agricultural employment of over 670,000 full time jobs is the highest ever recorded. Growth in the *maquila* industry fueled rapid growth in industrial employment, which exceeded its target by almost 10%. Job growth in the service sector was unchanged from last year. In an inflationary economy, many service sector jobs appear in the informal sector which is not captured in the survey, accounting for performance slightly below the target.

Growth in employment by gender (Indicator 1.B.2) accrued more to males (12%) which exceeded its target by 100,000 jobs, than to females (2%) which, for the first time since USAID has been tacking this indicator, fell short of its target (by almost 15,000 jobs). Since much of total job growth resulted from the large coffee harvest and expansion in *maquila*, both areas where the superior manual dexterity of females is highly prized, the data are confusing. During this year, the SO team will analyze these trends more closely in an effort to either measure employment by gender better or effect more growth in female employment.

USAID and its development partners, especially the World Bank and InterAmerican Development Bank (IDB), work cooperatively to support the GOH call for "economic adjustment with a human face". USAID and the banks agree with the GOH on a set of policy reforms; the banks provide financial incentives for GOH compliance; and USAID technical assistance and sector support enables the GOH to reach compliance. This mechanism uses the comparative advantages of each organization -- the broad sector support of the banks and the technical expertise of on-site USAID-financed experts. Multilateral bank disbursements for social safety net programs also are coordinated with USAID's interventions.

In the education sector, close coordination has prevented the donors from duplicating efforts, working at cross purposes, or exceeding the absorptive capacity of the GOH. Through mutual agreement, the World Bank and Germany will concentrate on formal primary, the IDB on formal secondary, while USAID focuses on non-formal vocational training and alternative, non-formal basic education.

The results presented below indicate that the three SO1 RPs are making tangible differences in the lives of the poor.

Results Package (RP) 1.1: Expanded Access by the Poor to Productive Resources

Credit is often denied to the poor through the formal banking system. Sometimes it is granted on subsidized terms, even by well intentioned, but mistaken, donors. USAID's market based micro enterprise program was being undermined by such "cheap" credit from other donors. As a result, USAID stopped disbursements and redesigned the program in 1995. The underutilized USAID credit funds were reprogrammed into an NGO incentive program that now increases both the number of loans granted and the sustainability of the NGOs granting them, ultimately improving credit service to the poor. As a result, the total number of loans made to micro and small entrepreneurs and to small land holders (Indicator 1.1.a) increased 40% over 1994. Loans to males increased at a greater rate (56%) than loans to females (31%), largely because the success of the credit programs originally focussed on women has attracted the attention of men who now demand similar access.

The indicator for fully performing portfolio of PVO and credit union loans to micro and small businesses (Indicator 1.1.b), is measured as the percentage of loans not in arrears. Since mid-1995 the indicator shows essentially no change for agricultural loans to small holders. The 81% result for small holders was short of its 90% target due to two years of poor weather, generally harsh monetary conditions, and the risky nature of agriculture. This is the last year this indicator will be reported for small holders as the project that assisted them ended in 1995.

The small business loan portfolios improved from 77% to 81% as a result of the aforementioned PVO incentive program and the newly energized credit union movement. While USAID's project focused on the 35 open member credit unions within the Honduran credit union federation (FACACH), the impact is far more extensive. FACACH's enlightened leadership made many of the USAID tools and techniques available to the entire movement. As a result, FACACH is now recognized as a regional leader in credit union innovation. For instance, FACACH pioneered life and savings insurance for its members and now writes more policies than any entity in Honduras, including the insurance companies. FACACH has likewise recognized the special needs of credit unions for inspection and supervision. As a result, it proposed a self-regulatory entity that will operate under the auspices of the Superintendent of Banks, but be entirely self-financed by the credit unions that voluntarily

submit to examination. The idea has been enthusiastically accepted by the member credit unions, and the entity is being chartered.

The indicator incremental employment attributable to USAID projects (Indicator 1.1.c) has been omitted from this year's report due to persistent problems in obtaining reliable data to measure the results. The reliability of the data, which were obtained from a project that ended two years ago, is questionable. Other data were obtained from surveys which proved too expensive to continue. The SO team is seeking a reliable similar indicator.

Savings generated by credit unions (Indicator 1.1.d) reached 395 million lempiras in 1995, far above its target of 315 million. The credit union movement, despite the end of the USAID project, is one of USAID's many success stories in the financial sector. Currently, the credit unions associated with FACACH capture almost 15% of the savings reported to the Central Bank. In February 1996, this figure exceeded one billion lempiras (almost \$1 million) for the first time in the movement's history. With the tremendous growth in savings, FACACH recognized the need for pooled and professionally managed deposits and established a liquidity management facility that now administers approximately 40% of the excess liquidity in the credit union system. Having the facility as a profitable alternative for deposits has increased competition for loanable funds within the credit unions, driving them to better manage loan portfolios and implement interest rate policies consistent with sustainable financial practices. This is the last year this indicator will be reported as the project closed in 1995.

The number of village banks, credit unions, and agricultural cooperatives serving local communities (Indicator 1.1.e) continues to grow. The number of credit unions and agricultural cooperatives both increased from last year and are essentially on target. The village bank methodology was re-examined and improved, resulting in the dissolution of 47 unsustainable village banks in early 1995. Thus the indicator fell below its targets. However, since the beginning of 1995, 221 new and more sustainable village banks have been created, increasing the number from 524 to 745, but still below the 1995 target of 814. But the discrepancy is 50% less than in 1994, and it is closing quickly. By the end of 1996, the number of village banks will exceed its target. The new PVO incentive program (discussed above) will lead to the formation of more and stronger village banks.

The number of agricultural cooperatives participating under the USAID financed FINACOOP activity increased from 33 to 36, but the impact these cooperatives have on their members' lives and the agricultural sector as a whole is much greater (see box on UNIOCOOP). These cooperatives provide their small farmer owners with invaluable input supply, processing, storage and marketing functions. For example, a coffee cooperative (COMARCA), composed of over 800 members with average holdings of less than 3 hectares, is the only marketer of Honduran coffee to consistently receive a premium above the international price. Most Honduran coffee is downgraded from the international price for poor quality. In keeping with its tradition of quality, COMARCA is preparing to invest in a \$1 million environmentally benign coffee processing plant that will improve water quality in a large Honduran watershed.

A USAID-assisted cooperative of small vegetable and coffee producers (COHSIL) has opened two new branch stores to provide production inputs at lower costs to its growers. COHSIL also operates a demonstration and teaching farm and is studying the feasibility of constructing cold storage facilities. COHSIL, too, remembers its cooperative duty and has "adopted" a new small producer cooperative and is giving it technical assistance on production and marketing.

Honduran Fertilizer Sales...The Rest of the Story

UNIOCOOP, a USAID-assisted union of farmer-owned cooperatives, sells agricultural inputs to producers. Apart from providing agricultural inputs to small holder members, UNIOCOOP plays an important role in promoting competition within the national input market, particularly the fertilizer market. With UNIOCOOP in the fertilizer market, other distributors were forced to reduce their prices to meet UNIOCOOP's competition. The resultant savings for Honduran producers is almost \$3 million per year, which translate directly into increased farmer incomes. The impact of UNIOCOOP's participation in the market demonstrates the benefits of an open and competitive free enterprise system.

Production and sales of selected non-traditional crops produced primarily by small farmers (indicator 1.1.f, reported as indicator 1.2.a.1 last year) was significantly below target in 1995, largely due to poor weather and intense competition from Chile and others developing nations. For the second consecutive year, poor weather resulted in delayed plantings or damages to crops already planted. The non-traditional market is very volatile; in any five year period, participants will likely win twice, lose twice and break even once. In 1994 when Chile, for the first time, entered the sweet onion market, prices plummeted and no Latin American growers made money (including the Chileans). As a result, large farmers did not plant onions in 1995; production was only 85,000 pounds compared to the target of 1,700,000. The small farmers that did produce and sell onions in the domestic market earned almost ten times as much as their neighbors who planted traditional crops. The market for Honduran ginger is growing, and the possibility of producing organic ginger looks particularly promising for small farmers. Asparagus production is still in its nascent stage given its long growth period before production begins. The Mission made significant changes to this indicator because the original price and production targets were calculated on incorrect information. Given the great variability in prices and production, especially of Non-Traditional Agricultural Exports (NTAEs), the SO team will try to identify a better indicator.

RP 1.2: Expanded Access and Opportunity through Improved Functioning of Markets

The Policy Analysis and Implementation Project (PAIP) has sustained previous policy reforms in all areas of macroeconomic and sectoral policies, helped maintain a free price environment, and insured the distribution of land titles to record numbers of small holders. The improvements in macroeconomic indicators testify to the work of the USAID-assisted technical secretariat for the Economic Cabinet (UDAPE), in maintaining Honduras on its structural adjustment program. As a result of UDAPE efforts, indirect tax revenues increased from three million lempiras in 1994 to four million lempiras in 1995. Forty-one PAIP-financed economics graduates now occupy key public and private sector policy positions. USAID-supported loan conditions of the World Bank and IDB have been met satisfactorily leading to subsequent disbursements. In December 1995, the GOH renewed its agreement with the IMF and in early March attended a Paris Club meeting which set the stage for bilateral debt rescheduling. A notable accomplishment in late 1995 was the passage of the new Honduran Banking and Finance Law which triggered the disbursement of the last \$5 million of the ESF

policy reform cash transfer program. The new Law will improve the integrity and supervision of the financial system, open access to a wider range of borrowers, and improve management of monetary policy.

For the first time in Honduran history, a 12 month period passed without GOH interference with agricultural prices or use of phytosanitary controls to impede legitimate imports. The resulting improvement in the reduction of price distortions affecting the agricultural sector (Indicator 1.2.a.1), is the result of education and vigilance exercised by USAID staff and partners. The need for this vigilance will increase as Honduras enters the pre-election year, a period frequently characterized by "backsliding" on economic reforms, especially price reforms where many rents can be gained. The tendency to backslide is underscored by a current public debate in which the Minister of Natural Resources (a Presidential candidate) is calling for price controls on milk processors, while the Minister of Economy insists that price controls are inconsistent with the new Honduran free market economy. The battle is not won, but progress is being made. In addition, the PAIP project convinced the GOH to completely eliminate its grain marketing board which for years was marked by corruption and distorted prices that negatively impacted small producers.

During the summer of 1995, a course for 30 young economists was jointly sponsored by USAID and the Central Bank and taught by world class professors. The three highest placed graduates were offered jobs at the Central Bank. Both the Central Bank and the National University have requested that a similar course be repeated for Central Bank employees and university faculty.

Data on Increased investment in agriculture (Indicator 1.2.a.2) are not yet available from the Central Bank, but given the generally restrictive monetary policy, it likely remained stable or fell slightly.

Increased agricultural land titles (Indicator 1.2.a.3) is the direct result of USAID interventions, and GOH determination to complete titling of small farmers on national lands. During 1995, 9,643 titles were registered, only 367 short of the target and an 80% increase over 1994. In February 1996, over 2,600 titles were registered, a new record, and the rate continues to increase. It is likely that for 1996, over 30,000 titles will be issued, more titles than have been issued since the agrarian reform began 35 years ago. The increase in number of titles issued to women (from 19% to 24%) is notable and the result of a determined campaign to increase female ownership of productive resources.

The number of privatized state-owned properties (Indicator 1.2.b) with direct USAID assistance stands at 48, the same as last year. However, eight additional entities/services have been privatized with indirect USAID assistance, for a total of 56 privatizations. These privatizations have important economic impacts such as employment generation, increased exports, increased investment, and reduction of external debt with commercial banks. The project currently is working on 15 additional privatization actions, at least seven of which should be complete before the project in August 1996.

Other privatization efforts are making progress. Proposed reforms to the pension system would offer private enterprises the opportunity to manage pension funds for workers who desire an alternative to the public system. Development of a private pension system would give much needed depth to capital markets and increase internal savings, as well as allow workers a decent retirement pension. USAID analytical efforts contributed to the approval in 1995 of legislation granting permission to privatize the national telecommunications systems over a period of ten years. This began in 1996 with the granting of a license to a private firm

to operate the first cellular services in Honduras. Indicator 1.2.b will not be reported after the 1997 Results Review and Resource Request (R4).

RP 1.3: Expanded Access and Opportunity Through Investment in People

Education and training are keys to more equitable and sustainable development, with enhanced participation for the poor. Honduras historically has had one of the lowest average levels of education in the region; access to vocational training is also very limited. As a result, Honduras has one of the highest levels of economic inequity in Latin America and the Caribbean. USAID's investments in education and training are in three complementary areas: primary education, alternative basic education delivery systems, and non-formal vocational training.

Since the start of the USAID-assisted Primary Education Efficiency Project in 1986, the number of children completing primary education (Indicator 1.3.a.1) has increased 63%, or about twice the population growth rate for school age children. There has also been a 24% increase in access, a 20% reduction in repetition rates, and a 55% reduction in dropout rates, along with dramatic increases in the percentages of children completing the fourth grade (achieving basic numeracy and literacy) and completing primary school. Between 1984 and 1995, the proportion of 14 year old Hondurans having completed 4th grade increased from 70% to 90%, while those having completed primary school went from about 50% to 70%. Honduras now has the highest primary school enrollment rate in Central America. As additional primary school graduates enter the labor force, their productivity is enhanced and annual earnings should increase by over \$40 million.

Indicator 1.3.a.2, Improved quality of education measured by improvements in primary education standardized test scores for four subjects, significantly exceeded its target. Compared to 1990, test scores have increased 38% for each of the six grades of primary school for a total increase of 229%. The result is attributable to USAID assistance to the Ministry of Education in developing minimum learning objectives, teacher training, standardized tests, and educational materials. These include over 17 million texts, workbooks, flash card sets, teachers' manuals and instructional aids, etc.

Alternative basic education is an important GOH and Mission priority. Only 50% of the adult population has completed primary school and less than 20% has a secondary education. To meet this challenge, the Ministry of Education (MOE) and USAID are encouraging out-of-school youth and adults to return to school and obtain a basic education. From 1994 to 1995, the number of basic education graduates on the nine levels of the alternative delivery system (Indicator 1.3.b.1) increased from 4,900 to 22,000 (12,000 females) exceeding the target by 2,000. By 1999 the alternative basic education delivery systems should be producing 120,000 graduates annually with increased annual earnings for graduates of approximately \$11 million.

Graduates from PVO and municipal training centers employed (Indicator 1.3.c) declined in 1995 due to delays in initial obligations for the new Basic Education and Skills Training Project (BEST). The 1994 results were largely achieved as a result of the previous successful USAID project, which trained over 25,000 people, and built/remodeled and equipped sixteen PVO and municipal vocational training centers. Graduates from USAID assisted vocational training centers earn average income increases of approximately \$1,000 per year. Under the new activity at least twelve of the previous training centers will be strengthened and an additional fifteen centers will be built/remodeled and equipped, and personnel from training centers will

be trained. These training centers should provide over 23,000 graduates, with annual income increases of over \$20 million. In addition, a modest endowment (financed by DA funds) is being established to provide continuing training and related assistance for the training centers' personnel to assure that the quality, relevance and efficiency of vocational training continue through the year 2016.

Investments in education and training will provide many long-term benefits for Honduras. As more people complete primary school and vocational training they will increase their productivity and annual earning potential by approximately \$75 million. Furthermore, they will enhance their ability for greater economic and political participation.

II. Expected Progress

If budgets are maintained at 100% of budget levels with OYBs in the \$27 million dollar range, and basic assumptions hold, the Mission would be able to achieve its ultimate targets by 1998, with the exception of education targets which would be accomplished by 2000 (See Table 2). At that time, poverty would still be widespread in Honduras, but the institutional basis and policy framework for future reductions in poverty would be in place. Poverty levels would be about 60% and employment should be increasing in the agriculture, industry, and service sectors.

Accomplishment of 1998 SO1 targets means that the poor would have better access to productive resources than they did in the baseline period. Honduras would have a mature credit union movement that serves rural and urban members with a full range of financial services. The five PVO's that entered the USAID incentive program should be sustainably distributing micro enterprise loans. The first full service bank for small and micro enterprises in Central America should exist, and two micro enterprise finance companies would have commenced operations. Agricultural producers would have access to inputs, storage, processing and marketing services through farmer owned cooperatives. Small farmers should be exporting NTAEs to regional and extra-regional markets, and FHIA's small farmer research agenda should be driven by market trends.

A progressive, outward-looking economic policy environment should exist, allowing Honduras to compete in regional and international markets. Internal price distortions should be minimized and, as a result, investment in agriculture should increase. Land titling on national lands would be nearing completion, although the problem of many landless still residing on agrarian reform lands would remain to be solved. A titling system would be in place that can issue titles on those lands where the GOH can compensate former owners.

Upon achievement of education targets in the year 2000, Honduras would be able to continue improvements in the quality and quantity of basic education, enabling its citizens to take advantage of improving economic opportunities. A nationwide system of municipal and private sector non-formal vocational schools would respond to the needs of interested out-of-school youth and adults. The graduates would fill many of the positions that require specialized skills and trades. The economy will be characterized by the following indicators:

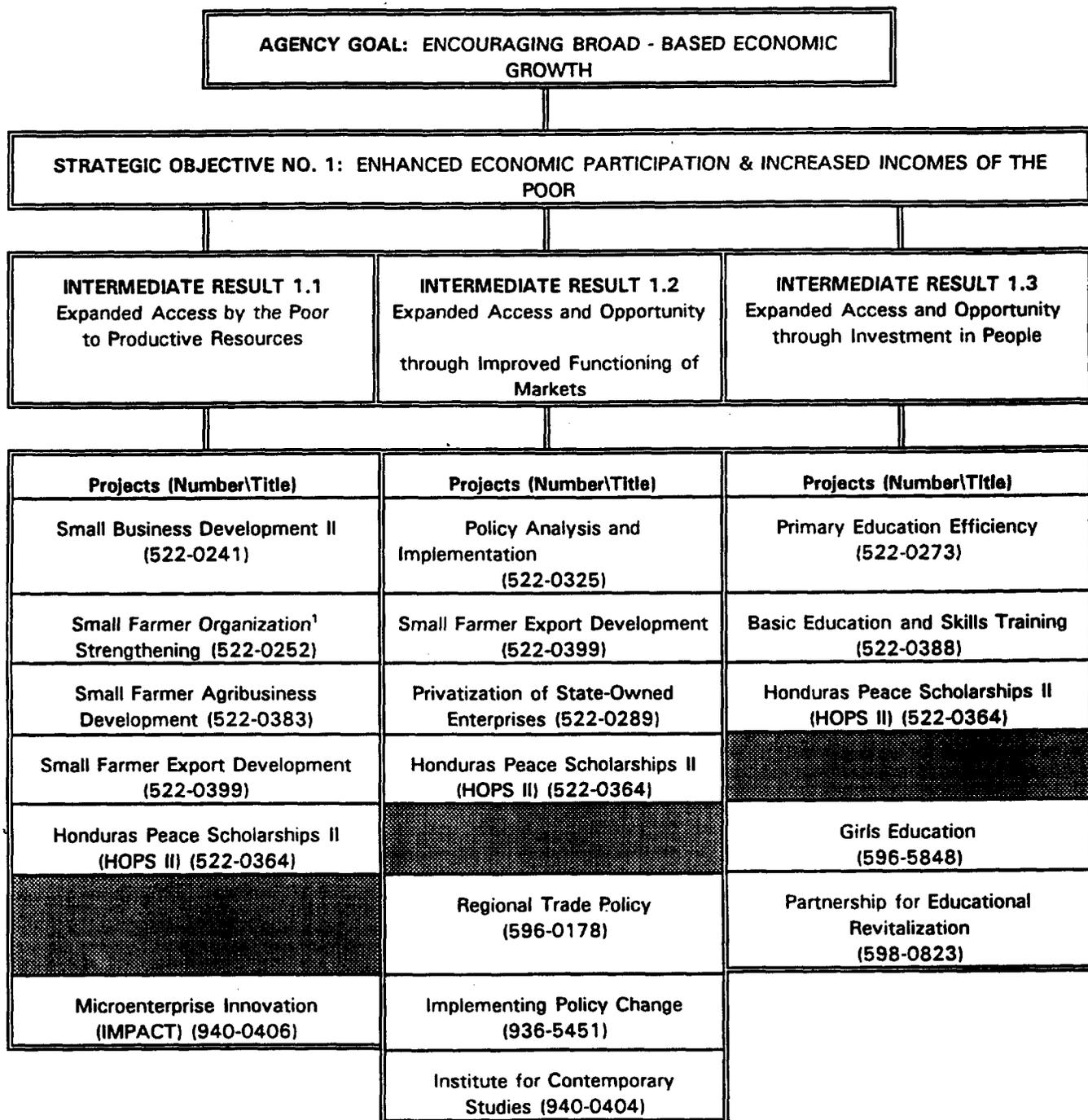
<u>Indicator</u>	<u>1998 Target</u>	<u>Baseline</u>
Population in poverty	60%	75% (1991)
Employment in three sectors	1,423,700	1,094,200
# of loans to small and micro	106,000	(1990)
# of village banks	1,519	51,000 (1993)
# of banks/finance co. serving	3	172 (1992)
small and micro business	110 million	0 (1993)
Investment in agriculture	20,000	47 million (1990)
(constant 1978 lempiras)	3,000	2,000 (1993)
Land titles/year		938 (1938)
Vocational grads. employed		

A reduction of budgets to the 75% level, i.e. OYBs around \$20 million per year, would have the following impact on the ultimate 1998 results achieved by SO1:

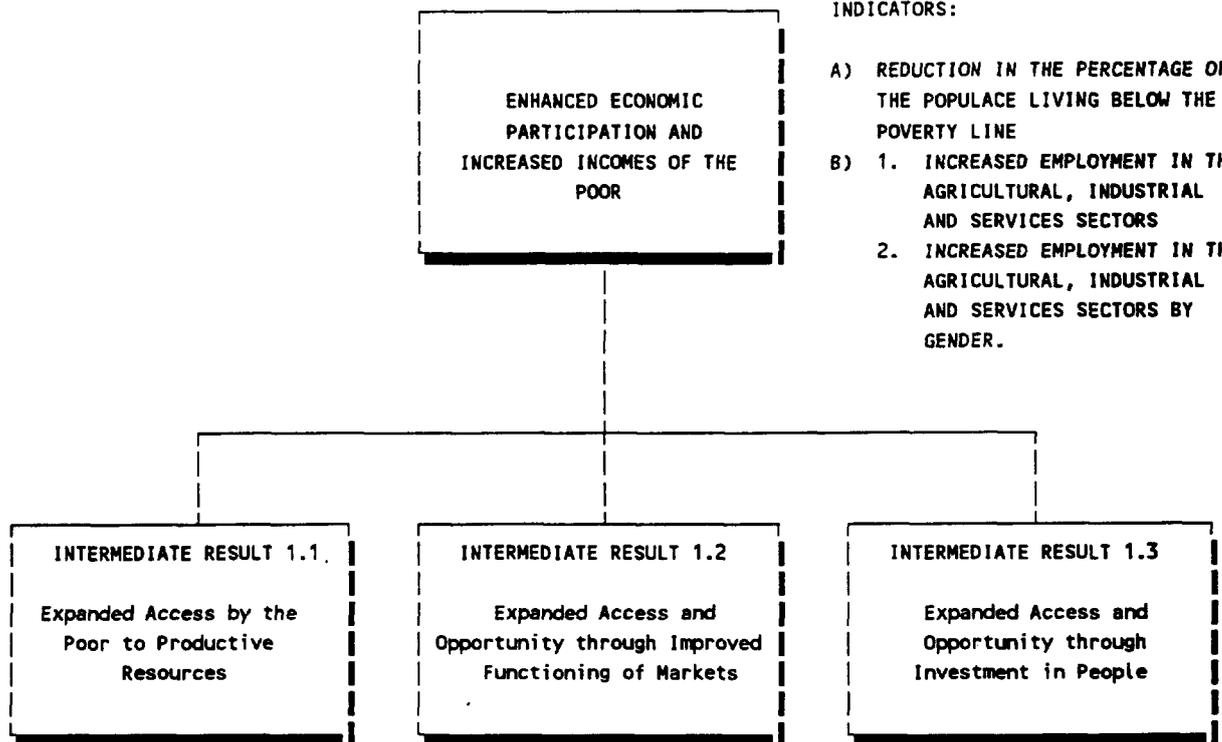
<u>Indicator</u>	<u>100% funds</u>	<u>75% funds</u>
Population in poverty	60%	63%
Employment in three sectors	1,423,700	1,400,000
# of loans to small and micro	106,000	95,000
# of village banks	1,519	1,200
# of banks/finance co. serving		
small and micro business	3	0
Investment in agriculture		
(constant 1978 lempiras)	110 million	90 million
Land titles/year	20,000	16,000
Vocational grads. employed	3,000	2,200

In addition, at the 75% budget level, the integrity of the economic policy framework that USAID has achieved since 1990 may be jeopardized. Honduras teeters between stepping forward into a market economy or falling back into isolation and poverty. The costs of adjustment are being felt, especially by the poor, and Honduras is entering an election year with a new government scheduled to take over in 1998. Without full funding of policy related activities, many of the gains of the decade could be lost.

TABLE 1



¹ PACD: 09/26/95



INDICATORS:

- A) REDUCTION IN THE PERCENTAGE OF THE POPULACE LIVING BELOW THE POVERTY LINE
- B) 1. INCREASED EMPLOYMENT IN THE AGRICULTURAL, INDUSTRIAL AND SERVICES SECTORS
- 2. INCREASED EMPLOYMENT IN THE AGRICULTURAL, INDUSTRIAL AND SERVICES SECTORS BY GENDER.

INDICATORS

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> a) Number of Loans Made to Micro & Small Enterprises & Small-holders b) Fully Performing Portfolio of PVO & Credit Union Loans to Micro & Small Businesses & Small-holders c) Incremental Employment Attributable to USAID Projects d) Increased Amount of Savings Generated by Credit Unions e) Increased Number of Village Banks, Credit Unions and Agricultural Cooperatives Serving Local Communities f) Increased Production and Sales of Selected Nontraditional Crops Produced Primarily by Small Farmers | <ul style="list-style-type: none"> a) 1. Reduction in Price Distortions Affecting the Agricultural Sector 2. Increased Investment in Agriculture 3. Increased Agricultural Land Titles b) Increased Number of Privatized State-Owned Enterprises (SOEs) | <ul style="list-style-type: none"> a) 1. Increased Numbers of Children Completing Primary Education 2. Improved Quality of Education Measured by Change in Norm-Referenced in Primary Education Standardized Test Scores for Four Subjects. (Grades 1-6) b) 1. Basic Education Graduates on the Nine Levels of the Alternative Delivery Systems 2. Increased Quality of the Alternative Basic Education Delivery System as Measured by Aggregate Increases in Standardized Test Scores. (Grades 1-12) c) Graduates from PVO and Municipal Training Centers Employed |
|---|---|--|

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Honduras					
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor					
Indicator: 1.A REDUCTION IN THE PERCENT OF THE POPULACE LIVING BELOW THE POVERTY LINE					
Unit: Percent Population Below the Poverty Line		Year	Planned	Actual	
Source: The Government of Honduras' (GOH) Household Survey	Baseline	1991	---	74.8	
<p>Comments: The poverty line is derived from the amount of money required to purchase the basic food basket taking into consideration the level of household income.</p> <p>Over the years, the Ministry of Planning - which collects, analyzes, and publishes the poverty data - has made continual and significant revisions to its methods in order to more accurately capture the picture of poverty in Honduras. While each year produced more accurate results, the constant changes in methodology led to incomparability among years within the series.</p> <p>During 1995, with assistance from the UNDP, the GOH standardized its methods of collection, analysis, and reporting of poverty data. Once standardized, the GOH recalculated the poverty line using raw data for the years 1991-1994 to produce a consistent series. The 1995 data will be calculated using the new methods and, when available later in the year, will contribute to this series.</p> <p>The series is now internally consistent, although it is not comparable to the data used in previous reports. USAID has, therefore, adopted the new data series and established new targets which are presented here for the first time.</p>		1992	---	69.9	
		1993	---	67.5	
		1994	---	67.2	
		1995	65.0	Not available	
		1996	63.0	***	
		1997	61.0	***	
		Target	1998	60.0	***

Honduras

STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor

Indicator: 1.B.1 EMPLOYMENT IN THE AGRICULTURAL, INDUSTRIAL AND SERVICES SECTORS

Unit: Total Number of Individuals Employed in the Agricultural, Industrial and Services Sectors

Source: The Government of Honduras' (GOH) Household Survey; Ministry of Planning

Comments: These data include employment in both the modern and traditional sectors.

Employment in 1994 increased 8.7% over the previous year and exceeded its target by almost 100,000 jobs. Despite the economic hardship and high inflation, employment in agriculture and industry increased 12% and 10% respectively while service sector remained relatively constant. Much service sector employment, especially in an inflationary economy, is driven into the informal sector which is underrepresented in the survey from which these data are drawn.

The large 1994 coffee crop, despite the drought, contributed to employment in the agricultural sector as coffee harvesting is very labor intensive, and increasing maquila employment contributed to industrial employment growth. Although concern about migration of firms to Mexico is frequently discussed in the popular press, to date, no significant migration is evident.

Data for 1995 will be available in late 1996.

	Year	Planned	Actual
Baseline Total	1990	---	1,094,200
Agricultural		---	641,600
Industrial		---	200,700
Services		---	251,900
Total	1991	---	1,127,400
Agricultural		---	616,100
Industrial		---	220,200
Services		---	291,100
Total	1992	---	1,132,500
Agricultural		---	588,400
Industrial		---	249,100
Services		---	295,000
Total	1993	1,169,200	1,197,221
Agricultural		582,500	600,561
Industrial		274,000	290,840
Services		312,700	305,820
Total	1994	1,209,600	1,301,902
Agricultural		576,700	673,782
Industrial		301,400	322,653
Services		331,500	305,467
Total	1995	1,253,800	Not Available
Agricultural		570,900	
Industrial		331,600	
Services		351,300	
Total	1996	1,302,300	---
Agricultural		565,200	
Industrial		364,700	
Services		372,400	
Total	1997	1,358,400	---
Agricultural		562,400	
Industrial		401,200	
Services		394,800	
Target Total	1998	1,423,700	---
Agricultural		420,650	
Industrial		601,050	
Services		402,000	

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
Indicator: 1.B.2 EMPLOYMENT IN THE AGRICULTURAL, INDUSTRIAL AND SERVICES SECTORS BY GENDER				
Unit: Individuals Employed in the Agricultural, Industrial and Services Sectors by Gender		Year	Planned	Actual
Source: The Government of Honduras' (GOH) Household Survey; Ministry of Planning	Baseline Total	1990	---	1,094,200
	Female		---	262,608
<p>Comments: Male employment grew at a faster rate (11.5%) than female employment. Male employment exceeded its target by over 100,000 jobs, while female employment fell 15,000 jobs short of its target. These differences, especially given the demand for female coffee pickers and growth in the maquila sector - both tasks traditionally dominated by women - are unexplained. The SO Team and the Mission will closely monitor the employment data over the next year to establish what dynamics explain these unexpected changes.</p> <p>Data for 1995 will be available in late 1996.</p>	Male		---	831,592
	Total	1991	---	1,127,400
	Female		---	304,398
	Male		---	823,002
	Total	1992	---	1,132,500
	Female		---	317,100
	Male		---	815,400
	Total	1993	1,169,200	1,197,221
	Female		350,760	351,925
	Male		818,440	845,296
	Total	1994	1,209,600	1,301,902
	Female		374,976	359,453
	Male		834,624	942,449
	Total	1995	1,253,800	Not Available
Female	413,754			
Male		840,046		
Total	1996	1,302,300	***	
Female		442,782		
Male		859,518		
Total	1997	1,358,400	***	
Female		489,024		
Male		869,376		
Target Total	1998	1,423,700	***	
Female		536,919		
Male		1,086,781		

Honduras																																							
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor																																							
INTERMEDIATE RESULT NO. 1.1 Expanded Access by the Poor to Productive Resources																																							
Indicator: 1.1.a NUMBER OF LOANS MADE TO MICRO AND SMALL ENTERPRISES AND SMALL-HOLDERS																																							
Unit: Annual Number of Loans Made by PVOs and Credit Unions to Micro and Small Business and Small-Holders. Total Female, Male			Year	Planned	Actual																																		
Source: Small Business II Project (SBII/522-0241); Small Farmer Organization Strengthening Project (SFOS/522-0252); Financial Services Unit (FSU)		Baseline	Total	1993	---	50,636																																	
		SBII	Female				19,120																																
			Male			9,418																																	
		SFOS	Female			8,839																																	
			Male			13,259																																	
		Comments: This Chart shows the value of loans extended by PVOs and credit unions to micro and small business and small-holder.																																					
<p>Loans Extended by PVOs and Credit Unions (Million Lempiras)</p> <table border="1"> <thead> <tr> <th></th> <th>Small Business</th> <th>Credit Union</th> </tr> </thead> <tbody> <tr><td>1989</td><td>N/A</td><td>54</td></tr> <tr><td>1990</td><td>N/A</td><td>66</td></tr> <tr><td>1991</td><td>N/A</td><td>94</td></tr> <tr><td>1992</td><td>49</td><td>131</td></tr> <tr><td>1993</td><td>53</td><td>183</td></tr> <tr><td>1994</td><td>58</td><td>255</td></tr> <tr><td>1995</td><td>67</td><td>422</td></tr> <tr><td>1996</td><td>71</td><td>N/A</td></tr> <tr><td>1997</td><td>75</td><td>N/A</td></tr> <tr><td>1998</td><td>80</td><td>N/A</td></tr> </tbody> </table>			Small Business	Credit Union	1989	N/A	54	1990	N/A	66	1991	N/A	94	1992	49	131	1993	53	183	1994	58	255	1995	67	422	1996	71	N/A	1997	75	N/A	1998	80	N/A	SBII	Total	1994	---	59,096
			Small Business	Credit Union																																			
1989	N/A	54																																					
1990	N/A	66																																					
1991	N/A	94																																					
1992	49	131																																					
1993	53	183																																					
1994	58	255																																					
1995	67	422																																					
1996	71	N/A																																					
1997	75	N/A																																					
1998	80	N/A																																					
	Female	28,126																																					
			Male			1,710																																	
		SFOS	Female			11,704																																	
			Male			17,556																																	
		SBII	Total	1995	68,714	82,482																																	
			Female				28,480																																
			Male			33,307																																	
		SFOS	Female			3,520	2,917																																
			Male			18,943																																	
			Male			22,029	27,315																																
		SBII	Total	1996	61,400	***																																	
			Female				46,050																																
			Male			15,350																																	
		SBII	Total	1997	80,501	***																																	
			Female				60,375																																
			Male			20,126																																	
		SBII	Total	1998	106,445	***																																	
			Female				61,419																																
			Male			45,026																																	
<p>The 40% increase in number of loans indicates the excellent results being obtained by both activities focused on credit access by the poor and disadvantaged. Although the SFOS project ended in 1995, it laid a sound basis for the development of healthy credit unions.</p> <p>The increase in loans by the SBII project results from redesign of the credit activities and massification of lending efforts by the PVO's.</p>																																							

Honduras					
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor					
INTERMEDIATE RESULT NO. 1.1 Expanded Access by the Poor to Productive Resources					
Indicator: 1.1.b FULLY PERFORMING PORTFOLIO OF PVO AND CREDIT UNION LOANS TO MICRO AND SMALL BUSINESSES, AND SMALL-HOLDERS					
Unit: Percentage of Loans not in Arrears		Year	Planned	Actual	
Source: Small Business II Project (SBII/522-0241); Small Farmer Organization Strengthening Project (SFOS)/522-0252)	Baseline	1993		87	
	Small-Holders Small Business		---	79	
<p>Comments: The data in the chart represent percentage of loans that are fully performing without any delinquent payments.</p> <p>For 1995, small business loans regained the losses they had suffered the previous year and fell only 2% points short of target. Some small holders, however, still suffering from the 1994 drought and low farmgate prices, continue to have trouble repaying loans. However, the downward trend from the previous year was arrested.</p> <p>The data for credit unions overstate risk exposure as a portion of these loans is offset by the share balance of the borrowing member. Targets for credit unions (small-holders) are not provided beyond 1995 because the SFOS project terminated during that year.</p>	Small-Holders Small Business	1994	88 81	82 77	
	Small-Holders Small Business	1995	90 83	81 81	
	Small Business	1996	---	***	
	Small Business	1997	---	***	
	Target Small Business	1998	---	***	

				87	

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.1 Expanded Access by the Poor to Productive Resources				
Indicator: 1.1.c INCREMENTAL EMPLOYMENT ATTRIBUTABLE TO USAID PROJECTS				
Unit: Cumulative Number Additional Jobs		Year	Planned	Actual
Source: Small Business II Project (SBII/522-0241); Small Farmer Export Development Project (SFED/522-0399); Export Development and Services Project (FPX component/522-0207)	Baseline Total Small Business Small Farms	1988	---	6,732 1,445 5,287
<p>Comments: This indicator includes employment generation reported by three projects.</p> <p>Small businesses are from the Small Business II Project; small farms are from both the Small Farmer Export Development Project and FPX. The FPX component of the Export Development and Services Project terminated in 1994, while the Small Farmer Export Development Project did not began to report impact in late 1995.</p> <p>Data for this indicator is too costly and expensive to obtain; therefore, we are going to drop this indicator next year.</p>	Total Small Business Small Farms	1991	---	23,238 15,500 7,738
	Total Small Business Small Farms	1992	---	32,562 21,550 11,012
	Total Small Business Small Farms	1993	---	39,862 26,984 12,878
	Total Small Business Small Farms	1994	45,900 30,700 15,200	49,759 31,045 18,714
	Total Small Business Small Farms	1995	53,900 36,000 17,900	Not Available
	Total Small Business Small Farms	1996	65,200 44,000 21,200	***
	Total Small Business Small Farms	1997	81,000 56,000 25,000	***
	Target Total Small Business Small Farms	1998	107,500 78,000 29,500	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.1 Expanded Access by the Poor to Productive Resources				
Indicator: 1.1.d INCREASED AMOUNT OF SAVINGS GENERATED BY CREDIT UNIONS				
Unit: Millions of Lempiras*		Year	Planned	Actual
Source: Small Farmer Organization Strengthening Project (SFOS/522-0252)	Baseline	1989	---	60.8
<p>Comments: This indicator includes total share savings, sight deposits, and certificates of deposit, plus equity and reserves in the 35 credit unions that participated in the SFOS project.</p> <p>Savings in the 35 credit unions that participated in the SFOS project grew by 57% in 1995 to 395 million Lempiras. As 1995 inflation was 29%, the real value of credit union savings grew substantially in real terms.</p> <p>The full fruits of the USAID project principles are now being seen. Credit unions have raised rates on savings to fully competitive levels and are in a liquid position, unlike much of the financial sector. Credit unions pool excess funds in their Federation in secure, liquid, and high yielding investments.</p> <p>This is the last time that this indicator will be reported.</p> <p>* Average exchange rate for 1995 was Lps.10.50 to \$1. Year-end exchange rate was Lps.10.62 to \$1.</p>		1990	---	79.4
		1991	---	107.7
		1992	---	150.2
		1993	---	197.6
		1994	255.0	252.0
	Target	1995	315.0	395.0

Honduras					
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor					
INTERMEDIATE RESULT NO. 1.1 Expanded Access by the Poor to Productive Resources					
Indicator: 1.1.e VILLAGE BANKS, CREDIT UNIONS AND AGRICULTURAL COOPERATIVES (AG. COOPS.) SERVING LOCAL COMMUNITIES					
Unit: Number of Banks, Branches and Stores		Year	Planned	Actual	
Source: Small Business II Project (SB II/522-0241); Small Farmer Organization Strengthening Project (SFOS/522-0252); Small Farmer Agribusiness Development Project (SFAD/522-0383).	Village Banks	1992	---	172	
	Credit Unions			59	
	Ag. Coops			28	
<p>Comments: The credit union category includes branch offices or savings deposit points. The Ag. coops category also consists of coops plus branch stores.</p> <p>At the end of 1994, and beginning of 1995, the village bank methodology used by the PVOs presented serious issues that led to the disintegration of 47 village banks. As a result the projected targets were not met. The issues affecting the creation and maintenance of the village banks were reviewed and addressed during the first semester of 1995. In 1995 the PVOs created 221 village banks which represents a 42% increment over the previous year. The gap between planned and actual was lowered from 126 village banks in 1994, to 69 in 1995. Besides the methodological issues, Covelo, one of the implementing agencies, expected to expand its PVO network by adding a new PVO to its program. This did not take place because Covelo was unable to disburse its loan fund since other intermediaries were offering subsidized loans. As a result, the Cooperative Agreement was amended to reprogram the Loan Funds into an incentive program that will increase loans by PVO's while driving them toward self sufficiency.</p>	Village Banks	1993	---	349	
	Credit Unions			66	
	Ag. Coops			28	
	Village Banks	1994	650	524	
	Credit Unions			74	
	Ag. Coops			33	
Village Banks	1995	814	745		
Credit Unions			84		
Ag. Coops			36		
Village Banks	1996	994	***		
Credit Unions					
Ag. Coops		40			
Village Bank	1997	1,219	***		
Ag. Coops			45		
Village Banks	1998	1,519	***		
Ag. Coops			48		

Honduras					
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor					
INTERMEDIATE RESULT NO. 1.1 Expanded Access by the Poor to Productive Resources					
Indicator: 1.1.f. INCREASED PRODUCTION AND SALES OF SELECTED NONTRADITIONAL CROPS PRODUCED PRIMARILY BY SMALL FARMERS					
Unit: Thousands of Pounds			Year	Planned	Actual
Source: Agriculture Research Foundation Project (FHIA/522-0249); Small Farmer Export Development Project (SFED/522-0399); Export Development and Services Project (FPX/522-0207)		Baseline	1993	---	
		Onions			340
		Asparagus			0
		Ginger			57
Comments: Data represent new nontraditional crops which are produced primarily by small farmers. Measurement unit is "Thousands of Pounds".		Onions	1994	540	664
		Asparagus		0	2
		Ginger		51	194
		Onions	1995	1,700	85
		Asparagus		3	2
		Ginger		250	450
		Onions	1996	100	***
		Asparagus		5	
		Ginger		500	
		Onions	1997	150	***
		Asparagus		20	
		Ginger		880	
		Target	1998		***
		Onions		200	
		Asparagus		30	
		Ginger		1,000	
<p>Actual Estimated Actual</p> <p>Year Amount (\$US) Amount (\$US)</p> <p>1993 \$209,000 \$264,000</p> <p>1994 \$193,000 \$319,000</p> <p>1995 \$665,000 \$299,000</p> <p>1996 \$338,000 N/A</p> <p>1997 \$606,000 -</p> <p>1998 \$710,000 -</p> <p>Original targets were too optimistic and were calculated using maximum production and yield. The revised targets have been adjusted downward using average production and yield. (See narrative for a further description of why estimating yields and prices of highly volatile NTAE's is difficult.)</p> <p>The Export Development and Services Project terminated in 1994 and the Small Farmer Export Development Project began in 1995.</p>					

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.2 Expanded Access and Opportunity through Improved Functioning of Markets				
Indicator: 1.2.a.1 REDUCTION IN PRICE DISTORTIONS AFFECTING THE AGRICULTURAL SECTOR				
Unit: A Range of Protection Coefficients		Year	Planned	Actual
Source: Policy Analysis and Implementation Project (PAIP/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 implies a commodity market close to equilibrium (1.0) in terms of impact of policy on production. 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 is comprised of the average of the ranges for a selection of six commodities (bananas, beef, coffee, corn, melons, and sugar).</p> <p>The narrowing of the NPC in 1995 indicates increased compliance with free trade and pricing policies, even though some backsliding occurred in 1995. The outlook for 1996 is for increased improvement in trade and pricing policies, <u>unless</u> pre-election year pressures cause the GOH to grant special favors through unwarranted protection or subsidies. It is essential that USAID maintain pressure in the policy arena to insure that results achieved over the last decade are not negated by political whim during the forthcoming election and change of government.</p>		1991	0.9 - 1.10	0.45 - 0.97
		1992	0.9 - 1.10	0.66 - 1.14
		1993	0.9 - 1.10	0.82 - 1.14
		1994	0.9 - 1.10	0.86 - 1.26
		1995	0.9 - 1.10	0.85 - 1.18
		1996	0.9 - 1.10	***
		1997	0.9 - 1.10	***
	Target	1998	0.9 - 1.10	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.2 Expanded Access and Opportunity through Improved Functioning of Markets				
Indicator: 1.2.a.2 INCREASED INVESTMENT IN AGRICULTURE				
Unit: Millions of Constant Lempiras (1978)		Year	Planned	Actual
Source: National Accounts	Baseline	1990	---	46.7
<p>Comments: Data are provided by the Central Bank which has not yet published the national accounts data. The restrictive monetary policy of 1994 continued into 1995, constraining investment, especially in the risky agricultural sector.</p> <p>The indicator reflects, producer and investor assessments of the general health of the agricultural sector.</p> <p>Increased investment in agriculture has been directed to non-traditional crops which are labor intensive in Honduras.</p>		1991	---	48.4
		1992	---	55.0
		1993	60.0	59.8
		1994	70.0	65.8
		1995	80.0	Not Available
		1996	90.0	***
		1997	100.0	***
	Target	1998	110.0	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.2 Expanded Access and Opportunity through Improved Functioning of Markets				
Indicator: 1.2.a.3 INCREASED AGRICULTURAL LAND TITLES				
Unit: Annual Number of Land Titles Issued		Year	Planned	Actual
Source: National Agrarian Institute (INA)	Baseline Total Female Male	1993	---	1,999 394 1,605
<p>Comments: Gender disaggregated data are now directly available from the registry due to USAID's insistence on raising the awareness of female farm asset ownership and enlightened leadership within INA. In addition, publicity campaigns aimed at women in rural areas increased the percentage of women applying for and receiving titles from 19% in 1994 to 24% in 1995.</p> <p>With USAID assistance, INA has decentralized and simplified its titling procedures, and the results have been dramatic, an increase of over 80% over 1994; however, we fell somewhat short of our ambitious goal of a 100% increase over 1994. At current titling rates we expect to surpass our targets for 1996 and 1997. More regional offices are being decentralized, computer equipment is being installed, and the results continue into 1996. During the month of January 1996 alone, almost 2,500 titles (27% of all titles issued during 1995) were given to formerly landless peasants.</p> <p>The changes at INA can be permanent and sustainable, resulting in a new system which will soon be capable at last of achieving its task, but the leadership at INA needs USAID support to demonstrate the effectiveness of the new, USAID sponsored, systems.</p>	Total Female Male	1994	5,000 NA	5,250 1,045 4,205
	Total Female Male	1995	10,000 1,000 9,000	9,463 2,232 7,231
	Total Female Male	1996	10,000 1,000 9,000	***
	Total Female Male	1997	10,000 1,000 9,000	***
	Target Total Female Male	1998	20,000 4,000 16,000	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.2 Expanded Access and Opportunity through Improved Functioning of Markets				
Indicator: 1.2.b INCREASED NUMBER OF PRIVATIZED STATE-OWNED ENTERPRISES (SOES)				
Unit: Number of Privatized SOEs (Cumulative)		Year	Planned	Actual
Source: Privatization of State-Owned Enterprises Project (522-0289)	Baseline	1986	---	0
<p>Comments: Privatized enterprises are more efficient than SOE's contributing to lower product prices and making products more accessible to the poor, thereby increasing trade and improving markets, which generate new jobs and create opportunities for the poor. In addition, the privatization of SOEs through eliminating subsidies reduces the fiscal deficit.</p> <p>Although the results table shows no progress over the year, the Mission still believes it will make the target by PACD in six months. Privatization activities are underway for two airports, two grain storage facilities, two municipal services, and a spare parts agency.</p> <p>Our involvement in the sector ends in FY 1996 due to funding reductions.</p>		1991	---	18
		1992	26	30
		1993	42	43
		1994	47	48
		1995	55	48
	Target	1996	55	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.3 Expanded Access and Opportunity through Investment in People				
Indicator: 1.3.a.1 INCREASED NUMBERS OF CHILDREN COMPLETING PRIMARY EDUCATION				
Unit: Thousands of Children		Year	Planned	Actual
Source: Ministry of Education statistics and Ministry of Planning's Household Survey	Baseline	1986	---	61.7
	Total Female Male		---	32.6 29.1
<p>Comments: Increased primary school graduates are associated with expanded access and the improved efficiency of the primary education system. Access to primary education, as measured by total enrollments, has increased by about 25% since 1986 with USAID financing the construction and remodeling/repair of over 2,500 primary school classrooms. The final evaluation of the Primary Education Efficiency Project (PEEP) (1995) concluded that repetition and dropout rates were reduced by 20% and 55% respectively. These improvements in efficiency contributed to a 63% increase in primary school graduates from 1986 through 1995, which was approximately twice the rate of the increase of the school age population.</p> <p>The number of graduates for 1995 slightly exceeded the planned outcome and the efficiency of the primary school system continues to improve. The number of 1995 graduates, for example, is equal to 70% of the fourteen year old population, as compared to approximately 50% of the fourteen year old population graduating from primary school before the project began. Approximately 52% of these graduates have been females. Honduras also has the highest primary school enrollment rate in Central America (UNDP statistics).</p> <p>Income increases are projected to be over \$40 million annually, as these young people complete primary school and enter the labor force.²</p> <p>With the extension of the PEEP PACD through 1996, projections for this indicator are now included through 1996.</p>	Total	1991	---	83.0
	Female Male		---	43.0 40.0
	Total	1992	84.4	86.5
	Female Male		43.9 40.5	45.3 41.2
	Total	1993	86.0	96.2
	Female Male		44.7 41.3	50.3 45.9
	Total	1994	98.0	98.5
	Female Male		51.0 47.0	51.6 46.9
	Total	1995	100.0	100.8
	Female Male		52.0 48.0	51.5 49.3
Target	1996	102.0	***	
Total Female Male		52.0 50.0		

² Primary school graduates receive average annual incomes which are \$290 above the incomes of people who do not attend primary school; see SECPLAN Household survey data on incomes and education levels. Calculations are based on 65% participation in the labor force for the aggregate number of graduates above the 1986 number of graduates for the period of 1987-96 (222,607 X 65% X \$290 = \$41,961,419).

Honduras					
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor					
INTERMEDIATE RESULT NO. 1.3 Expanded Access and Opportunity through Investment in People					
Indicator: 1.3.a.2 IMPROVED QUALITY OF EDUCATION MEASURED BY CHANGES IN NORM REFERENCED PRIMARY EDUCATION STANDARDIZED TEST SCORES FOR FOUR SUBJECTS (GRADES 1-6)					
Unit: Aggregate Improvements in Percentage Points		Year	Planned	Actual	
Source: Ministry of Education (Standardized Test Scores)		Baseline			
<p>Comments: An error was made in reporting 1994 test scores as a consequence of using test scores from the project's new criterion referenced tests which were administered for the first time in 1994, while baseline data is based on the project's norm referenced tests.³</p> <p>The error was corrected and shows that norm referenced test scores improved very little from 1993-94. Projected improvements in test scores were also revised for 1995-96 based on this correction.</p> <p>The marginal improvement in test scores for 1994 was associated with teachers' strikes and a loss of school days as a consequence of these strikes during 1994, followed by a significant improvement in test scores for 1995.</p> <p>Improved test scores in 1995 followed previous trends with the most significant improvements being recorded just after the project's new text books were distributed for different grade levels. By 1991, for example, texts and work books for the first and second grade had been distributed and teachers had received training for utilizing these educational materials. The next significant increases in test scores came in 1993 as third and fourth grade texts were distributed and then again in 1995 following the distribution of fifth and sixth grade texts. The aggregate improvement in test scores is the unit of measure.⁴</p> <p>Gender differences in average test scores are not significant, but it is interesting to note that females began surpassing males in average test scores beginning in 1994, while Honduras had traditionally recorded slightly higher rates of educational achievement for males prior to 1994. It is believed that this change was associated with the project's efforts to avoid gender stereotypes and provide more positive gender balances in educational materials over the LOP.</p> <p>With the extension of the Primary Education Efficiency Project PACD through 1996, projections for this indicator are now included through 1996, and tests scores are expected to level off in 1996 with all six grades of the primary school system now having access to the project's texts and related educational materials.</p>		Total	1990	---	0
		Female		---	0
		Male		---	0
		Total	1991	---	127.9
		Female		---	126.2
		Male		---	129.7
		Total	1992	---	137.3
		Female		---	136.9
		Male		---	137.7
		Total	1993	160	184.4
		Female		158	183.8
		Male		162	184.9
		Total	1994	190	184.5
		Female		188	186.3
Male		192	182.7		
Total	1995	200	228.5		
Female		202	229.8		
Male		198	227.2		
Target	1996	230	***		
Female		232			
Male		228			

³ Norm referenced tests are not the most appropriate instruments for measuring student learning based on the MOE's minimum learning objectives. Criterion referenced tests were developed to track student learning but were not available until 1994 and norm referenced tests are the only standardized tests which have baseline data dating back to 1990.

⁴ Aggregate test scores are the sum of improvements in test scores, based on percentage points, for each grade level and subject area. Aggregate test scores are used rather than average test scores so that improvements on individual grade levels and subject areas can be tracked with the introductions of educational materials and teacher training for specific grade levels and subject areas.

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.3 Expanded Access and Opportunity through Investment in People				
Indicator: 1.3.b.1 GRADUATES ON THE NINE LEVELS OF ALTERNATIVE DELIVERY SYSTEMS				
Unit: Thousands of Graduates		Year	Planned	Actual
Source: Ministry of Education statistics and Ministry of Planning's Household Survey.	Baseline Total	1993	---	0.9
	Female		---	0.4
<p>Comments: This program outcome was revised to track the number of graduates on each of the nine levels of the basic education alternative delivery system as this activity is implemented on a wider scale, rather than on five levels as had been anticipated while the activity was still in an experimental stage. These nine levels are the equivalent of grades 1-9 of the formal basic education system.</p> <p>Two alternative delivery systems are currently in use with accelerated night classes in urban areas and interactive radio instruction with volunteer facilitators in rural areas.</p> <p>The alternative delivery systems are currently functioning with educational materials for levels 1-3. Educational materials for levels 4-5 should be completed during 1996 and materials for levels 6-9 should be completed in 1997.</p> <p>The basic education alternative delivery system using interactive radio for out-of-school youth and young adults will be expanded during 1996 from three department (states) to six departments.</p>	Male		---	0.5
	Total	1994	2	4.9
	Female		1	2.5
	Male		1	2.4
	Total	1995	20	22.0
	Female		10	12
	Male		10	10
	Total	1996	40	***
	Female		20	
	Male		20	
	Total	1997	60	***
	Female		30	
	Male		30	
	Total	1998	90	***
Female		45		
Male		45		
Target Total	1999	120	***	
Female		60		
Male		60		

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 1.3 Expanded Access and Opportunity through Investment in People				
Indicator: 1.3.b.2 INCREASED QUALITY OF THE ALTERNATIVE BASIC EDUCATION DELIVERY SYSTEM AS MEASURED BY AGGREGATE CHANGES IN STANDARDIZED CRITERION REFERENCED TEST SCORES (GRADES 1-9)				
Unit: Aggregate Change in Percentage Points		Year	Planned	Actual
Source: Ministry of Education Statistics	Baseline Total	1994		0
	Female			0
	Male			0
<p>Comments: Increased quality of instruction in the alternative basic education system will be measured by aggregate increases in standardized test scores.¹</p> <p>Based on experiences with standardized tests in the formal system, significant improvements in test scores are anticipated as educational materials are distributed and teachers receive training to use these materials. This indicator was modified as a result of recording an aggregate increase in standardized test scores which greatly exceeded expectations for 1995.</p> <p>The aggregate increase in standardized test scores for 1995 for the first three levels of the alternative basic education delivery systems was 154 percentage points, which surpassed the final goal for this activity with average scores of 83% for Spanish and 91% for Mathematics.</p> <p>It is doubtful, however, that these high scores will be achieved on all nine levels of the alternative basic education delivery systems as the system expands. Nevertheless, the goal for the aggregate increase in standardized test scores was increased to 200 percentage points for the year 1999.</p> <p>The slightly higher average score for females is not very significant and is similar to the slight improvement in scores for females, as compared to males, in primary education.</p>	Total	1995	30	154
	Female			30
	Male		30	152
	Total	1996	165	***
	Female			165
	Male		165	
	Total	1997	180	***
	Female			180
	Male		180	
	Total	1998	190	***
	Female			190
	Male		190	
Target Total	1999	200	***	
Female			200	
Male		200		

¹ Aggregate change in standardized test scores are the sum of the improvements in the average score for each of the four subject areas on the nine levels of the alternative system. The alternative system will use the same minimum learning objectives and criterion referenced tests currently being used by the formal primary school system, which were developed by the Primary Education Efficiency Project (522-0273). Minimum learning objectives and criterion referenced testing instruments for grades 7-9 should be completed by 1996.

Honduras					
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor					
INTERMEDIATE RESULT NO. 1.3 Expanded Access and Opportunity through Investment in People					
Indicator: 1.3.c GRADUATES FROM PVO AND MUNICIPAL TRAINING CENTERS EMPLOYED					
Unit: Number of Graduates Employed		Year	Planned	Actual	
Source: Basic Education and Skills Training Project (BEST/522-0388)		Baseline Total	1994	---	
		Female	---	1,202	
		Male	---	366	
				836	
<p>Comments: This program outcome was revised based on the final design of the project with USAID involvement in this activity through the year 2004. Additional revisions were made because of delays in initiating this activity, as a consequence of Honduras being under 620Q until August of 1995. These delays resulted in not being able to sign the Cooperative Agreement for this activity until October of 1995. Training centers received only limited assistance from the project in late 1995, resulting in declines in the quality and efficiency of instruction, and a shortfall in the number of graduates.</p> <p>The percentage of female graduates, however, increased from 30% in 1994 to 34% during 1995. This increase was associated with increased opportunities for the employment of females in the labor market and vocational training centers enrolling more females in their respective training programs which complements one of the activity's goals: to increase female graduates to at least 35% by the year 2000.</p> <p>USAID assisted PVO and municipal training centers will increase to approximately 28 centers and provide approximately 23,000 graduates who will obtain gainful employment and receive annual income increases of approximately \$23 million as a consequence of this training.⁶ Beneficiaries are low income, unemployed and underemployed youth and adults.</p> <p>The most significant increases in graduates should be recorded after completing the building and equipping of the additional centers (1997-98), and the new centers begin producing their first graduates (1998-2000).</p>		Total	1995	1,200	
		Female		360	938
		Male		840	319
		Total	1996	1,200	***
		Female		372	
		Male		828	
		Total	1997	1,500	***
		Female		480	
		Male		1,020	
		Total	1998	2,000	***
		Female		660	
		Male		1,340	
		Total	1999	2,800	***
		Female		952	
		Male		1,848	
		Total	2000	3,000	***
Female		1,050			
Male		1,950			
Total	2001	3,000	***		
Female		1,050			
Male		1,950			
Total	2002	3,000	***		
Female		1,050			
Male		1,950			
Total	2003	3,000	***		
Female		1,050			
Male		1,950			
Target Total	2004	3,400	***		
Female		1,020			
Male		2,380			

⁶ Vocational education graduates receive an annual income increase of approximately \$1,000 as a consequence of their training.

SO 2: Effective Stewardship of Key Natural Resources for Sustainable Economic Growth

I. Summary and Analysis of Data and Contributions to USAID Activities

The SO Team and its partners achieved results during 1995 that exceeded indicator targets in most cases. Because the SO Team changed several of the results indicators since last year, this section reports on both the old indicators presented in the Mission's March 1995 Action Plan and the new indicators. The new SO result indicator, increased area of Honduras under sustainable resource management practices (indicator 2.A), is the sum of three RP indicators which measure the areas of pine forest, hillside agriculture, and protected areas (PAs) under sustainable practices.

The three SO indicators used in 1995, are now being used to measure achievement at the RP level. The first, area of pine forest placed under effective forest management (old SO indicator 2.A., new RP indicator 2.1.a.) increased during 1995 from 127,000 to 230,000 hectares, exceeding the target of 220,000 (See RP 2.1 discussion below). The SO Team has increased the targets for 1996 and 1997, and extended the target period until 1998. "Under effective forest management" includes forest fire control, proper forest thinning, maintenance of an allowable cut, forest regeneration, and environmental controls. Achievement of the new 1998 target of 860,000 hectares, 40% of all pine forest in Honduras, will provide a solid foundation enabling our partners to expand to national coverage after 1998.

The third 1995 SO indicator, soil erosion losses reduced on hillside farms (old SO indicator 2C., new RP indicator 2.2.b.), reached 3,279,000 tons in 1995, compared to the target of 2,352,500 tons. This achievement was based on faster than expected increases in the area of hillside farms adopting technologies developed by the USAID-assisted Land Use Productivity Enhancement Project (LUPE). To achieve planned results, the Mission will extend LUPE through FY 1998.

The second 1995 SO indicator, declared protected areas placed under management nationwide (old indicator SO 2B, new RP indicator 2.3.b.), increased from one to five during 1995, compared to a target of 12. This was a new indicator in 1995. The first year target of 12 was overly optimistic because the Mission, based on prior experience with only one area, did not take into account the complexity of factors involved. Other factors affecting the result include delays in the authorization of the Forestry Development Project (FDP) and slower than expected start-up of the Honduran Environmental Protection Fund (HEPF). The targets have been revised downwards. The target for 1996 is nine and the management planning process is already well underway for five. The PA activity, which involves GOH, NGOs and the US Peace Corps, is the basis for maintaining a core system of PAs in Honduras into the next century.

RP 2.1: Sustainable Pine Forest Management Practices Extended

As discussed above, this RP exceeded its target in 1995 for area of pine forest under effective management (indicator 2.1.a) by extending commercial forest management practices developed in a pilot management area, which represents about 10% of commercially viable pine forest in the country. The profitable management of the pilot area includes measurement of the resource, preparation of sale documents, analysis of environmental issues, estimation of allowable cut, location and marking of cuts, and sustainable harvesting. The volume of

standing pine timber in the area has increased since 1992 demonstrating the viability and effectiveness of sustainable forest management. Local residents and groups (men, women and children) are now involved in stand thinning, fire protection, and conservation silviculture as a result of USAID-assisted outreach and training activities. Via a PASA, the U.S. Forest Service is assisting with harvest methodologies, forest management planning, timber auction preparation, and forest sampling techniques.

Sustainable Forest Management Practices Extended

Historically, the volume calculation for pine timber sales in Honduras was based solely on the review of the truck invoices of the lumber companies when they left the forest. This situation fostered improper forest management practices, stimulated highly wasteful harvesting operations and generated disincentives for sustaining forest resources.

In response, the Forestry Development Project (FDP) established, on a nationwide scale, an improved timber sales system based on STANDING timber volumes. This improved utilization, reduced environmental damage, and set the basis for sustainable forest management. The project also supported passage of the 1992 Agricultural Modernization Law, which encourages better management of this resource by requiring forest management plans for all timber harvests. Currently, FDP is assisting the GOH forestry agency (COHDEFOR) in the implementation of a transparent timber auction system and in the preparation of management plans for the public forests.

USAID-supported efforts have resulted in improved management practices being employed on some 230,000 hectares of pine forests. Also, at this time, COHDEFOR estimates that the timber sale system is now contributing to an improved recovery rate of over 40% per area harvested. In February 1996, COHDEFOR auctioned over 66,600 cubic meters of wood at about \$24 per cubic meter, whereas in 1987 the price was less than \$5 per cubic meter. In addition, all the wood auctioned came from forests with management plans for sustaining the resource.

RP 2.2: Sustainable and More Productive Hillside Agriculture

The positive results produced by the Land Use Productivity Enhancement Project (LUPE) are attracting considerable attention. LUPE develops and extends a unique mix of conservation measures, productivity and post-harvest enhancements, training, and community participation through NGOs. Thousands of families no longer require any formal attention whatsoever, as whole communities have "graduated" from the program and now continue improved practices on their own, even promoting a multiplier effect among their neighbors. Local leaders (both men and women) have become LUPE promoters showing how women's involvement in less traditional areas can be successful when efforts are made to train and utilize women in what

might traditionally have been considered male roles.

LUPE recently published a manual "Proceso y Metodología de Extensión: Una Guía Práctica," (234 pages) representing the culmination of years of extension methodology development and practical application. It was immediately adopted by the Ministry of Natural Resources as the national model and by several NGOs involved in sustainable agriculture. The manual is in strong demand by other entities in Honduras and the Central American region. Other donors are showing strong interest in replicating the approach, especially Japan and the IDB. In addition, an IDB-supported El Cajon hydroelectric dam watershed activity is pursuing a contract to replicate the LUPE approach throughout the El Cajon watershed.

During 1995, the Land Use Productivity Enhancement Project (LUPE) primarily focused on reinforcing and improving the practices of 20,000 families already in the program instead of recruiting new families. Nevertheless, recruitment continued bringing the total to 24,000 by the end of 1995, compared to the quantitative target of 27,000 (indicator 2.2.c). The qualitative improvements of the 24,000 farm families, which represent about 12% of small farm families in the country, helped increase the area coverage to over 36,000 hectares (indicator 2.2.a) and annual topsoil savings (indicator 2.2.b) to almost 3.3 million tons. The saved topsoil is being used to produce food, fiber, and farm income, instead of prematurely silting reservoirs or estuaries.

Improved Agricultural Technologies are Improving Incomes of Farmers

Recently, the Land Use Productivity Enhancement Project (LUPE) conducted a benefit/cost analysis of sustainable hillside agricultural technologies being used by a representative sample of participating farm families who had been with the project at least three years. The technologies included terraces, mulching, live barriers, stone walls, integrated pest management, among others the project promotes. The analysis revealed that sampled families increased on-farm incomes by 55% to over 300% compared to traditional farming methods. These results translate into annual income increases ranging from \$64 to \$357 for some of Honduras' poorest families. These impressive figures clearly demonstrate that adoption of technologies which protect the hillside environment can produce significant income benefits.

Results Package 2.3: Improved Management of Protected Areas

In addition to increasing the number of declared PAs to five in 1995 (new indicator 2.3.b, discussed above), the RP Team also increased the number of effective environmental activities carried out by NGOs to 13 (old indicator 2.3.b) compared to the target of seven. Department of Protected Areas and Wildlife (DAPVS) technical coordinators have been assigned to GOH regional forestry offices to coordinate management of key PAs. Additional PA management plans are being developed. Efforts continue to design and implement the legal and institutional framework for the National System of Protected Areas (SINAPH).

Contribution of USAID Activities

Significant levels of other donor coordination continue in this sector, particularly in forestry, where other donors (such as the Canadians, the Dutch, the Germans, essentially deal with broadleaf forests, leaving the USAID program and the international banks) to deal with pines. Accordingly, USAID contributions in the pine forest sector have been substantial for a decade, and fundamental change has taken place as a result. Likewise, in sustainable agriculture, and the transformation of destructive hillside cultivation practices, USAID/Honduras has held an "out-front" position since the early 1980s. In both of these sub-sectors, the Mission is now looking at 1998 as a probable terminal date for our active participation, although a revised strategy for FY 1998 has not been developed at this time. In the PAs sub-sector, USAID/Honduras is also a leader, although major cooperation with various public and private agencies, NGOs, and other donors (such as US Peace Corps, United Nations, and the Germans) is involved. Nevertheless, most of the support to mobilize this sector and organize a National Protected Areas System is coming from USAID/Honduras.

Other Results

Other Mission activities also support cross-cutting Agency and Mission environmental objectives. For example, DA and local currency support to the new Ministry of the Environment (SEDA) helped it organize the PAs system, formulate environmental regulations, and develop environmental impact assessment procedures.

The Municipal Development Project (MDP) is financing potable water, waste water, and refuse collection systems for principal cities throughout Honduras. This includes establishment of detailed environmental monitoring plans for all such facilities. Within the Health Sector II Project, over 700 rural drinking water systems have been constructed, including installation of appropriate watershed management practices and training of local authorities. The Mission also collaborates closely with the G-CAP in the development of the Central American Regional Environmental Project (PROARCA), and expects to continue this cooperation, particularly in coastal zone management, as it relates to PAs in the Gulf of Fonseca region.

Activities of this SO also make substantial contributions to other SO results. For example, RP 2.2 produces significant income and economic benefits for many thousands of farmers (SO1) and related nutrition and family health benefits (SO3) as well. Similarly, training is an activity that cuts across all SOs and RPs.

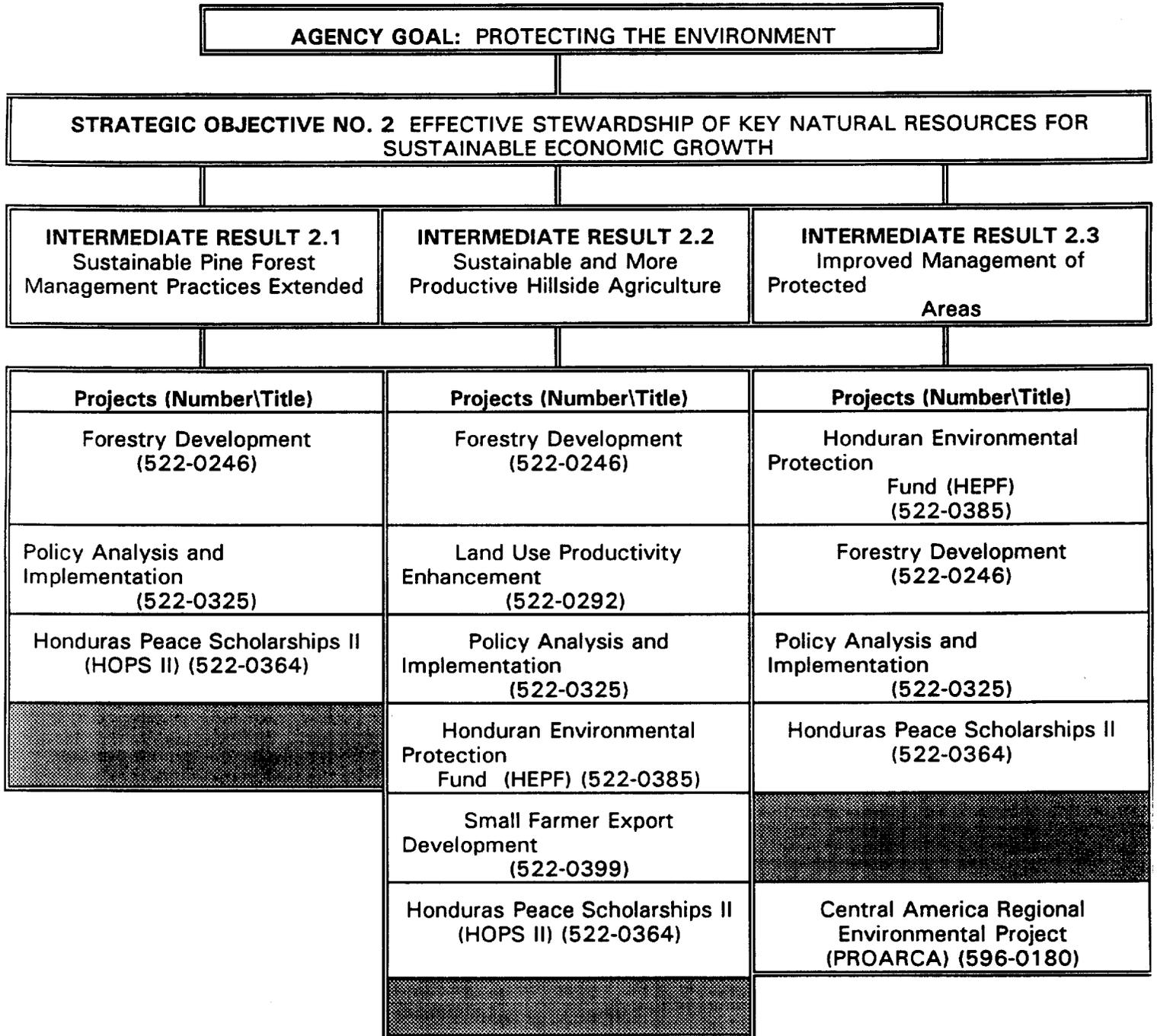
II. Expected Progress in FY 1997 and FY 1998

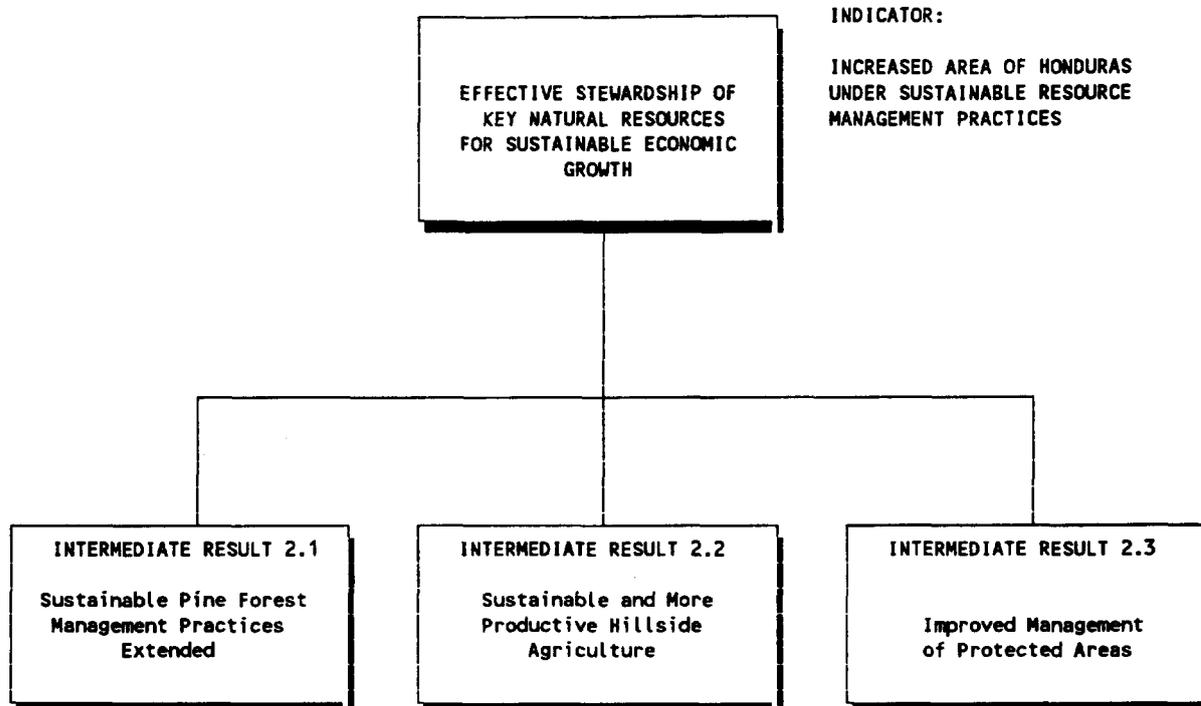
As can be seen in the updated Table 2, most of the currently expected results occur during the 1996 to 1998 time period. With adequate budgetary support, this SO could continue beyond FY 1998, subject to the new USAID/Honduras Strategy, to be developed in 1997; and can achieve all current results as well as additional ones to be determined.

	<u>Results Target</u>	<u>Vs. Baseline</u>
Area (Ha.) under Sustainable Management	1,198,374 (2000)	18,000 (1990)
Pine Forest under Management (Ha.)	860,000 (1998)	24,000 (1992)
Hillside Farms under Management (Ha.)	57,000 (1998)	13,000 (1990)
Protected Areas under Management (Ha.)	281,600 (2000)	5,000 (1990)

Achievement of these results will generate conditions consistent with fulfillment of SO2 as presently defined. However, such achievements --while substantial and meaningful-- do not imply that no further USAID resources could be effectively utilized in this sector. Accordingly, under "100%" funding levels, the Mission proposes to review this SO and go forward with additional resources for the post-FY 1998 period. A new activity description for this planned initiative is presented in section III of this document. At funding levels substantially below expectations, expected progress for 1997-98 would look very much like the figures presented above. However, the SO would cease to exist after 1998, and no new activity would be forthcoming, depriving Honduras of significant potential results in the ongoing efforts to stem the deterioration of key natural resources.

TABLE 1





INDICATORS

Increased Area of Pine Forest under Effective Forest Management Plans

a) Increased Area of Agricultural Hillside Land under Sustainable Natural Resource Management Practices

a) Increased Area under Conservation Programs as Protected Areas

b) Tons of Topsoil Saved Annually through Natural Resource Management Practices

b) Increased Number of Declared Protected Areas under Improved Management

c) Increased Number of Hillside Farm Families Generating an Average Increase of 50% in on-farm Income

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
Indicator: 2.A INCREASED AREA OF HONDURAS UNDER SUSTAINABLE RESOURCE MANAGEMENT PRACTICES				
Unit: Total Hectares (Pine Forest, Hillside Agriculture, Protected Areas)		Year	Planned	Actual
<p>Source: Forestry Development Project (FDP/522-0246), Land Use and Productivity Enhancement Project (LUPE/522-0292), Honduran Environmental Protection Fund(HEPF/"VIDA"/522-0385)</p> <p>Comments: This is a new Strategic Objective level indicator. We are proposing this indicator as the single measure of the results at this level. At the baseline year, 1990, there were about 13,000 hectares of hillside farms and 5,000 hectares of protected area, and no pine forests under effective sustainable management. Result Package (intermediate results) level indicators 2.1a, 2.2a and 2.3a are all expressed in hectares, and are components of this indicator.</p>	Baseline	1990	---	18,000
		1991	---	25,846
		1992	---	39,381
		1993	---	73,279
		1994	---	140,208
		1995	---	295,081
		1996	532,444	***
		1997	887,494	***
		1998	1,118,494	***
		1999	1,156,374	***
		Target	2000	1,198,374

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.1 Sustainable Pine Forest Management Practices Extended				
Indicator: 2.1.a INCREASED AREA OF PINE FORESTS UNDER EFFECTIVE FOREST MANAGEMENT PLANS				
Unit: Total Hectares		Year	Planned	Actual
Source: Forestry Development Project (FDP/522-0246)	Baseline	1992	24,000	24,000
<p>Comments: Pines make up 97% of commercial lumber harvest and exports. A critical step in placing this resource on a sustainable yield basis is to expand the forest management practices developed in the FDP pilot areas to cover all commercially viable pine forests. Since the passage of the Agriculture Modernization Law in 1992, approved forest management plans are required prior to all commercial forest harvest operations, on public or private lands. The target for the year 1998 represents over 40% of the currently existing pine forest area of Honduras.</p> <p>Based on recent experience and the anticipated extension of the FDP, targets for the period 1996-1997 have been raised significantly and the target extended to 1998 as well.</p> <p>(Originally this was indicator. 2.A)</p>		1993	56,000	56,000
		1994	110,000	127,000
		1995	220,000	230,000
		1996	420,000	***
		1997	690,000	***
	Target	1998	860,000	***

INTERMEDIATE RESULT NO. 2.2 Sustainable and More Productive Hillside Agriculture				
Indicator: 2.2.a INCREASED AREA OF AGRICULTURAL HILLSIDE LAND UNDER SUSTAINABLE NATURAL RESOURCE MANAGEMENT PRACTICES				
Unit: Hectares of Agricultural Hillside Land		Year	Planned	Actual
Source: Land Use and Productivity Enhancement Project (LUPE/522-0292)	Baseline	1995	35,500	36,437
<p>Comments: This is a new indicator which is the sum total of management practices applied to land under crops, agroforestry, silvipastoral and vegetable gardens. This indicator more significantly represents the overall results, rather than the previous indicator which reported number of families with technologies adopted. Results from the Forestry Development and Honduran Protection Fund Projects are being included because these activities have been incorporated into the new Results Package 2.2.</p>		1996	44,300	***
		1997	51,500	***
	Target	1998	56,800	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.2 Sustainable and More Productive Hillside Agriculture				
Indicator: 2.2.b TONS OF TOPSOIL SAVED ANNUALLY THROUGH NATURAL RESOURCES MANAGEMENT PRACTICES				
Unit: Tons of Topsoil Saved Annually Through Conservation Practices		Year	Planned	Actual
Source: Land Use and Productivity Enhancement Project (LUPE/522-0292); Natural Resources Management Project (NRMP/522-0168); Forestry Development Project (FDP/522-0246); Honduran Environmental Protection Fund (HEPF/"VIDA"/522-0385)	Baseline	1989	880,000	880,000
<p>Comments: This is the same indicator as last year's "Soil Erosion Losses Reduced on Treated Hillside Farms". This new enunciation is a more precise description of expected results. A research study conducted by LUPE staff and farmers/cooperators, with the assistance of soil scientists from Texas A&M University, has shown that intensive soil management practices on an "average" hillside farm reduce estimated annual soil loss from 100 tons per hectare to 10 tons. Thus, the planned and actual are obtained by multiplying number of hectares under sustainable natural resource management by the average soil erosion savings per hectare.</p> <p>We are now counting the tons of topsoil saved through the FDP and HEPF projects in addition to LUPE's interventions. This represents an upward adjustment for both actual and planned figures from 1996 onwards.</p> <p>Targets from 1996 through 1998 have been adjusted in accordance with an anticipated extension of the LUPE and FDP Projects.</p> <p>(The baseline figures are attributable to the conservation initiatives funded by the Mission under the Natural Resources Management Project which treated some 11,000 hectares of Choluteca watershed hillsides).</p> <p>(Originally this was indicator 2.C).</p>		1992	1,545,000	1,716,000
		1993	1,735,000	1,849,000
		1994	1,925,000	2,057,000
		1995	2,352,500	3,279,000
		1996	3,990,000	***
		1997	4,650,000	***
	Target	1998	5,100,000	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.2 Sustainable and More Productive Hillside Agriculture				
Indicator: 2.2.c INCREASED NUMBER OF HILLSIDE FARM FAMILIES GENERATING AN AVERAGE INCREASE OF 50 PERCENT IN ON-FARM INCOME				
Unit: Cumulative Number of Families, Disaggregated by Gender of Head of Household		Year	Planned	Actual
Source: Land Use and Productivity Enhancement Project (LUPE/522-0292); Natural Resources Management Project (522-0168); Small Farmer Export Development Project (SFED/522-0399); Forestry Development Project (FDP/522-0246); Honduran Environmental Protection Fund (HEPF/"VIDA"/522-0385)	Baseline	1989	---	11,000
	Total Female Male			
<p>Comments: This indicator has been modified to include increases in overall family on-farm income, rather than last year's reporting of productivity increases (see annex to this table, former indicator 2.2.b). The 1995 target was not quite fully attained because of efforts in the LUPE Project to concentrate on consolidating current families before recruiting new families. Similarly, the project is effectively working with both members of the farm family, and while female-headed household achievements are lower than projected we continue implementing strong promotion and extension actions aimed at increasing their participation. Furthermore, women are fully involved in project activities whether or not they are heads of the household.</p> <p>Targets from 1996 through 1998 have been adjusted in accordance with an anticipated extension of the LUPE Project.</p> <p>A comprehensive ongoing survey started with 4,069 families in 1994 and 900 families in 1995 in the project area, indicates that the average families practicing environmentally sound cultivation practices experience a 50% in increase in on-farm income. In addition, a recent benefit-cost study of a dozen participating farm families revealed on-farm income increases of 55-300%.</p> <p>(Originally this was indicator 2.2a).</p>	Total	1992	20,155	19,876
	Female			
	Male	18,614	18,242	
	Total	1993	22,876	16,055
	Female			
	Male	21,046	14,843	
	Total	1994	20,000	19,834
	Female			
	Male	18,400	18,450	
	Total	1995	27,000	24,230
Female	2,200			
Male	24,800	22,606		
Total	1996	30,750	***	
Female				2,150
Male	28,600			
Total	1997	36,600	***	
Female				2,550
Male	34,050			
Target	1998	40,000	***	
Total				
Female	2,800			
Male	37,200			

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT No. 2.3 Improved Management of Protected Areas				
Indicator: 2.3.a INCREASED AREA UNDER CONSERVATION PROGRAMS AS PROTECTED AREAS				
Unit: Hectares		Year	Planned	Actual
Source: Forestry Development Project (FDP/522-0246); Honduran Environmental Protection fund (HEPF/"VIDA"/522-0385) Comments: This is a new indicator for 1996. It complements indicator 2.3b below.	Baseline	1990	5,000	5,000
		1995	28,644	28,644
		1996	68,144	***
		1997	145,994	***
		1998	201,694	***
		1999	239,574	***
	Target	2000	281,574	***

Honduras				
STRATEGIC OBJECTIVE NO. 1 Enhanced Economic Participation and Increased Incomes of the Poor				
INTERMEDIATE RESULT NO. 2.3 Improved Management of Protected Areas				
Indicator: 2.3.b INCREASED NUMBER OF DECLARED PROTECTED AREAS UNDER IMPROVED MANAGEMENT				
Unit: Number of Parks and Reserves		Year	Planned	Actual
Source: Forestry Development Project (FDP/522-0246); Honduran Environmental Protection Fund (HEPF/"VIDA"/522-0385); and National System of Protected Areas of Honduras (SINAPH)	Baseline	1994	---	1
<p>Comments: This was a new indicator in 1995 and initial targets were too optimistic. The current "universe" of officially identified Protected Areas (including parks, forest and biosphere reserves, natural monuments, marine and anthropological reserves, and wildlife refuges) is 104 units nationwide. However, perhaps half of these are not really viable due to their size (many are too small to be effectively managed, for example), or due to their already too deteriorated condition.</p> <p>Only one of the protected parks and reserves was under adequate management in 1994. Two Mission projects will make major contributions to Honduran efforts under this indicator, although initial targets have had to be scaled back as indicated. Several new protected areas management plans are in progress.</p> <p>(Originally this was indicator 2.B).</p>		1995	12	5
		1996	9	***
		1997	18	***
		1998	23	***
		1999	28	***
	Target	2000	33	***

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

This Section contains those SO2 indicators which the Mission is planning to drop as official measures for this SO but which we are reporting on for tracking purposes.

Honduras				
STRATEGIC OBJECTIVE NO.2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.1 Sustainable Forest Management Practices Extended				
Former Indicator: 2.1.a INCREASED AREA OF PUBLIC FOREST WITH APPROVED FOREST MANAGEMENT PLANS APPLIED				
Unit: Hectares of Public Pine Forest		Year	Planned	Actual
Source: Forestry Development Project (FDP/522-0246)	Baseline	1994	64,000	64,000
<p>Comments: This indicator measures actual area of economically viable pine forest belonging to the Government of Honduras that is subjected to sustainable resource management consistent with forest management plans developed and implemented with FDP assistance.</p> <p>Although the 1995 result was 24% under projections due to preparatory actions for management plans -- which are now going extremely well and moving at an outstanding pace in early 1996 -- targets for 1997 and 1998 are being raised.</p>		1995	100,000	76,000
		1996	200,000	***
		1997	400,000	***
	Target	1998	500,000	***

Honduras				
STRATEGIC OBJECTIVE NO.2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.1 Sustainable Forest Management Practices Extended				
Former Indicator: 2.1.b VOLUME OF STANDING PINE IN FORESTRY DEVELOPMENT PROJECT (FDP) PILOT AREAS MAINTAINED				
Unit: Ratio in Cubic Meters Harvested/Growth < 1 Annually		Year	Planned	Actual
Source: Forestry Development Project (FDP/522-0246)	Baseline	1990	1.1	1.119
<p>Comments: For this indicator, the running average over several years should be less than or equal to unity. This shows that volume of standing timber is being maintained indicating sustainable yield management.</p> <p>The ratio for 1995 continues to be low (which saves timber resources at the expense of harvesting) because some public timber tracts were not put on the market while the new auction systems were being prepared. Accordingly, volume of standing timber in the area has actually increased every year since 1991.</p>		1991	1.1	1.115
		1992	< 1	0.554
		1993	< 1	0.492
		1994	< 1	0.546
		1995	< 1	0.384
		1996	< 1	***
		1997	< 1	***
	Target	1998	< 1	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.2 Sustainable and More Productive Hillside Agriculture				
Former Indicator: 2.2.b INCREASED GRAIN YIELDS ON TREATED HILLSIDE FARMS				
Unit: Cumulative Number of Farm Families, Disaggregated by Gender of Head of Household, Achieving at Least 30% Increase in Average Basic Grains Yield		Year	Planned	Actual
Source: Land Use and Productivity Enhancement Project (LUPE/522-0292)	Baseline Total Female Male	1993	5,000 400 4,600	5,055 332 4,723
<p>Comments: LUPE instituted an impact monitoring sample survey in 1993, which tracks yields for participating farm families as well as for a control group, for comparative analysis.</p> <p>The gender disaggregation of the planned targets reflects the best available data on the proportion of female headed rural households. Clearly, such a percentage would vary from community to community which accounts for the variation between planned and actual data. LUPE continues to make strong efforts to involve all male and female members of participating families through the use of male and female collaborating contact farmers. During 1995, the project concentrated on consolidating technical assistance to existing participants as a sustainability initiative, resulting in a slight short fall vis-a- vis new participant recruitment. Women are becoming more and more involved in project activities, even though the majority, and more than expected, are not heads of households. Consequently, more women are becoming involved, but the great majority of them as members of households headed by a couple, rather than a single adult of either gender.</p> <p>Due to budgetary cuts, the project is expected to be extended up to 1998 and targets have been adjusted accordingly.</p>	Total Female Male	1994	9,000 720 8,280	8,834 504 8,330
	Total Female Male	1995	14,000 1,120 12,880	12,230 664 11,566
	Total Female Male	1996	20,000 1,600 18,400	***
	Total Female Male	1997	23,000 1,800 21,200	***
	Target Total Female Male	1998	25,000 2,000 23,000	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.3 Improved Management of Protected Areas				
Former Indicator: 2.3.a INCREASED TOTAL NUMBER OF USAID-ASSISTED PARKS, RESERVES, OR WATERSHEDS UNDER EFFECTIVE PROTECTION PROGRAMS				
Unit: Number of Identifiable Units Placed Under Management Under Indicated Projects		Year	Planned	Actual
Source: Honduras Environmental Protection Fund Project (HEPF/"VIDA"/522-0385); Ministries of the Environment and of Natural Resources; Land Use and Productivity Enhancement (LUPE/522-0292); Forestry Development Project (FDP/522-0246); Health Sector II Project (HSII/522-0216)	Baseline	1994	385	385
Comments: Area in hectares will be tracked for certain categories where quantification is feasible, such as protected areas placed under management plans under the FDP and HEPF. The 1995 actual figure accounts for the results of successful work done on micro-watersheds under the HSII project.		1995	425	600
		1996	475	***
		1997	525	***
		1998	575	***
		1999	625	***
	Target	2000	680	***

Honduras				
STRATEGIC OBJECTIVE NO. 2 Effective Stewardship of Key Natural Resources for Sustainable Economic Growth				
INTERMEDIATE RESULT NO. 2.3 Improved Management of Protected Areas				
Former Indicator: 2.3.b INCREASED EFFECTIVE ENVIRONMENTAL ACTIVITIES				
Unit: Number of Effective Activities Carried Out by Discrete NGOs		Year	Planned	Actual
Source: Land Use and Productive Enhancement Project (LUPE/522-0292), Honduran Environmental Protection Fund Project (HEPF/"VIDA"/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. In 1995, six such NGO activities were in progress under LUPE, and seven under HEPF/VIDA.		1993	4	7
		1994	6	8
		1995	7	13
		1996	9	***
		1997	10	***
		1998	15	***
		1999	20	***
	Target	2000	25	***

SO 3: Improved Family Health

I. Summary and Analysis of Data and Contribution of USAID Activities

Family health has improved in major ways as a result of USAID assistance. Infant mortality (Indicator 3.A) decreased from 85 deaths/1000 live births in 1979 to 50 in 1989. Fertility (Indicator 3.D) declined from 6.4 births per woman to 5.1 in the same time period. Low weight-for-age malnutrition in children (Indicator 3.B) declined from 30% in 1987 to 24% in 1994. These improvements are attributable in large part to significant increases in access, quality and use of health and family planning services, and potable water and sanitation systems. When last measured in 1989, the maternal mortality ratio (Indicator 3.C) was 221 per 100,000 live births, placing Honduras fourth highest in Latin America and the Caribbean in terms of the severity of the problem. During the past year the Mission has focussed high-level policy makers' attention on the neglected reproductive health problems of women through the Resources for Awareness in Population Growth (RAPID Model) booklet on Reproductive Risk and Maternal and Child Health in Honduras. Persuaded of the urgency of taking concrete steps to reduce maternal mortality, in 1995, the MOH, with USAID technical assistance, developed a strategy to implement new norms for an Integrated Women's Health Program. While current information will not be available on the strategic objective performance indicators mentioned above until the 1996 national Epidemiology and Family Health Survey (EFHS) is completed in August 1996, data on achievement of intermediate results suggest continued real improvements in family health (Table 2).

The spread of HIV/AIDS is being halted in San Pedro Sula, the epicenter of the disease in Honduras, which has 57% of all the reported cases of HIV/AIDS in Central America. The 1994 HIV seroprevalence in San Pedro Sula (Indicator 3.E) of 4% in prenatal women and of 13% in commercial sex workers, has been maintained at 1991 levels. Variations in seroprevalence as seen in Table 2 between 1991 and 1994 are not statistically significant. This potential success story is due to the effective, high priority Ministry of Health (MOH) national AIDS Prevention Program. This USAID-assisted program has a three-pronged strategy: 1) detection, treatment and prevention of sexually transmitted diseases (STDs); 2) education in responsible sexual behavior; and 3) promotion of the use of condoms. The program, which focuses on the country's most affected areas: San Pedro Sula, Tegucigalpa, La Ceiba and Comayagua, targets high-risk populations, namely, commercial sex workers and their clients, men who have sex with men, people who work in factories in industrial processing zones, and the Garifuna ethnic group.

Last year the Mission had mistakenly defined its indicator as "reducing" seroprevalence versus "maintaining" it. This is being corrected in light of more recent projections from the 1995 USAID-supported MOH study on the "Socioeconomic Impact of HIV/AIDS in Tegucigalpa and San Pedro Sula". The study estimates in the most conservative scenario that HIV seroprevalence in sexually active adults in San Pedro Sula (for which prenatal women are a proxy) will increase from 4% in 1992 to 10% in 2000. Thus our target of maintaining seroprevalence is very ambitious, but seemingly achievable based on successes to date.

Results Package 3.1: Increased Use of Reproductive Health Services Including Family Planning Services

Family Planning: There will be no new data on contraceptive prevalence until the 1996 EFHS is completed. However, data on Couple-Years-of-Protection (CYP) dispensed by the Honduras

Family Planning Association (ASHONPLAFA), which provides 60% of all family planning services in Honduras, suggest an increase in the use of contraceptives. Through December 1995 the Private Sector Population II Project (PSP II) with ASHONPLAFA provided 1,244,888 CYP, or 94% of its cumulative target. However, the past year has been a tumultuous one of major transition, as USAID has worked with ASHONPLAFA to design the new Private Sector Population III Project (PSP III), which responds to the recommendations of the final evaluation of PSP II. ASHONPLAFA has begun to shift its organizational culture, from a social services agency to a business enterprise with a social purpose. The transition, which is critical to ASHONPLAFA's survival, is formalized in the new project (authorized 9/95), with its clear results orientation and dramatic switch in focus from increasing CYPs at any cost to increasing ASHONPLAFA's self-financing from 24% in 1994 to 63% in 2000.

ASHONPLAFA also took an essential step to increase self-financing through a long overdue, institution-wide, increase in prices, which led to what we expect will be a temporary drop in contraceptive sales. The impact of all these institutional changes is reflected in ASHONPLAFA's 1995 CYP total of 173,897 (66% of target). However, we expect service utilization to return to pre-price increase levels with implementation of aggressive social marketing and quality of care improvements in 1996. ASHONPLAFA also completed a new cost-accounting coding structure and now generates cost-center reports to monitor its bottom line. USAID views the recent price increase and the shift to a business culture as important accomplishments for sustainability.

ASHONPLAFA now has 2,057 community distribution posts throughout the country, surpassing the PSP II target of 1,760 posts. Grants to PVOs under PSP II have also contributed to increased rural coverage, e.g. the final evaluation of the grant to Foster Parents Plan in Honduras documented a 27% increase in contraceptive prevalence in the communities served.

The Mission also recognizes the inherent conflict between expecting the private sector to be self-financing while at the same time expanding and increasing CYPs among low income groups in rural areas. Thus, the MOH must play a critical role in delivering family planning services to underserved populations. USAID is encouraging the MOH to increase its CYP production, consistent with their infrastructure and role in providing free services to the poor in rural areas. To this end, postpartum IUD insertion services became available in 1995 in two MOH hospitals as a result of USAID support, and a post-graduate specialty in Perinatal and Maternal Health including family planning was established in the National University's nursing program. Temporary contraceptive methods are now distributed in 90% of rural health centers, achieving the Health Sector II Project's benchmark.

As part of EFHS 1996, for the first time USAID has designed a male questionnaire to obtain information on fertility, family planning attitudes and practices, knowledge of HIV, and sexual behavior, which will provide invaluable information for involving men more fully in responsible parenthood and the prevention of STD/AIDS. In 1995 ASHONPLAFA completed an age and gender-disaggregated study of: (1) attitudes toward and knowledge of reproduction and family planning, and (2) sexual behavior and contraceptive use, which also provides useful information for improving services for adolescents and men in the new project.

The USAID-supported RAPID Model on the implications of population growth in Honduras for sustainable national development of the economy, health, environment, education, agriculture and housing was completed and presented by senior Honduran government officials to more than 300 influential members of Honduran society. Although the presentation resulted in a temporary barrage of bad press against USAID, it kick-started the dialogue necessary to win

greater backing for family planning and, in the give and take, key allies emerged from the private sector and general public that can advance the policy dialogue. The Ambassador used the RAPID Model as a basis for one-on-one discussions with President Reina and Archbishop Rodríguez.

Other Reproductive Health Services: No new data will be available on use of prenatal care until the EFHS 1996 is completed. However, during 1995 1,000 midwives were trained in safe delivery methods and these attended approximately 55,000 deliveries (66% of total non-hospital births). A national survey on the magnitude of maternal anemia and other micronutrient deficiencies will be carried out this year, complemented by qualitative research which will lead to improvements in the maternal iron/folate supplementation program and to reduced anemia. ASHONPLAFA performed 20,682 tests for the timely detection of cervical cancer in 1995.

Results Package 3.2: Increased Use of Selected Child Survival Interventions

Approximately 746,000 rural Hondurans now have access to potable water and sanitation facilities (Indicator 3.2.g) through the construction of systems under earlier USAID projects and the construction of 783 water systems and 93,715 latrines under the Health Sector II Project (HS II), far surpassing the target of 547,000. Now approximately 70% of rural households have potable water compared to only 48% in 1988 when HS II began. Water systems are being maintained by a core of 39 trained Operation and Maintenance Technicians (TOMs) through successful replication by the MOH and SANAA (the National Water and Sewerage Authority) of a USAID-initiated pilot project. As the construction phase ends in 1996, we are proposing a new indicator on maintenance of water systems. Furthermore, USAID has been encouraging the participation of other donors in financing rural water and sanitation systems. SANAA signed an agreement with World Vision and is negotiating a three-year \$4.3 million project with CARE (Canada) to construct rural water systems. Much progress has also been made in restructuring SANAA so that it can operate efficiently and command respect as a reliable implementing agency by international donors (most importantly the World Bank and IDB, which have pre-conditioned further support for water and sanitation to such reforms). SANAA has formally de-centralized three of its seven regional offices and has consolidated operations at headquarters, thereby effecting significant cost savings.

Although there will be no new data on ORS use or the prevalence of exclusive breastfeeding until EFHS 1996 is completed, the percentage of outpatient visits to health centers of children under five years of age due to diarrhea (Indicator 3.2.e) in 1995 dropped to 10% compared to our target of 13%. The cholera case fatality rate (Indicator 3.2.d) has decreased from 4.2% in 1992 to 1.6% in 1995 (target less than 1%). The data suggest that support from USAID/Honduras and LAC to improve treatment of diarrhea and control cholera have had a significant impact. In view of our success, we will conclude cholera activities in 1996 and thus drop the cholera case fatality rate indicator.

With respect to immunization, the percentage of women vaccinated with a second dose of tetanus toxoid (Indicator 3.2.c) was 93% in 1995, exceeding the target of 90%. Furthermore, 1995 immunization coverage rates for children under one year of age for DPT, polio, and tuberculosis (Indicator 3.2.b) met the 95% benchmark for 1995. Measles immunization coverage dipped to 90% due to a temporary shortage of the vaccine. Thus Honduras continues to be one of Latin America's star immunization programs. The program demonstrates what can be achieved with effective donor coordination, in this case between USAID, PAHO, UNICEF and the Spanish Technical Cooperation Agency.

Two principal findings of the recent midterm evaluation of the Health Sector II Project form the crux of the Mission's agenda for the funded extension of the project, currently being planned. One is the need for improved quality of care across the board and for new or improved approaches to less well-developed health technologies, e.g. community-based treatment of pneumonia and breastfeeding promotion, in demonstration health areas. The second is the need to strengthen national support systems, e.g. supervision, management information systems (MIS) and financial management. During the past year the MOH has established four task forces to work on reforms of the supervisory, management information, human resources, and financial administration systems. USAID's work with the MOH, especially the success of decentralized financial management at the regional level through rotating funds established under HS II, provided the GOH with the evidence needed on the feasibility of devolution of funds to the health regions, which will begin with two regions as part of the Modernization of the State legislation currently awaiting Congressional approval. Administrative systems for rural health centers developed under HS II (the Spanish acronym is DOFUPS), namely pharmaceutical inventory control, supervision, information filing and reporting were found to be used effectively at more than 80% of rural health centers during the MOH/USAID annual random monitoring visits.

Results Package 3.3: Increased Use of STD/AIDS Prevention Practices

In 1995, 7 million condoms were distributed (Indicator 3.3.a), exceeding the target of 6 million, primarily because of the increased need for condoms to prevent STD/AIDS. AIDSCAP sub-agreements are underway with ten implementing agencies, including the MOH, the municipality of San Pedro Sula, the Honduran Social Security Institute and six local PVOs. Baseline data for three proposed intermediate results indicators on use of STD/AIDS prevention practices (instead of the condom distribution indicator, which will be dropped) will be available in March 1996 to set future targets.

Results Package 3.4: Improved Food Security

Based on the December 1995 approval of CARE's FY 1996-2000 Development Activity Proposal (DAP) which re-orientes the Title II program toward improved food security and sustainable development, the Mission has decided to make this activity a fourth results package under SO 3, and is proposing new intermediate results indicators for it. As noted in CARE's FY 1995 Title II Results Report, the interventions for the new DAP are solidly-based on findings from CARE's Rapid Food Security Appraisal and the recently completed Cost-Effectiveness Study of Food Aid in Honduras by the LAC/HNS Project. The three new components supported by distribution of Title II foods and monetization funds are: 1) community-based health centers to provide essential MCH services; 2) rural development and employment generation through food-for-work; and 3) agricultural extension. Data on dietary intake and malnutrition from the USAID-funded 1994 National Household Socioeconomic Indicators Survey (Title III baseline) guided the decision to geographically re-locate and target Title II to the six departments, municipalities and families with the highest rates of malnutrition and food insecurity. The cost-effectiveness study was pivotal in persuading our partners to implement the radical changes required. CARE phased out of the thirty year school snack program at the end of 1995 because it was less cost-effective than the GOH's school cash coupon transfer program in terms of rate of academic progress or "academic years ahead" (one fourth year ahead vs. over half a year ahead, respectively) and because, contrary to popular belief, the snack program had no statistically significant impact on attendance or academic performance.

The cost-effectiveness study also quantified for the first time the important positive impact the CARE Title II MCH Program has on increasing the use of child survival services and, in turn, on increasing nutrient intake -- key steps toward reducing childhood malnutrition. The monthly Title II take-home food distribution through health centers was associated with 4.9 additional visits annually per household to health centers for maternal or child health services compared to families not in the program. The GOH's cash coupon program had no significant impact on health center attendance. At the same time there were no negative effects on quality of health services due to the extra demands of Title II program administration. A significant daily increase in nutrient intake at the household level of 350 calories and 8 grams protein per adult equivalent was found in the Title II take-home MCH program compared to families not in the program, whereas cash coupon transfers to the family had no significant impact. Furthermore, the caloric and protein adequacy of the diets of children in the CARE MCH program were 12 and 14% greater, respectively, compared to children not in the program. Accordingly, CARE increased its program for mother and child distribution through health centers and phased-out the ineffective preschool feeding at day care centers of the National Social Welfare Board at the end of 1995.

Team Participation Makes Food Security Possible

The recently signed \$23 million Title II Program is geared towards improving food security in the most destitute rural areas of the country. Every aspect of the new program was developed with the participation of partners and customers. This eased political resistance to the transition from the previous broader, but unsustainable, program, to a more focused activity.

From the very early design stages, participating communities have been involved actively in the CARE-managed program. Because of this involvement, they claim ownership as proactive implementers and no longer feel like recipient beneficiaries. Program activities include improved agricultural extension services, community-based health services, rural employment through infrastructure creation and local government strengthening. Through these actions, the communities will undoubtedly improve their food security status and will gain the confidence and experience to continue with development programs on their own, long after Title II support has ended.

The 1995 results of the Title II Food-for Work Drought Emergency Project (DEP) in the Department of Valle showed that community participation and municipal strengthening have a positive impact on development. During the life of the project, 169 basic infrastructure works were completed, the number of families benefitted (9,985 families) was 4.4 times higher than the level programmed (2,256 families). This was the result of community participation and organization since work groups were established and turns taken to include a higher number of families in the project. Another result of this intervention was the development of a Departmental Long Range Strategic Plan (1995-2000).

II. Expected Progress in FY 1997 and FY 1998

See Table 2 for expected intermediate results for FYs 1996-1998. At the 100% budget level (\$121.8 million, including PL 480 Title II, for 1995-2003), this strategic objective will be achieved in 2003 (the currently projected life of SO) if infant mortality, maternal mortality, child malnutrition, and total fertility rates have been substantially reduced; the increase in HIV seroprevalence has been halted; and sustainable support systems are in place to maintain the reductions characterized by the following indicators:

	<u>2003 Target</u>	<u>vs.</u>	<u>Baseline</u>
Infant Mortality Rate	30		50 (89)
Malnutrition in Children 12-23 months(%)	19		24 (94)
Maternal Mortality Rate	125		221 (89)
Total Fertility Rate	3.9		5.1 (90)
HIV Seroprevalence Rate San Pedro Sula			
Prenatal(%)	4.0		3.6 (91)
Commercial Sex Workers(%)	13.0		14.0 (91)

The projected changes in indicators are similar to those achieved over the prior eight years from 1988-1995 with a budget of approximately \$166 million, of which \$43 million was ESF local currency. The targets are ambitious given the complete loss of the local currency part of the budget after 1996, but we think they are doable given existing momentum and the foundation laid by USAID's prior investments. Achieving these reductions does not mean that no further USAID assistance will be required. Maternal mortality will still be unacceptably high (15 times the U.S. level); fertility will be considerably above replacement levels with an average of nearly 4 children per woman; and the HIV/AIDS epidemic a continuing major health threat. Thus, if funds were available, continued assistance by USAID in the area of reproductive health, family planning, and STD/AIDS prevention would be desirable.

By 2003 we expect ASHONPLAFA to be sufficiently self-sustaining and independent of USAID support through improvements in efficiency, profitability, and possibly through an endowment. However continued support to the MOH will be needed. For the balance of the life of the SO we will be working in coordination with other donors to assist the MOH to put sustainable support systems in place in supervision, MIS, and financial administration, and community participation. Key indicators will be the percent of the GOH budget going to primary health care, the percent of MOH recurrent costs recuperated and the percent of health centers functional at the "A" level (i.e., open, staffed, physically maintained, providing quality care with essential drugs and equipment). As USAID completes its direct involvement in financing construction of rural water and sanitation systems in 1996, our assumption is that our continuing work on management and efficiency reforms with SANAA and the Commission on Modernization of the State will have been sufficiently successful to meet the "total restructuring of the water and sanitation sector" pre-condition set by the World Bank and the IDB for funding construction of additional systems to achieve universal coverage (vs. 70% rural coverage in 1994). It is expected that all seven SANAA regional offices will be totally decentralized and functional by the end of 1996, and that two urban water systems will be transferred from SANAA to the respective municipalities for operation and maintenance.

In contrast to expected progress at the 100% budget level, the following table shows the impact of a budget cut to the 75% level (\$98.7 million) on SO 3 Achievement by 2003:

	<u>75% Budget</u>	<u>vs.</u>	<u>100%</u>
Infant Mortality Rate	35		30

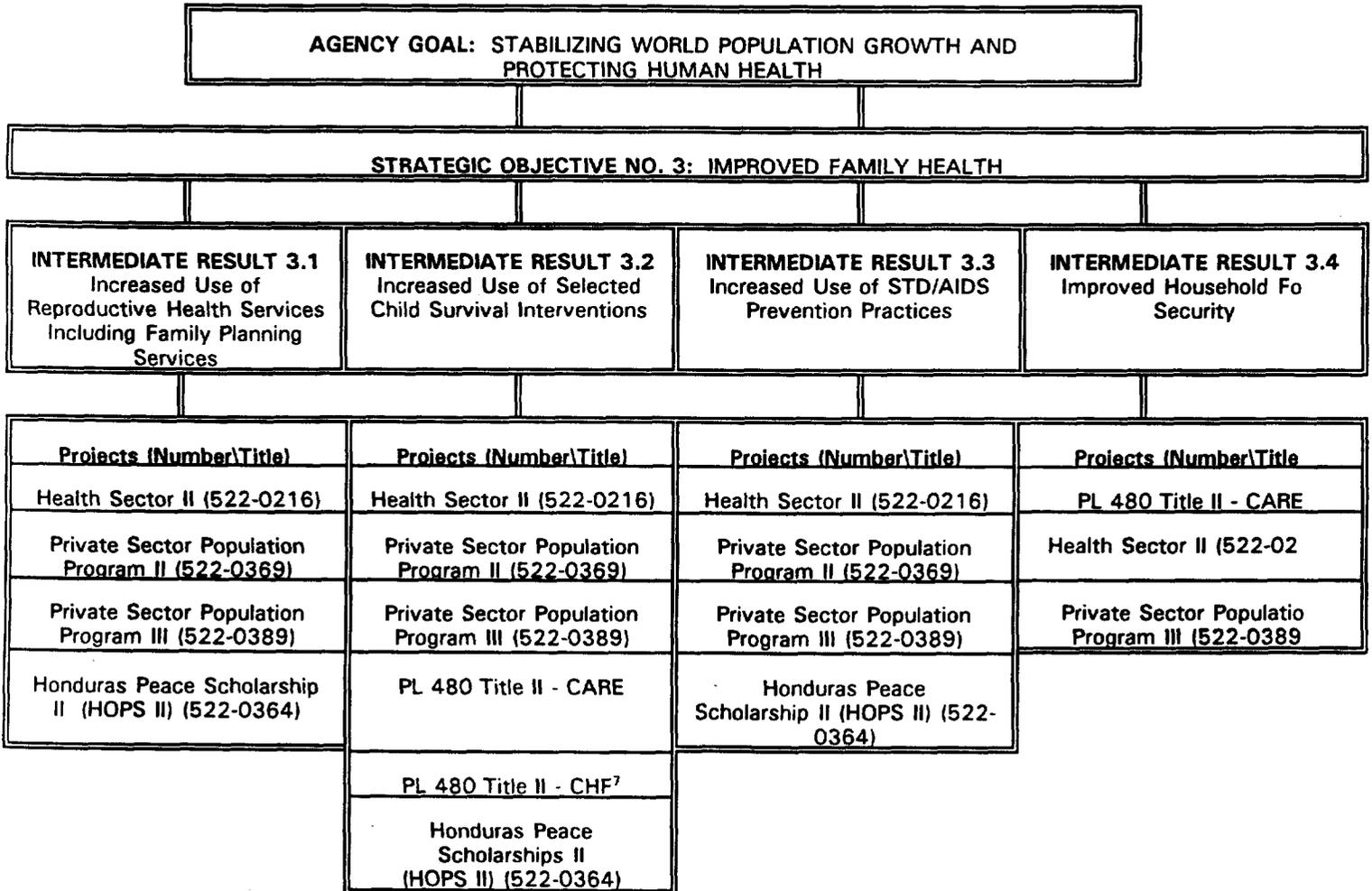
Malnutrition in Children 12-23 months(%)	21	19
Maternal Mortality Rate	149	125
Total Fertility Rate	4.1	3.9
HIV Seroprevalence Rate San Pedro Sula		
Prenatal(%)	8.0	4.0
Commercial Sex Workers(%)	26.0	13.0

The Agency's Goal of Stabilizing World Population Growth by 2025 and Protecting Human Health, i.e., halving maternal mortality and decreasing the rate of new HIV infections by 15% by the year 2000, will clearly not be achieved at the 75% level, though Child Survival goals of reducing child mortality rates by one-third will probably be met. By their nature and consequence, population and health are global issues. What is done or not done by USAID between now and 2003 will determine the economic, social and political prospects for much of the world for the next century. And we know, from the RAPID Honduras Model, the probable impact of unchecked population growth on development, namely that continued high fertility will undermine achievement of all the Mission's strategic objectives. If HIV seroprevalence is allowed to double as projected, deaths from the disease will erode earlier gains in maternal and child survival. The expenses related to HIV/AIDS treatment alone will increase to become greater than the health budget now spent on all other diseases combined, thus making a sustainable national health budget for primary health care impossible.

There is no strict science behind these projections. USAID is but one of several donors, albeit the major donor in the health, population, nutrition sector in Honduras, and there are many factors which influence family health beyond USAID assistance. We do have data to quantify what has been achieved till now at what budget level; however, we are convinced that a cut of 25% in DA funds combined with the total loss of ESF local currency after 1996 will definitely reduce our capacity to produce results. The MOH is lobbying for national funds to replace the ESF counterpart funds USAID has provided for essential activities like maintenance of vehicles, water systems, buildings and equipment, purchase of essential drugs, health education campaigns, per diem and fuel for fieldwork by supervisors and to run refrigerators for the immunization program cold chain, etc. Lack of funds for any of these activities will definitely impact negatively on the health indicators. We are doubtful that the GOH will succeed in entirely replacing the more than \$6 million per year in local currency which USAID has historically provided. Faced with budget constraints, we also predict that one of the MOH's priorities will be to maintain child survival interventions because these programs are well established and are in high demand in Honduras. Thus, we predict that there will be less impact on results in child survival, riding on the coattails of past momentum.

In contrast, if USAID reduces its support for family planning and STD/AIDS Prevention, we doubt that the MOH will make up our budget cuts with its own funds. These reproductive health activities are far less mature in terms of GOH commitment and demand for services by Hondurans. There are no other donors that want to take USAID's place in promoting family planning, a politically controversial intervention, and thus it is safe to assume that the reduced impact would be at least as great as we have predicted. It is also safe to assume that if we withdraw support from HIV/AIDS prevention just as the epidemic is spreading exponentially, there will be a large increase in HIV prevalence.

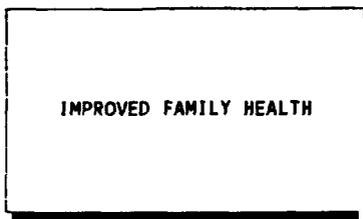
TABLE 1



⁷ PACD: 12/30/95

TABLE 1
Centrally and Regionally Funded Projects

AGENCY GOAL: STABILIZING WORLD POPULATION GROWTH AND PROTECTING HUMAN HEALTH			
STRATEGIC OBJECTIVE NO. 3: IMPROVED FAMILY HEALTH			
INTERMEDIATE RESULT 3.1 Increased Use of Reproductive Health Services Including Family Planning Services	INTERMEDIATE RESULT 3.2 Increased Use of Selected Child Survival Interventions	INTERMEDIATE RESULT 3.3 Increased Use of STD/AIDS Prevention Practices	INTERMEDIATE RESULT 3.4 Improved Household Food Security
Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)
Strategies for Improving Service Delivery (The Population Council) (936-3030)	LAC Health and Nutrition Technical Services Support (598-0657)	LAC Central American HIV/AIDS (596-0179)	Food, Nutrition Monitoring and Support (IMPACT) (936-5110)
Family Planning Logistics Management (JSI & CDC) (936-3038)	LAC Accelerated Immunization II (598-0786)	Central Contraceptive Procurement (936-3057)	
Contraceptive Social Marketing III (SOMARC III) (936-3051)	Family Planning Logistics Management (CDC) (936-3038)	Technical Advisors in AIDS and Child Survival (936-5970)	
Population Communication Services (936-3052)	Food, Nutrition Monitoring and Support (IMPACT) (936-5110)	AIDS Technical Support - AIDS Control and Prevention (AIDSCAP) (936-5972)	
Family Planning Management Development (936-3055)	Opportunities for Micronutrient Interventions (936-5122)		
Central Contraceptive Procurement (936-3057)	Breastfeeding and Maternal and Neonatal Health - Mother Care II (936-5966)		
Expansion and Improvement of FP Services in Latin America (IPPF/WHR) (936-3065)	Breastfeeding and Maternal and Neonatal Health (Expanded Program in Breastfeeding) (936-5966)		
Program for Voluntary and Safe Contraception (936-3068)	Technical Advisors in AIDS and Child Survival (936-5970)		
Breastfeeding and Maternal and Neonatal Health - Mother Care II (936-5966)	Applied Research in Child Survival Services (and follow-on project) (936-5992)		
Technical Advisors in AIDS and Child Survival (936-5970)	BASICS (936-6006)		
Applied Research in Child Survival Services and Follow-on Project (936-5992)			



INDICATORS:

- A) REDUCED INFANT MORTALITY RATE
- B) REDUCED LEVEL OF MALNUTRITION AMONG CHILDREN 12-23 MONTHS OF AGE
- C) REDUCED MATERNAL MORTALITY RATIO
- D) REDUCED TOTAL FERTILITY RATE OF WOMEN 15-44 YEARS OF AGE
- E) MAINTAINED HIV SEROPREVALENCE RATE IN COMMERCIAL SEX WORKERS AND WOMEN ATTENDING A PRENATAL CLINIC IN SAN PEDRO SULA

INTERMEDIATE RESULT 3.1
 Increased Use of Reproductive Health Services Including Family Planning Services

INTERMEDIATE RESULT 3.2
 Increased Use of Selected Child Survival Interventions

INTERMEDIATE RESULT 3.3
 Increased Use of STD/AIDS Prevention Practices

INTERMEDIATE RESULT 3.4
 Improved Household Food Security

INDICATORS

- a) Increased Contraceptive Prevalence in Women 15-44 Years of Age, in Union
- b) Increased Percentage of Rural Women who Gave Birth Within the Last Five Years Who Had a Prenatal Visit at a Health Facility During Last Pregnancy

- a) Increased Percentage of Children 2 - 3.99 Months Who Were Exclusively Breastfed During the Previous 24 Hours
- b) Maintained Coverage of >=90% of Children Under One Vaccinated for Selected Diseases (DPT, Measles, Polio, and Tuberculosis)
- c) Maintained Coverage of >=90% of Women Aged 12-49 Vaccinated with a Second Dose of Tetanus Toxoid within the Last 3 Years
- d) Reduced Cholera Fatality Rate. (This indicator will be dropped in 1997)
- e) Reduced Percentage of Outpatient Visits to Health Centers of Children Under Five Due to Diarrhea
- f) Increased Percentage of Children Under 5 with Diarrhea in Last three Days Treated with ORS
- g) Increased Number of Rural Residents Benefitting from USAID - Supported Water and Sanitation Systems. (This indicator will be dropped in 1997)
- h) Increased Percentage of Rural Water Systems Operating at the "A" Level

- a) Increased Total Number of Condoms distributed (Sold and Handed Out). (This indicator will be dropped in 1997)
- b) Increased Rate of Reported Condom Use in the most Recent Sexual Intercourse of Risk in Target Population
- c) Decreased Rate of Reported Non-Regular Sex Partners in Target Population
- d) Increased Percentage of Individuals Presenting with STD in Health Facilities Assessed and Treated Appropriately per National Standards

- a) Improved Caloric Adeq Target Households
- b) Reduced Percentage of Indigent Households i Target Areas

ir

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
Indicator: 3.A REDUCED INFANT MORTALITY RATE				
Unit: Infant Deaths per Thousand Live Births		Year	Planned	Actual
Source: Epidemiology and Family Health Survey (EFHS) 1991/1992; EFHS 1996; EFHS 2000	Baseline	1989	---	50
<p>Comments: Data on infant mortality come from national surveys carried out every 4 years. Because the infant mortality figure is the result of an "indirect" calculation (Brass method), the surveys provide an estimate based on retrospective data provided by the mothers when 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). There are no significant differences by gender.</p> <p>Data for 1994 are being collected in the 1996 EFHS. Actual data for 1993, 1995, 1996 and 1997 will not be obtained.</p>		1993	44	---
		1994	43	***
		1995	42	---
		1996	41	---
		1997	40	---
	Target	1998	40	***

Honduras					
STRATEGIC OBJECTIVE NO. 3 Improved Family Health					
Indicator: 3.B REDUCED LEVEL OF MALNUTRITION AMONG CHILDREN 12 - 23 MONTHS OF AGE					
Unit: Percent of Children 12 - 23 Months of Age at Level 2 (less than or equal to -2 Standard Deviation) or Worse Malnutrition (Weight/Age)		Year	Planned	Actual	
Source: National Nutrition Survey, 1987; Epidemiology and Family Health Survey (EFHS) 1991/1992; PL 480 Title III Socioeconomic Indicators Survey (SIS) 1994; National Micronutrient Survey 1996; SIS 1997	Baseline	1987	---	30.2	
		1991	---	25.1	
Comments: The data are only available from periodic national surveys. There are no significant differences by gender.		1992	---	---	
		1993	---	---	
		1994	24.0	24.1	
		1995	23.5	---	
		1996	23.0	***	
		1997	22.5	***	
		Target	1998	22.0	---

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
Indicator: 3.C REDUCED MATERNAL MORTALITY RATIO				
Unit: Number of Maternal Deaths per 100,000 Live Births		Year	Planned	Actual
Source: Epidemiology and Family Health Survey (1996 EFHS); EFHS 2000; Studies on Maternal Mortality	Baseline	1989	---	221
<p>Comments: The "sisterhood" method will be used in the 1996 Epidemiology and Family Health Survey (EFHS). This methodology, if successful, will provide an estimate for the 10 year period prior to the survey (1986-1995) to be compared against the previous study. If validated, the methodology will be used to monitor progress in this area.</p> <p>Targets for 1991 through 1996 were provided by the MOH as a response to the "World Summit on Children" (September 1990) which set targets to reduce the maternal mortality ratio by 50% between 1990 and 2000. These targets, however, have proved to be overly-ambitious based on MOH experience in the last few years. Therefore, we have modified them to reflect what we feel is closer to the real situation.</p> <p>Data for 1990-99 will be collected in the 2000 EFHS.</p>		1991	211	***
		1992	206	---
		1993	201	---
		1994	196	---
		1995	191	***
		1996	186	---
		1997	180	---
	Target	1998	175	---

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
Indicator: 3.D REDUCED TOTAL FERTILITY RATE OF WOMEN 15 - 44 YEARS OF AGE				
Unit: Average Number of Children Born Alive to a Woman During her Lifetime		Year	Planned	Actual
Source: Epidemiology and Family Health Survey (EFHS) 1991/1992; EFHS 1996	Baseline	1987	---	5.6
Comments: Data for the average of the period 1991-95 will be collected in the 1996 EFHS and reported against 1996.		1991	5.1	5.1
		1992	5.0	---
		1993	4.9	---
		1994	4.8	---
		1995	4.7	---
		1996	4.6	***
		1997	4.6	---
		Target	1998	4.5

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
Indicator: 3.E MAINTAINED HIV SEROPREVALENCE RATE IN COMMERCIAL SEX WORKERS AND WOMEN ATTENDING A PRENATAL CLINIC IN SAN PEDRO SULA				
Unit: Seroprevalence Rate		Year	Planned	Actual
Source: Epidemiological Division, Ministry of Health (MOH)	Baseline Prenatal CSW	1991	---	3.6 14.0
<p>Comments: We are using seroprevalence rates at a prenatal clinic and in prostitutes in the geographic epicenter of the epidemic, San Pedro Sula. (This gives us information on transmission in the general population and in high risk groups, respectively).</p> <p>Actual data for 1995 will be available in May 1996.</p> <p>Last year's Action Plan mistakenly said "reduced" HIV seroprevalence rate instead of "maintained" as intended. Data from 1994 are being used to set maintenance targets for 1995 onwards. Differences in seroprevalence rates over 1991-1994 are not statistically significant due to overlapping confidence intervals.</p> <p>Commercial Sex Workers (CSWs) refers mostly to women.</p>	Prenatal CSW	1992	---	2.8 16.3
	Prenatal CSW	1993	---	2.5 13.0
	Prenatal CSW	1994	---	4.0 13.0
	Prenatal CSW	1995	4.0 13.0	***
	Prenatal CSW	1996	4.0 13.0	***
	Prenatal CSW	1997	4.0 13.0	***
	Target Prenatal CSW	1998	4.0 13.0	***

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.1 Increased Use of Reproductive Health Services Including Family Planning Services				
Indicator: 3.1.a INCREASED CONTRACEPTIVE PREVALENCE IN WOMEN 15 - 44 YEARS OF AGE, IN UNION				
Unit: Percent of Sexually Active Women of Reproductive Age in Union Using Family Planning Methods (Total, Modern Methods, Traditional Methods)		Year	Planned	Actual
Source: Epidemiology and Family Health Survey (EFHS) 1991/1992; EFHS 1996	Baseline Total Modern Meth. Traditional Meth.	1987	--- --- ---	41 33 8
Comments: Data for 1996 will be collected in the 1996 EFHS.	Total Modern Meth. Traditional Meth.	1991	47 35 12	47 35 12
	Total Modern Meth. Traditional Meth.	1992	47 35 12	---
	Total Modern Meth. Traditional Meth.	1993	48 36 12	---
	Total Modern Meth. Traditional Meth.	1994	49 37 12	---
	Total Modern Meth. Traditional Meth.	1995	50 38 12	---
	Total Modern Meth. Traditional Meth.	1996	51 39 12	***
	Total Modern Meth. Traditional Meth.	1997	52 40 12	---
	Target Total Modern Meth. Traditional Meth.	1998	53 41 12	---

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.1 Increased Use of Reproductive Health Services Including Family Planning Services				
Indicator: 3.1.b INCREASED PERCENTAGE OF RURAL WOMEN WHO GAVE BIRTH WITHIN THE LAST 5 YEARS WHO HAD A PRENATAL VISIT AT A HEALTH FACILITY DURING LAST PREGNANCY				
Unit: Percent Women Who Made a Prenatal Visit to a Health Center		Year	Planned	Actual
Source: Epidemiology and Family Health Survey (EFHS) 1991/1992; EFHS 1996.	Baseline	1991	---	67.1
Comments: We have tried to collect more frequent data for this indicator through the Ministry of Health (MOH) and this has proved unfeasible. Therefore, we have decided to use the EFHS as our only source of information. Data for 1996 will be collected in the 1996 EFHS.		1995	80.1	---
		1996	80.1	***
		1997	81.5	---
	Target	1998	82.5	---

INTERMEDIATE RESULT NO. 3.2 Increased Use of Selected Child Survival Interventions				
Indicator: 3.2.a INCREASED PERCENTAGE OF CHILDREN 2 - 3.99 MONTHS WHO WERE EXCLUSIVELY BREASTFED DURING THE PREVIOUS 24 HOURS				
Unit: Percent of Children 2 - 3.99 Months Exclusively Breastfed		Year	Planned	Actual
Source: Epidemiology and Family Health Survey (EFHS) 1987, EFHS 1991/1992, EFHS 1996	Baseline	1987	---	19.8
Comments: Data for 1996 will be collected in the 1996 EFHS. After some years of experience in working with the MOH in this area, we have concluded that targets for 1992-1996 -- provided by the MOH -- were overly ambitious and therefore we have adjusted them.		1991	25.0	23.2
		1995	30.0	---
		1996	31.5	***
		1997	33.2	---
	Target	1998	33.2	---

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.2 Increased Use of Selected Child Survival Interventions				
Indicator: 3.2.b MAINTAINED COVERAGE OF MORE THAN OR EQUAL TO 90 PERCENT OF CHILDREN UNDER ONE VACCINATED FOR SELECTED DISEASES DIPHTHERIA, PERTUSSIS, TETANUS (DPT), MEASLES, POLIO, AND TUBERCULOSIS				
Unit: Percent Vaccinated		Year	Planned	Actual
Source: Ministry of Health Annual Reports D = Diphtheria, Pertussis, Tetanus (DPT) M = Measles P = Polio T = Tuberculosis	Baseline DPT Measles Polio Tuberculosis (BCG)	1990	-----	D = 84 M = 90 P = 87 T = 71
<p>Comments: This indicator reflects children under one only. The under ones are the target group for the Health Sector II Project's immunization program.</p> <p>We have changed the indicator from "increased" to "maintained" to show that by 1996 the Mission's work in this area will be reaching a sustainable level. We are expecting that starting in 1996 most of the vaccination program will be supported by the Ministry of Health (MOH) with diminished support from USAID and other donors such as UNICEF, Spanish Cooperation and PAHO.</p> <p>We consider that the $\geq 90\%$ level is a realistic maintenance level that the MOH can maintain as it makes the transition to greater self-reliance. Maintaining immunization coverage in general will also be a key measure of sustaining the health system as USAID reduces its support.</p> <p>A shortage of measles vaccine in September 1995 resulted in lower coverage of this vaccine in 1995.</p>		1993	D = 92 M = 95 P = 92 T = 92	D = 94 M = 94 P = 95 T = 95
		1994	D = 93 M = 95 P = 93 T = 93	D = 94 M = 95 P = 96 T = 95
		1995	D = 95 M = 95 P = 95 T = 95	D = 95 M = 90 P = 95 T = 95
		1996	D = ≥ 90 M = ≥ 90 P = ≥ 90 T = > 90	***
		1997	D = ≥ 90 M = ≥ 90 P = ≥ 90 T = > 90	***
	Target	1998	D = ≥ 90 M = ≥ 90 P = ≥ 90 T = > 90	***

Indicator: 3.2.c MAINTAINED COVERAGE OF MORE THAN OR EQUAL TO 90 PERCENT OF WOMEN AGED 12 - 49 VACCINATED WITH A SECOND DOSE OF TETANUS TOXOID WITHIN THE LAST 3 YEARS

Unit: Percent Vaccinated	Year	Planned	Actual
Source: Ministry of Health (MOH) Annual Reports	1990	---	25
<p>Comments: The plan to eliminate neonatal tetanus began in 1990. Prior to that year, only pregnant women were vaccinated; but this activity was not properly documented. In November 1993, a data collection system was established which covered vaccinations since 1990. The coverage rates are based on the cumulative number of second doses of Tetanus Toxoid.</p> <p>This is another area in which we have reached a sustainable level, thus the change in the indicator from "increased" to "maintained". This change shows that by 1996 the Mission's work in this area will be reaching a sustainable level. We are expecting that starting in 1996 most of the vaccination program will be supported by Ministry of Health (MOH) with diminished support from USAID and other donors such as UNICEF, Spanish Cooperation and PAHO.</p> <p>We consider that $\geq 90\%$ coverage is a realistic maintenance level for the MOH as it makes the transition to greater self-reliance. Maintaining immunization coverage in general will also be a key measure of sustaining the health system as USAID reduces its support.</p>	1993	80	85
	1994	85	87
	1995	90	93
	1996	≥ 90	---
	1997	≥ 90	---
	1998	≥ 90	---
Target			

Unit: Percent of Reported Cholera Cases that Are Fatal	Year	Planned	Actual
Source: Ministry of Health (MOH) Annual Reports	1992	Less than 1	4.2
<p>Comments: The high Cholera Case Fatality Rate has come down due to increased familiarity with case management in the communities and in hospitals.</p> <p>This indicator will be dropped in 1997 as our special efforts to reduce cholera with assistance from LAC regional funds end in FY 1996.</p>	Baseline	Less than 1	
	1993	Less than 1	2.6
	1994	Less than 1	2.0
	1995	Less than 1	1.6
	1996	Less than 1	---
Target			

Indicator: 3.2.d REDUCED CHOLERA FATALITY RATE

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.2 Increased Use of Selected Child Survival Interventions				
Indicator: 3.2.a REDUCED PERCENTAGE OF OUTPATIENT VISITS TO HEALTH CENTERS OF CHILDREN UNDER FIVE DUE TO DIARRHEA				
Unit: Percent of Total Outpatient Visits to Health Centers of Children Under Five Due to Diarrhea		Year	Planned	Actual
Source: Ministry of Health (MOH) Annual Reports	Baseline	1990	---	17.5
Comments: The goal was reached sooner than expected, probably due to: 1) continued health education campaign related to cholera; 2) more home treatment of diarrhea with ORS; and 3) increased coverage of the rural population with potable water and sanitation systems. We are revising the target accordingly and will continue monitoring activities to ensure that the targeted percentage is maintained.		1993	14.0	12.7
		1994	13.5	13.7
		1995	13.0	9.9
		1996	10 or less	***
		1997	10 or less	***
	Target	1998	10 or less	***

Indicator: 3.2.f INCREASED PERCENTAGE OF CHILDREN UNDER FIVE WITH DIARRHEA IN LAST 3 DAYS TREATED WITH ORS				
Unit: Percent Children Under Five With Diarrhea in Last 3 Days Who Were Treated With ORS		Year	Planned	Actual
Source: Epidemiology and Family Health Survey (EFHS) 1987, EFHS 1991/1992 and EFHS 1996	Baseline	1987	---	17.4
Comments: Data for 1996 will be collected in the 1996 EFHS. This is the same indicator as last year's "Improved Treatment for Diarrhea". We consider this a more precise enunciation of the result.		1991	29.5	29.5
		1994	37.0	---
		1995	40.0	---
		1996	40.0	***
		1997	40.0	---
	Target	1998	40.0	---

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.2 Increased Use of Selected Child Survival Interventions				
Indicator: 3.2.g INCREASED NUMBER OF RURAL RESIDENTS BENEFITTING FROM USAID-SUPPORTED WATER AND SANITATION SYSTEMS				
Unit: Rural Population Served With Water and Sanitation (Cumulative)		Year	Planned	Actual
Source: Health Sector II Project (HSII/522-0216)	Baseline	1988	---	335,000
<p>Comments: Construction of water and sanitation systems under the Health Sector II Project will be completed in FY 1996. From FY 1997 onwards, Mission will monitor percent of water systems maintained (see next indicator).</p> <p>Targets have been exceeded, thus the upward adjustment for the 1996 target. This success is due primarily to the great efficiencies introduced into the project that have enabled the water and sanitation agency (SANAA) to produce more water systems with less financial resources. In addition, SANAA has tapped into other sources of funding such as the Government of Honduras and some PVOs.</p> <p>This indicator will be dropped in 1997.</p>		1990	395,800	370,940
		1991	431,000	406,806
		1992	466,200	471,828
		1993	501,400	516,535
		1994	536,600	588,654
		1995	547,000	746,000
	Target	1996	796,000	***

Indicator: 3.2.h INCREASED PERCENTAGE OF RURAL WATER SYSTEMS OPERATING AT THE "A" LEVEL				
Unit: Percentage of Rural Water System Operating at the "A" level		Year	Planned	Actual
Source: SANAA Operation and Maintenance Technicians (TOMs) data	Baseline	1996	TBD	***
<p>Comments: This is a new indicator. As the construction phase ends in 1996, this new indicator on maintenance of water systems is being proposed. Maintenance activities will be carried out by the TOMs (Operation and Maintenance Technicians) with SANAA financial resources.</p> <p>A rural water system functioning at the "A" level is defined as one having the following characteristics: a) water is disinfected, b) there is a water board that meets periodically (at least every three months), c) there is a water fee that is paid by users, d) there is a maintenance employee, and e) water is available from the system on a daily basis.</p> <p>Baseline data, and targets for subsequent years, will be available in mid-1996.</p>		1997	TBD	***
	Target	1998	TBD	***

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.3 Increased Use of STD/AIDS Prevention Practices				
Indicator: 3.3.a INCREASED TOTAL NUMBER OF CONDOMS DISTRIBUTED (SOLD AND HANDED OUT)				
Unit: Thousands of Condoms		Year	Planned	Actual
<p>Source: Ministry of Health (MOH), Private Sector Population Program II and III (522-0369 and 522-0389), and Mission Procurement/Distribution Records</p> <p>Comments: The 1995 target was exceeded due to public and private promotion activities for STD/AIDS prevention and due to the initiation of the AIDSCAP project in October, 1995. The target for 1996 has been adjusted accordingly.</p> <p>This indicator will be dropped in 1997. It is being replaced by three new indicators (see indicators 3.3.b, 3.3.c and 3.3.d).</p>	Baseline	1990	---	2,600
		1991	3,982	3,176
		1992	3,524	5,150
		1993	5,500	5,400
		1994	5,700	5,700
		1995	6,000	7,000
	Target	1996	7,200	***

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.3 Increased Use of STD/AIDS Prevention Practices				
Indicator: 3.3.b INCREASED RATE OF REPORTED CONDOM USE IN THE MOST RECENT SEXUAL INTERCOURSE OF RISK IN TARGET POPULATION				
Unit: Percentage calculated by dividing the number of people aged 15-49 reporting the use of a condom during the most recent act of sexual intercourse of risk by total number of people aged 15-49 who report sexual intercourse of risk in the last 12 months.		Year	Planned	Actual
Source: Annual Knowledge, Attitude, Behavior and Practice Studies (G/PHN/HN AIDS Technical Assistance Contractor)	Baseline CSW CSW Client Garifuna Male Female PWP Male Female MWM TOTAL	1996	TBD	***
<p>Comments: This is the first indicator in a series of three new indicators. It comes from a list of indicators recommended by the World Health Organization (WHO) in coordination with USAID/W and the AIDSCAP project. The indicators were identified as the most reasonable measures for evaluating STD/AIDS prevention practices.</p> <p>Baseline and targets will be determined by the end of March, 1996.</p> <p>CSW: Commercial Sex Worker Garifuna: Ethnic group of African heritage PWP: People in the Work Place (maquilas, factories) MWM: Men who have sex with men</p>	CSW CSW Client Garifuna Male Female PWP Male Female MWM TOTAL	1997	TBD	***
	Target CSW CSW Client Garifuna Male Female PWP Male Female MWM TOTAL	1998	TBD	***

Honduras				
STRATEGIC OBJECTIVE NO. 3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.3 Increased Use of STD/AIDS Prevention Practices				
Indicator: 3.3.e DECREASED RATE OF REPORTED NON-REGULAR SEX PARTNERS IN TARGET POPULATION				
Unit: Percentage calculated by dividing the number of people aged 15-49 having at least one sex partner other than their regular sex partner(s) in the last 12 months by total number of people aged 15 - 49 who report having been sexually active in the last 12 months		Year	Planned	Actual
Source: Annual Knowledge, Attitude, Behavior and Practice Studies (G/PHN/HN AIDS Technical Assistance Contractor)	Baseline CSW CSW Client Garifuna Male Female PWP Male Female MWM TOTAL	1996	TBD	***
<p>Comments: Second indicator in a series of three new indicators. It comes from a list of indicators recommended by the World Health Organization (WHO) in coordination with USAID/W and the AIDSCAP project. The indicators were identified as the most reasonable measures for evaluating STD/AIDS prevention practices.</p> <p>Baseline and targets will be determined by the end of March, 1996.</p> <p>CSW: Commercial Sex Worker Garifuna: Ethnic group of African heritage PWP: People in the Work Place (maquilas, factories) MWM: Men who have sex with men</p>	CSW CSW Client Garifuna Male Female PWP Male Female MWM TOTAL	1997	TBD	***
	Target CSW CSW Client Garifuna Male Female PWP Male Female MWM TOTAL	1998	TBD	***

Honduras				
STRATEGIC OBJECTIVE NO.3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.3 Increased Use of STD/AIDS Prevention Practices				
Indicator: 3.3.d INCREASED PERCENTAGE OF INDIVIDUALS PRESENTING WITH STD IN HEALTH FACILITIES ASSESSED AND TREATED APPROPRIATELY PER NATIONAL STANDARDS				
Unit: Percentage calculated by dividing the number of individuals presenting with STD in health facilities assessed and treated appropriately per national standards by number of individuals presenting with STD in health facilities.		Year	Planned	Actual
Source: G/PHN/HN AIDS Technical Assistance Contractor Facility Surveys.	Baseline	1992	TBD	***
Comments: This new indicator third in a series of three, comes from a list of indicators recommended by the World Health Organization (WHO) in coordination with USAID/W and the AIDSCAP project. The indicators were identified as the most reasonable measures for evaluating STD/AIDS prevention practices.		1996	TBD	***
		1997	TBD	***
	Target	1998	TBD	***
Baseline and targets will be determined by the end of March, 1996.				

INTERMEDIATE RESULT NO. 3.4 Improved Household Food Security				
Indicator: 3.4.a IMPROVED CALORIC ADEQUACY IN TARGET HOUSEHOLDS				
Unit: Caloric adequacy as a percentage calculated by dividing the daily caloric consumption of the household by the daily caloric requirements of the household and then averaging the caloric adequacy of all target households.		Year	Planned	Actual
Source: CARE Honduras baseline and final surveys	Baseline	1996	TBD	***
Comments: This is a new indicator. We have decided to create a Results Package for the recently approved Title II food security program of CARE. Targets will be set based on the results of the baseline survey with the intention of achieving a 10% improvement at the end of the project in 2000.		1997	TBD	***
		1998	TBD	***
		1999	TBD	***
	Target	2000	TBD	***
Baseline results will be available in July, 1996				

Honduras				
STRATEGIC OBJECTIVE NO.3 Improved Family Health				
INTERMEDIATE RESULT NO. 3.4 Improved Household Food Security				
Indicator: 3.4.b REDUCED PERCENTAGE OF INDIGENT HOUSEHOLDS IN TARGET AREAS				
Unit: Percent of target households that have insufficient income to purchase the households' basic food needs to satisfy energy requirements.		Year	Planned	Actual
Source: CARE Honduras baseline and final surveys	Baseline	1996	TBD	***
Comments: This is a new indicator. Targets will be set based on the results of the baseline survey with the intention of achieving a 20% reduction by the end of the project in 2000. Baseline results will be available in July, 1996.		1997	TBD	***
		1998	TBD	***
		1999	TBD	***
	Target	2000	TBD	***

SO 4: More Responsive Democratic Processes with Greater Citizen Participation

I. Summary and Analysis of Data and Contribution to USAID Activities

The Rule of Law (ROL) in Honduras has historically been weak and remains so. As one well known Honduran jurist has noted, the *force of law* has been converted by political and economic interests into the *law of force*, i.e. the ability of powerful special interests to impose their will on outcomes within the justice system. While the justice system remained vulnerable due to undue influence in 1995, it is certainly less true than in previous years. In the last two years, significant progress has been made to foster responsible, transparent and accountable government and to weaken the traditional impunity of powerful elites. The year 1995 represents a watershed for accountability of public officials in Honduras. For the first time in history, the GOH, through its new PM, is actively investigating and prosecuting criminal cases against corrupt public officials, judges, powerful civilians, and military officials, some of whom have been incarcerated. The Mission supports ROL partners in their efforts to achieve the result of a more honest and effective judicial and prosecutorial system, characterized by 1) an independent, depoliticized and honest judiciary, and 2) speedy, transparent and effective application of criminal justice. The ROL program confronts traditional power structures; accordingly, the results are both meaningful and, precisely because the stakes are high, difficult to achieve, much less sustain over several changes in government administrations. While the formidable challenges will require program presence through the year 2001, results achieved to date are impressive and the public's support lends spirit to this formidable undertaking.

Public expectations for establishment of ROL in Honduras are growing. The PM, which became fully operational in 1995, is widely recognized by Hondurans as an effective force against corruption and impunity. In a recent CID-Gallup poll, 71% of educated adults opined that the new PM was strengthening the independence of the judiciary. While public confidence in the Honduran prosecutorial system is growing very rapidly, confidence in the Judiciary (referring to the Court as opposed to the PM), despite some modest improvements, lags far behind. Respondents to the same poll were asked to rate the Judiciary as "more", "less", or "equal" in corruption to the Judiciary of the previous government. Against a backdrop of prominent media attention to the issues of government and judicial corruption, 26% responded that the current Judiciary is less corrupt than previous administrations, 37% said levels of corruption were equal, 1% held there was *no corruption*, and 26% found judicial corruption to be worse than in previous government administrations. This demonstrates that while support for the PM is strong, the Court has only marginally improved its image (26% perceive it to be independent in 1995 versus 16% for 1994 Indicator 4.A). Credibility with most Hondurans, especially those of lower education, has yet to be achieved. Better educated Hondurans appear to be staying abreast of the positive changes taking place in the justice sector. Of those polled who had a high-school or university education, 44% believed that this Judiciary is less corrupt than the previous administration.

Despite notable progress as demonstrated by the surprising increase in the number of criminal cases entering the system, many challenges to move Honduras towards true ROL remain. The system is still highly politicized, corrupt, and burdened by antiquated judicial procedures. USAID work to achieve significant results in this area will continue well into the year 2001. For more on program directions after 1998, see Section III.

At the municipal level, citizens continue to actively participate in government through their participation in open town meetings, or *cabildos abiertos*. There has been a significant

increase from average attendance of 144 in 1994 to 166 in 1995 (SO indicator 4.B). In addition, more municipalities are holding *cabildos* more frequently. Currently, women represent approximately 40% of those attending these open town meetings, a decrease over last year. This can be attributed to the increased importance men give to these meetings; for example, property tax issues were an important issue in these meetings in 1995 and property owners are predominantly male. Men also demonstrated greater interest in participation in community training activities.

Results Package 4.1: More Honest and Effective Judicial and Prosecutorial Systems

Prosecutorial Systems (Indicator 4.1.a)

The public's filing of criminal complaints with the PM (independent of the Judiciary since 1994) has reached record levels. Over 12,000 cases were prosecuted in 1995 compared to less than 1,000 in 1993 when prosecutors were subordinate to the Court. The type of cases prosecuted by the PM have a major effect on the quality of life in Honduras and the cause of justice. In 1995 the number of criminal cases prosecuted for corruption more than doubled the planned target of 35 with 73 cases being filed with local courts. The program target for environmental crime prosecutions of 20 cases was tripled with 59 environmental cases actually filed (many involving senior Honduran forestry officials and national and international companies allegedly involved in illegal timber operations). Planned targets for serious crimes against women and minorities were 80 prosecutions for the year, but PM results were five times the target (453 cases). A partial explanation for the surge of prosecutions in 1995 is that a very large backlog of cases existed and were finally prosecuted in this first full year of PM operation. As a result of reduction in some of the backlog, the original targets for 1996 and future years are being maintained instead of increased.

The Public Ministry is Contributing to the Rule of Law (ROL)

USAID is helping Honduras establish the ROL as a way of life for its people. The newly-formed Public Ministry (PM), which receives Mission institutional building and technical assistance, has vowed to be an independent entity, representing the interests of society and the rights of the people-at large, regardless of their economic and social status. The PM received from citizens 22,000 criminal complaints and is prosecuting 12,000 of them. In 1995, PM special prosecutors formally filed high profile criminal charges in 73 corruption cases, 59 environmental cases, 20 human rights cases, and 453 cases involving particularly serious crimes against women and minorities. PM prosecutors assigned to criminal and military courts around the country filed an additional 11,098 criminal cases as compared to 5000 in 1994 and only 900 in 1993.

Judicial Systems (Indicator 4.1.b)

Full adjudication of the some 12,000 cases presented by the PM to the Court's judges has proven to be much more difficult to achieve than originally anticipated. The 1995 "actual" data reflects a very low rate of adjudication of PM special prosecutor cases by judges (only

8 out of the planned 146). In 1995, the planning target for corruption cases was 12 fully adjudicated; however, none were fully adjudicated. These cases are frequently more complicated and politically sensitive and this year involved accusations against powerful political and economic interests (including both the previous and current President, Minister and Vice Minister level officials and more than 30 mayors of municipalities). Most of these accused enjoy defense teams very skilled in introducing delaying tactics, and using influence, to forestall adjudication.

A debilitating combination of the current cumbersome Criminal Procedures Code (CPC), ill-qualified Court Clerks and lack of basic logistical resources finds even the most energetic and well qualified judges unable to deal with the increasing flow of PM cases.

Dealing with Judicial Corruption (Indicators 4.1.c. and 4.1.d.)

The number of Court officials investigated by the Court almost doubled from 258 in 1994 to 401 in 1995, more than double the target of 188 investigations. The number of Court functionaries sanctioned as a result of investigations was 64, more than double the target of 25. Given this success and the planned growth of the IG of Tribunals Office, the planning targets for 1996 and 1997 have been adjusted upwards. On the other hand, the number of Court officers prosecuted by the PM in 1995 was significantly below the planned target, because of resource limitations, negotiations with the Court related to providing sufficient autonomy and authority for the IG to work with the PM, and associated delays in programming ESF-generated local currency. Nevertheless, projections for 1996 and 1997 remain as initially programmed.

The ROL results Package is working on a number of fronts worth mentioning at this time, some of which are showing promising results and others which showed a pay off in the last year.

Criminal Procedures: Two program-supported measures undertaken in 1995 seek to improve the speed and quality of criminal justice in Honduras. A new CPC was submitted by the Court to the Congress to transform the inquisitional-based CPC into an adversarial type system with public and oral trials. The current criminal procedures code is antiquated, cumbersome, quasi-secretive; and, in the practice, leads to entirely written trials which afford little protection to the accused and often violate the Constitutional principles of liberty and presumption of innocence. Under the current CPC, the judge is investigator, pre-trial and trial judge and sentencing judge all in one. Once the new CPC is approved by Congress (expected in mid 1996), the program will support its implementation through training of judges (which is actually already underway) and monitoring of compliance with new procedures. The second measure, the *Auto Acordado* of December 1995, is in essence a bridge between the current CPC and the new code. It emerged as a result of program-financed delay reduction analysis which led the Supreme Court to issue a judicial instruction (*Auto Acordado*) to accelerate the pace of criminal cases passing from the investigative (*Sumario*) phase to the trial phase (*Plenario*). The *Auto Acordado* requires a new discipline among judges to get cases out of the pre-trial investigative phase to trial within 30 days, and warns judges that compliance will be monitored and sanctions will be imposed. The *Auto Acordado* and the new CPC should significantly improve the serious congestion of cases in the Courts.

Trained Judges: In Honduras in 1988, most of the Judges were not law school graduates (Judges *Letrados*); indeed many of them were simply appointed as judges as a favor for their party loyalty. Between May 1988 and December 1991, program funds financed salaries and other support for 120 law school graduates to work as Court of first instance judges (*letrados*). Between 1992 and 1995, on average 70 judges *Letrados* a year were financed by

the program. The selection of these judges was merit-based using open competition and competitive exams. In 1995, the Judiciary fully integrated the "experimental" program into the permanent Court structure and salaries of these judges are now fully financed by the Court using national funds. The Supreme Court has committed itself to phase out all judges *iletrados* by the end of 1996.

Public Defender (PD) Program: The PD program was created in 1989 with USAID program financial support to provide Constitutionally-mandated free legal services for the poor. The program has financed a sustained increase in the number of PDs. These law school graduate professionals have been competitively selected and are highly qualified to provide professional legal services to the poor. Focused on the serious problem of "prisoners without sentences", program funds supported increasing numbers of PDs, from 31 in 1993, to 104 by the end of 1994. Beginning in 1995, the PD program became fully financed by national funds and is now considered an integral part of the regular Court organization.

In 1995, the PDs managed 4,699 criminal cases for detained defendants in a country where the prison population never exceeded 7,945. The PDs secured freedom for 1,537 prisoner, including 430 dismissals. Within the dismissals were 103 final sentences, 25 commutations of sentence, and 21 suspensions of the sentence. The other cases were, variously, prisoners who had completed or exceeded their maximum legal period of incarceration, prisoners whose files had been lost or misfiled, and other cases in which the principle of innocence until proven guilty had been violated.

Strengthening Accountability. The Mission did not achieve its desired results in its efforts to improve the GOH's audit agency. While the agency developed relatively strong technical capability, its leadership was reluctant to pursue audit findings that suggested fraud, corruption or malfeasance, especially against high placed governmental officials. As a result, the Mission terminated the project nine months before the PACD.

Results Package 4.2: More Responsive and Effective Municipal Government

The 31 municipalities participating in the MDP, which represent 50% of the Honduran population, are becoming increasingly more responsive to the most elemental needs of their communities by providing basic services such as water, sewage and garbage collection. In addition municipalities are providing more opportunities for citizens to be directly involved in the local decision making process through open town meetings. The two biggest participating municipalities, Tegucigalpa and San Pedro Sula, account for 20% of the national population; while the other 29 represent 30%.

A significantly higher percentage of municipal budgets is now being spent on capital projects, such as potable water, sewerage, roads or other infrastructure which directly responds to citizen's requests and needs. In 1995 this percentage increased from 32.4% to 43.7% falling just slightly short of the 45% goal (indicator 4.2.a). During 1995, nine more of the participating municipalities started or are about to start construction of potable water or sewage projects representing a total investment of \$4,500,000. A third of the funds are being provided by the municipalities themselves and the rest from the Honduran Social Investment Fund (FHIS) with USAID ESF local currency counterpart funds, the Central American Bank of Economic Integration (CABEI) with Housing Guarantee resources; and the Ministry of Finance. Municipalities are successfully leveraging their own local resources to attract donor support for these basic services. These municipal governments are including citizens in all aspects of these projects, including planning, implementation and operations.

As a result of such capital projects, simultaneous coverage by the three basic services (water, sewage and garbage collection) has increased significantly from the baseline rate of 17% to an average of 29.5 current coverage (indicator 4.2.b).

The MDP has three important NGO partners that have been instrumental in achieving results and contributing to project sustainability:

- AHMON (Honduran Association of Municipalities) defended local government autonomy/independence and lobbied for the government transfer of 5% of national revenues to municipalities. AHMON has negotiated with the Ministry of Finance a more direct, less politically manipulated process for the 5% transfers and expects the first full transfer in the first quarter of CY 96. AHMON is perceived by mayors as a true defender of local government interests. As a result, membership in AHMON has grown significantly and now 85% of mayors are dues paying members. AHMON is providing legal assistance services to aid Mayors that are victims of political opponents who manipulate the legal system to damage Mayor's reputations by making false accusations that have on occasion lead to temporary incarceration.

AHMON is constantly struggling to maintain the progress made to date in municipal reform. This year a new property tax was passed that lowered the tax ceiling and eroded municipalities' tax base, which will in turn reduce municipal income and investment in capital projects.

- FUNDEMUN (Municipal Development Foundation) has provided invaluable technical assistance to the municipalities in operations and administration. As a result local governments have become much more efficient in the administration of their resources. Many municipalities not participating in the project now approach FUNDEMUN for services and pay for them with their own resources. As an important part of their role in the MDP, FUNDEMUN has worked with municipalities to help them break with traditions of inefficient local government by determining the optimum level of staff and other ways to reduce operations outlays. As a result many municipalities have completely overhauled their operations, reducing staff and privatizing certain services, such as garbage collection and public markets. In many cases these services are being operated with a profit for the first time and the municipality is receiving regular income from the concessions. Two large municipalities, Puerto Cortes and San Pedro Sula, have now taken over their water systems from the national water agency SANAA. They have resolved service problems and increased coverage, something SANAA was unable to accomplish, and as a result have successfully raised tariffs with community understanding and support.

- UNITEC (Technological University of Central America), a private university, has incorporated municipal government management issues into its curriculum and provides scholarships to participating municipalities. The new course work has also attracted other outside participants. In addition UNITEC provides short term training courses to municipal officials in the management and administration of local governments. This has strengthened the University's outreach to communities considerably.

It is important to note that while progress has been made in strengthening the medium and large municipalities participating in the project, there are another approximately 260 smaller municipalities that do not participate in the project. These municipal governments are very weak and do not have basic infrastructure or the capability to respond adequately to the most elemental of community needs. The MDP works in the medium and large municipalities due to the large population concentration in these communities and the potential they have to

absorb the technical assistance provided under the project. These communities are also the fastest growing, which is why they have been targeted for assistance. While progress is being made in the medium and large municipalities, the rate of population growth in these communities may well overtake the project's accomplishments. It will be difficult for these towns to increase the percentage of basic service coverage with such rapid population growth (due to both birth rates and migration).

The Municipal law is the foundation for municipal development in Honduras. However there are groups opposed to the decentralization process and municipal autonomy that are constantly trying to erode the progress made based on this law. It will require a continuous, concerted effort to assure that the gains made in municipal development are not lost due to changes made in this legislation and a desire by some to take back authority and resources from the municipalities.

Grass-Roots Democracy Flourishes in Honduras

For most of this century, Honduran municipalities had been denied their right to self-rule. Mayors and members of the municipal corporations were elected through the single party slate.

Since 1990, USAID/Honduras has been working with local community leaders to free from the central government control of resources and the political process in the 291 Honduran municipalities.

Mission supported achievements are far reaching:

- The 1990 Honduran law giving fiscal and management authority to the local governments is the most advanced legislation in support of municipal governments in Central America.
- During the 1993 elections, Honduran citizens, for the first time, were able to cast their vote separately from party candidates for national offices. More than 12% of the voters chose candidates from separate parties for mayor and President.

As a result of these changes, mayors are no longer beholden to party bosses and local government is more responsive to the electorate.

Results Package 4.3: Greater Number of Hondurans Exposed to and Trained in Democratic Values

During 1995, 120 Honduran Peace Scholars received short-term technical training in Honduras and the U.S. under the Honduran Peace Scholarship (HOPS) Project. The five disciplines represented by these groups are: adult education and literacy; municipal development; perinatal health care; credit union management; and ecotourism. Twenty-three long-term

academic Peace Scholars (funded under HOPS and CASP) returned to Honduras in 1995 having completed 2 years of studies toward bachelors and masters degrees in different disciplines. The follow-on activities by the more than 3,000 former Peace Scholars working in Honduras have promoted positive attitudinal changes and advanced technical skills of hundreds of thousands of Hondurans living mostly in rural communities. In addition, sales of U.S. university textbooks initiated under the USAID Regional Technical Aid Center (RTAC) are now self-sustaining in the form of an "RTAC Center" which places orders, handles sales and currency conversions, and covers its administrative costs.

II. Expected Progress in FY 1997 and FY 1998

USAID expects that by FY 1997 the Congress will have approved the new CPC and the Court and PM will be operating under and refining their procedural efficiency under the new adversarial system. As a result of our efforts in 1996 to promote NGO legal reform advocacy programs and coalitions, we hope to have some organizations involved in monitoring political intervention in the Court and PM following both the 1997 national elections and the programmed 1998 replacement by the Congress of the current Attorney General and Deputy Attorney General. At present a new Supreme Court is selected following each national election. The average time for criminal cases to pass from the investigative phase (*sumario*) to trial phase (*plenario*) will be reduced by an estimated 25% in FY 1997 and 35% in FY 1998. Operation under the new CPC and increased organizational effectiveness of urban area lower Courts and prosecutors of the PM will result in the prisoners without sentence population being reduced from the current 90% in 1995, to 75% in FY 1997 and 60% in FY 1998. In specialized areas such as public corruption, crimes against women, children and ethnic minorities, and the environment, we expect PM prosecutions and convictions to increase in both FY 1997 and FY 1998. The number of Judicial corruption cases referred by the IG of Tribunals to the PM for criminal prosecution is also expected to increase in FY 1997. As the "culture of corruption and impunity" of a considerable number of public and judicial functionaries confronts the reality of their own vulnerability to criminal prosecutions on corruption charges, we expect the number of public official and judicial corruption cases to taper off beginning in FY 1998 as accountability is institutionalized in the public and especially the justice sector.

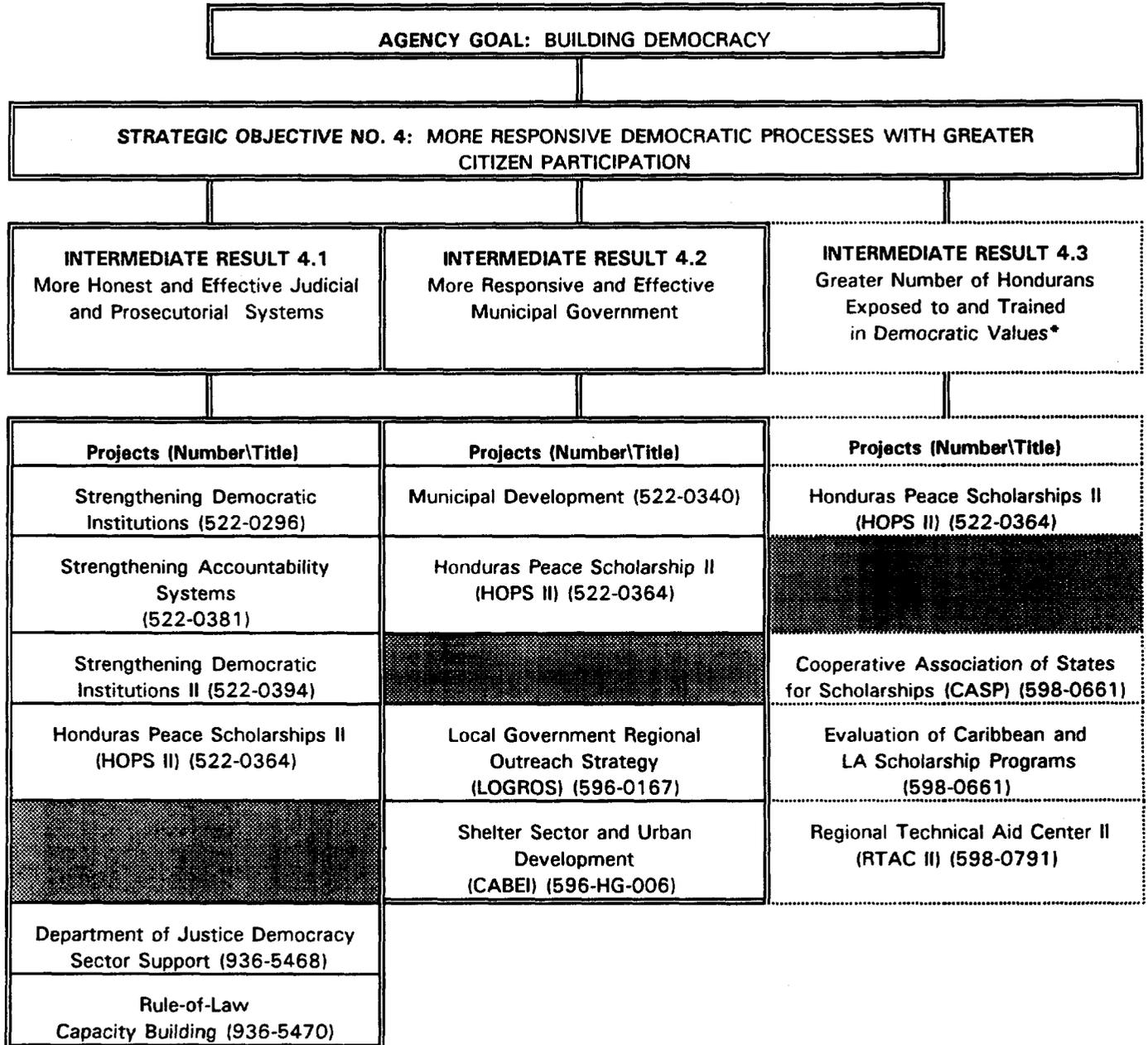
USAID expects significant progress towards achieving more responsive and effective municipal governments. Municipalities will increase participation in open town meetings, achieving average attendance of 210 persons per meeting and holding at least five such decision-making meetings in each participating municipality each year by 1998. Participating communities will continue to invest more in capital projects versus operating expenses, reaching the goal of 55% by 1998. We also expect that at least 32% of urban inhabitants in participating municipalities will benefit simultaneously from three basic services: water, sewage and refuse collection by 1998.

In FY 1996, the MDP expects to be assisting the nine smaller MDP municipalities to be more responsive to their citizens needs and more efficient in their operations. These communities will also be investing in capital projects, building new infrastructure and increasing their coverage of basic services. The project will set new indicator targets for these municipalities as they are all starting from a much lower baseline than the other 22 medium and large municipalities in the project.

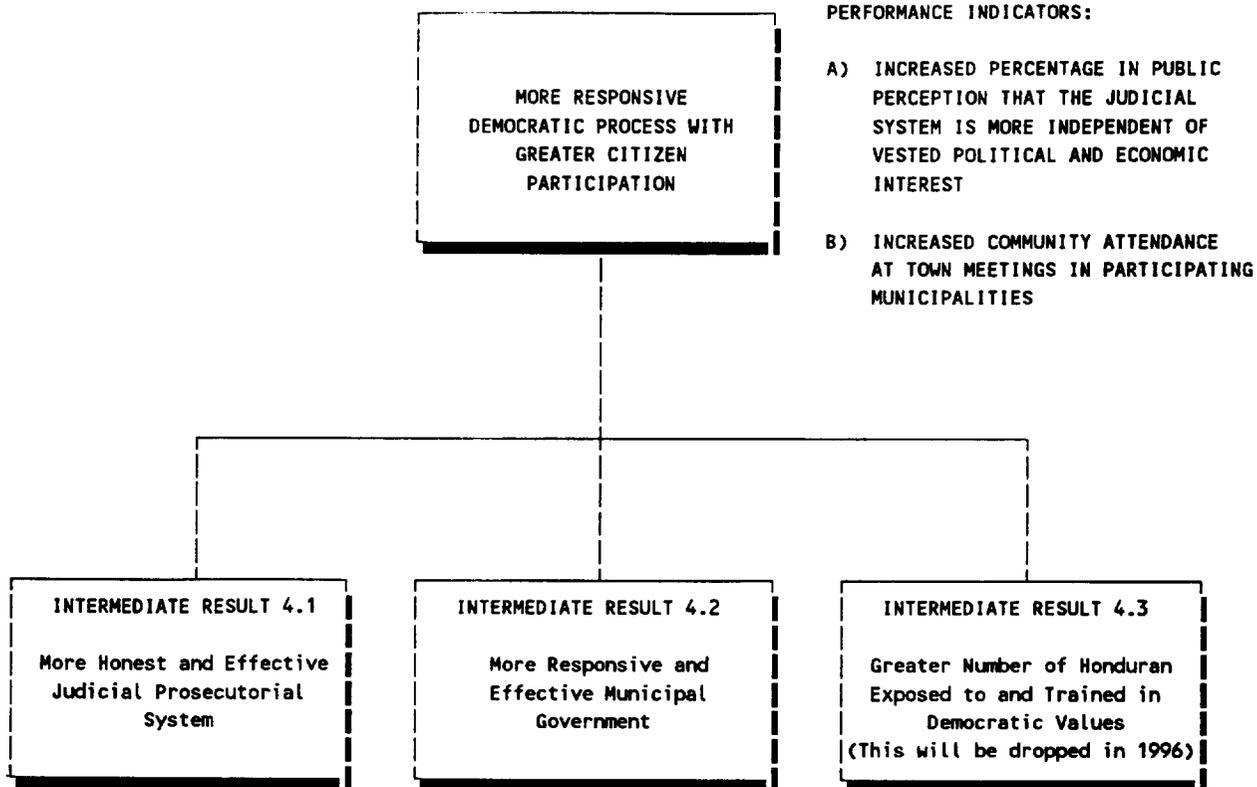
Under the 100% budget scenario MDP expects significant progress towards achieving more responsive and effective municipal governments in the communities that participate in the

project in FY 1997 and FY 1998 and expects to achieve indicator targets. At the 75% level USAID would cut UNITEC training activities which would reduce the number of persons trained in participating municipalities and thereby limit the projects ability to accomplish its planned level of results, especially in the area of accounting and administrative systems. Resources needed to support judicial reform objectives would be protected under any budget scenario as long as satisfactory progress against intermediate benchmarks and results is achieved.

TABLE 1



• NOTE: Intermediate Result 4.3 pertaining to the Mission's participant training activities has been distributed across individual SOs and RPs and this no longer will be presented separately.



PROGRAM INDICATORS

- | | | |
|---|--|---|
| <p>a) Increased Number of Cases Prosecuted by the Public Ministry on:</p> <ol style="list-style-type: none"> 1. Corruption; 2. Crimes Against Women and Ethnic Minorities; 3. Environmental Liability and 4. Others | <p>a) Increased Proportion of Municipal Budgets Going to Capital Projects</p> <p>b) Increased Coverage/Provision of Public Services (Water, Sewerage, Refuse Collection) by Municipalities</p> | <p>a) Increased Number of People Having Completed "Experience America" Program</p> <p>b) Increased Number of Textbooks Sold</p> |
| <p>b) Increased Number of the Above Mentioned Public Ministry Cases Adjudicated by the Courts</p> | | |
| <p>c) Increased Number of Court Officers Investigated by the Court's Inspector General of Tribunals' Office and Sanctioned by the Court</p> | | |
| <p>d) Increased Number of Court Officers Prosecuted by the Public Ministry</p> | | |

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Honduras				
STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes With Greater Citizen Participation				
Indicator: 4.A INCREASED PERCENTAGE IN PUBLIC PERCEPTION THAT THE JUDICIAL SYSTEM IS MORE INDEPENDENT OF VESTED POLITICAL AND ECONOMIC INTERESTS				
Unit: Percent Favorable Respondents: Total, Female, Male		Year	Planned	Actual
Source: CID/Gallup Polls	Baseline Total Female Male	1994	15	16
<p>Comments: As Honduras' general election process ended in late 1993, the Mission's "Democracy Building" strategy is now focusing on strengthening the judicial sector. Key to this process is promoting an independent Judiciary, which is dependent on the enactment of an amendment to the Honduran Constitution that will ensure the indefinite appointment of Supreme Court justices free of political and financial influences.</p> <p>The success of an independent Judiciary is largely measured by the public's perception of whether the administration of justice in the country is effective, efficient and impartial. Through 1994, baseline public opinion polls on issues relating to the Judicial System's independence of vested interests were not gender disaggregated. However, polls for 1995 through 1997 are gender disaggregated.</p> <p>In 1995 respondents were asked to rate the Judiciary as "more", "less", or equal in corruption to the Judiciary of the previous government; 26.3% responded in 1995 that this Judiciary is less corrupt, 37.2% said levels of corruption were equal (34.3% of males; 40.2% of females), 1% said there was "no corruption", and 26.3% perceived judicial corruption was worse (25.3% of males; 27.2% of females). 9.5% of the respondents said they did not know or did not respond. The RP Team is considering adopting perception of educated Hondurans as an additional indicator.</p> <p>It is noteworthy that better educated respondents believed there was less judicial corruption under this administration (43.5% Univ./34.3% High School).</p> <p>Target for 1998 is 55% (55 female and 55 male). Primary 42, Secondary 52 and Superior 56.</p>	Total Female Male	1995	25 25 25	26 21.2 31.0
	Primary 1-6 Secondary 9-12 Superior Univ.			21.7 34.3 43.5
	Total Female Male	1996	40 40 40	***
Target Total Female Male	1997	50 50 50	***	
Primary 1-6 Secondary 9-12 Superior Univ.		40 50 60		

Honduras

STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes With Greater Citizen Participation

Indicator: 4.B INCREASED COMMUNITY ATTENDANCE AT TOWN MEETINGS IN PARTICIPATING MUNICIPALITIES

Unit: Average Number of Attendants per Town Meeting in Participating Municipalities: Total, Female, Male

Source: Municipal Development Project (MDP/522-0340), Municipal Data, Official Minutes of Town Meetings

Comments: Initially, more women than men participated in town meetings, due to women's greater interest in public services which was the main subject of discussion in those early meetings. Since community training activities have increased and the perceived importance of these meetings as decision-making fora have also increased, there has been more male participation, as expected, due to cultural factors. As a result of a new property tax law, town meetings in 1995 largely focused on property taxes and thus attracted more men because property owners in Honduras are overwhelmingly male. The project has a training component for municipal authorities on gender issues which we expect will promote more widespread female participation.

* An error was made in last year's reporting- an average of 144 persons attended open town meetings, not 180 as reported. At that time, based on the error, the targets were moved upward. We have returned them to original levels.

	Year	Planned	Actual
Baseline Total Female Male	1990	---	0
Total Female Male	1991	---	20 15 5
Total Female Male	1992	50 40 10	110 75 35
Total Female Male	1993	120 75 45	116 74 42
Total Female Male	1994	140 85 55	144* 67 77
Total Female Male	1995	160 100 60	166 65 101
Total Female Male	1996	180 110 70	***
Total Female Male	1997	200 120 80	***
Target Total Female Male	1998	210 105 105	***

101

Honduras							
STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes with Greater Citizen Participation							
INTERMEDIATE RESULT 4.1: More Honest and Effective Judicial and Prosecutorial Systems							
Indicator: 4.1.a. INCREASED NUMBER OF CASES PROSECUTED BY THE PUBLIC MINISTRY ON CORRUPTION, CRIMES AGAINST WOMEN AND ETHNIC MINORITIES, ENVIRONMENTAL LIABILITY AND OTHERS							
Unit: Number of Cases Prosecuted by the Public Ministry (PM)		Year	Planned	Actual			
Source: Strengthening Democratic Institutions Project (SDI/522-0296), Strengthening Accountability Systems Project (SAS/522-0381) and Court, Comptroller General, Public Integrity and Attorney General Offices Records		Baseline	---				
		Cases On: Corrupt.	---	26			
		Women/Min.	---	23			
		Environ.	---	19			
		Others		207			
<p>Legend: Types of cases nationally:</p> <p>Corrupt. = Corruption</p> <p>Women/Min. = Crimes against women and ethnic minorities</p> <p>Environ. = Environmental liability</p> <p>Other SP = All other types of cases, handled by special prosecutors (SP), including constitutional rights and guarantees, protection of children and the handicapped, human rights, consumers and historical/archaeological sites</p> <p>Other Prosec. = All other criminal cases managed by prosecutors assigned to Court's of first and second instance (i.e. non-SP cases) *</p> <p>Comments: Beginning in 1995, cases included as egregious crimes against women and minorities, unlike the other special prosecutor categories, include certain cases managed with SP guidance by some of the over 150 local/regional court prosecutors. This accounts for the major 1995 increase in these cases.</p> <p>* The category of "Other Prosec." was created in 1995 to reflect the number of non-SP cases managed by the 150 PM prosecutors throughout the country who are assigned permanently to local, lower-level, courts of first instance (<i>juzgados</i>) and Appeals Courts. The public has far greater access to these 150 prosecutors than the 40 SPs in PM. Prosecutors assigned to lower Courts deal with a high volume of common criminal cases, whereas SPs are involved in high visibility cases of national importance, cases confronting powerful special interests who have benefit of particularly adept, well financed, defense teams.</p> <p>Targets for 1998 are: 60 cases "Corrupt."; 400 cases "Women/Min."; 50 cases "Environ."; 550 cases "Other SP"; and, 20,000 cases "Other Prosec".</p>		Cases on: Corrupt.	1995	35	73		
		Women/Min.		80	453		
		Environ.		20	59		
		Other SP.		300	317		
		Other Prosec.		---	11,098		
				Cases on: Corrupt.	1996	40	
				Women/Min.		160	***
				Environ.		30	
				Other SP.		400	
				Other Prosec.		15,000	
		Cases on: Corrupt.	1997	50			
		Women/Min.		240	***		
		Environ.		40			
		Other SP.		500			
		Other Prosec.		18,000			

Honduras					
STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes with Greater Citizen Participation					
INTERMEDIATE RESULT 4.1: More Honest and Effective Judicial and Prosecutorial Systems					
Indicator: 4.1.b. INCREASED NUMBER OF PUBLIC MINISTRY CASES AS DESCRIBED IN 4.1.a. ABOVE ADJUDICATED BY THE COURT					
Unit: Increased Number of Cases Successfully Adjudicated		Year	Planned	Actual	
Source: Strengthening Democratic Institutions Project (SDI/522-0296), Public Ministry (PM) and Court Records	Baseline	Cases on:	1995		
		Corrupt.		12	
		Women/Min.		25	
		Environ.		8	
	Other SP.		101	4	
	Other prosec.		---	250	
<p>Legend: See previous indicator (4.1.a)</p> <p>Comments: This indicator was initially established to assess the Court's effectiveness in handling the Public Ministry's prosecution of those cases being managed by special prosecutors. Until our partners developed statistics related to this indicator, there was not a full understanding of what the Honduran Attorney General has characterized in 1996 as the utter collapse of the current Criminal Procedures System. The 1995 data reflects the very low rate of adjudication by the Courts of Public Ministry special prosecutor cases, which frequently involve accusations against powerful political and economic interests who are very skilled in forestalling adjudication. Our planned target projections are complicated by the contravening factors of 1) our new understanding of the obstacles to timely adjudication (the collapse of the current criminal procedures system) and 2) our belief and hope that new guidance from the Supreme Court for judges on criminal case handling, and the eventual approval by the Congress of the new Criminal Procedures Code which we expect to be in operation by mid-1997, will both act as favorable measures to significantly raise the levels of adjudications. Conscious that our planning targets are speculative based on our partner's inability to fully measure the impact of interim measures to repair the paralysis of the criminal system, we have reduced planning targets for 1996 and beyond in accordance with our best estimates; except we now show the planned number of adjudications in the "other prosecutors" category to measure the Court's efforts to address the massive influx of new cases presented by the Public Ministry's lower-Court/Appeals Court prosecutors.</p>		Cases on:	1996		
		Corrupt.		24	***
		Women/Min.		50	
		Environ.		8	
		Other SP.		101	
		Other prosec.		300	
		Cases on:	1997		
		Corrupt.		36	***
		Women/Min.		100	
		Environ.		10	
		Other SP.		120	
		Other prosec.		500	
	Target	Cases on:	1998		
		Corrupt.		48	
		Women/Min.		150	
		Environ.		20	
		Other SP.		150	
		Other prosec.		1,000	

Honduras

STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes with Greater Citizen Participation

INTERMEDIATE RESULT 4.1: More Honest and Effective Judicial and Prosecutorial Systems

Indicator: 4.1.c INCREASED NUMBER OF COURT OFFICERS INVESTIGATED BY THE COURT'S INSPECTOR GENERAL OF TRIBUNAL'S OFFICE AND SANCTIONED BY THE COURT

Unit: Number of Court Officers Investigated and Sanctioned		Year	Planned	Actual
Source: Strengthening Democratic Institutions Project (SDI/522-0296) and Court Records	Baseline	1994		
	Complaints		200	319
	Comp. Inv. Comp. Sanct.		150 12	258 46
<p>Legend: Complaints = Official corruption complaints received by the Court Comp. Inv. = Complaints investigated by the Court Inspector General Comp. Sanct. = Complaints sanctioned</p> <p>Comments: Responding positively to new authority and independence granted by the Supreme Court of Justice in 1995 to the IG offices (a central feature of USAID negotiations and condition for further support); in 1995 the IG of Tribunal inspectors have made an extraordinary effort to respond to the increasing inflow of public complaints against judicial functionaries and employees. Accordingly, the planning targets for 1996 and 1997 have been adjusted upwards, except for sanctions imposed, based on the new empowering regulations approved by the Court for the IG inspectors, as well as to reflect planned growth in the IG of Tribunal Offices in 1996 from 3 to at least 5 offices and an increase in the number of inspectors from 7 in 1995 to approximately 15 by the end of 1996. We expect the IG to continue strengthening its capabilities through new authority and increased budget levels granted by the Supreme Court for 1996, as well as inspection/investigation and organizational effectiveness training and technical assistance planned for 1996.</p>	Complaints	1995	250	469
	Comp. Inv.		188	401
	Comp. Sanct.		25	64
	Complaints	1996	550	***
	Comp. Inv.		450	
	Comp. Sanct.		32	
	Complaints	1997	600	***
	Comp. Inv.		500	
	Comp. Sanct.		45	
	Target	1998	650	***
	Complaints		550	
	Comp. Inv. Comp. Sanct		50	

Honduras

STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes with Greater Citizen Participation

INTERMEDIATE RESULT 4.1: More Honest and Effective Judicial and Prosecutorial Systems

Indicator: 4.1.d INCREASED NUMBER OF COURT OFFICERS PROSECUTED BY THE PUBLIC MINISTRY

Unit: Increased Number of Cases Prosecuted

Source: Strengthening Democratic Institutions Project (SDI/522-0296) and Public Ministry and Court Records

Comments: This indicator assesses the effectiveness of the cooperation between the Court IG and the Public Ministry in investigating, referring and prosecuting judicial corruption cases in the Courts. Projections were based on actual data for 1994.

The 21 cases of alleged Judicial misconduct referred to the Public Ministry for criminal prosecution in 1995 represent a sustained effort of the Court IG and the public to attack judicial corruption. While achievements were 60% of the planned level, a number of factors probably contributed to the 40% shortfall:
 1) By the accounts of some lawyers and practitioners, Judges are being more careful and correct as they impart justice, therefore there is a perceived decline in court corruption (this is of course good news, if true, as it is a desired result),
 2) Court IG cooperation with the special prosecutors investigating judicial corruption was uneven as the Court delayed and then accepted important operating principles, a) granting sufficient authority and operational independence to IG inspectors and (b) acceptance of principles for a direct bi-lateral relationship with the Public Ministry (without need to consult with other Court authorities). The Public Ministry Special Prosecutor Against Public Corruption is being encouraged to establish a dedicated judicial corruption section. Projections for 1996 and 1997 remain as initially programmed based on likelihood of a formal bi-lateral agreement between the IG and the Public Ministry being signed in early 1996 and additional program resources being consigned to combat judicial corruption.

	Year	Planned	Actual
Baseline Total Referred by IG Referred by others	1994	10 10 0	37 31 6
Total Referred by IG Referred by others	1995	35 35 0	21 11 10
Total Referred by IG Referred by others	1996	60 40 20	***
Total Referred by IG Referred by others	1997	65 40 25	***
Target Total Referred by IG Referred by others	1998	70 40 30	***

25

Honduras				
STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes With Greater Citizen Participation				
INTERMEDIATE RESULT 4.2: More Responsive and Effective Municipal Government				
Indicator: 4.2.a INCREASED PROPORTION OF MUNICIPAL BUDGETS GOING TO CAPITAL PROJECTS				
Unit: Average Percent of Municipal Budget for Capital Projects in Participating Municipalities		Year	Planned	Actual
Source: Municipal Development Project (MDP/522-0340), Municipal Records	Baseline	1991	---	14.5
<p>Comments: In 1991 and 1992 technical assistance efforts were concentrated on organizing the planning and investment process in the participating municipalities*. As a result, these municipalities substantially increased investment in municipal services in 1993, 1994 and 1995.</p> <p>To achieve progress in this indicator has required municipalities to undertake a complete overhaul of their operations, breaking with traditions of inefficient local government. Municipalities participating in the Municipal Development Project have drastically cut their operations outlays by reducing staff, privatizing commercial enterprises (markets, bus terminals) and relying increasingly on the private sector for the maintenance of vehicles, parks, cemeteries, etc. It will continue to be a challenge for municipal corporations to implement these changes that break with local tradition and culture.</p> <p>Although there was significant progress from 1994 to 1995, progress in the achievement of this indicator has been slightly lower than originally anticipated due to three factors: 1. Legislation was passed that lowered the threshold for property tax collection and this reduced local government revenue collection. 2. Other donor sources for project financing have been very limited. 3. A 1995 amendment to the Honduran labor law required that employers now pay 14 months of salaries (two additional months to be paid each year) and this eroded funds that could have been used for capital projects in 1995.</p> <p>It is expected that any increases in this indicator will be very modest over the next period and it may be difficult to reach the final target (55% in 1998). Therefore last year's target for 1997 has been adjusted accordingly. We have also extended planned targets up to 1998.</p> <p>* Participating municipalities: 31 medium and large municipalities with large population concentration (50% of total population) and with the potential to absorb the technical assistance provided under the project.</p>		1992	16.0	13.7
		1993	30.0	31.3
		1994	40.0	32.4
		1995	45.0	43.7
		1996	50.0	***
		1997	52.0	***
	Target	1998	55.0	***

Indicator: 4.2.b INCREASED COVERAGE/PROVISION OF PUBLIC SERVICES (WATER, SEWERAGE, REFUSE COLLECTION) BY MUNICIPALITIES										
Unit: Percent Increase in Urban Inhabitants Receiving all Three Services in Participating Municipalities		Year	Planned	Actual						
Source: Municipal Development Project (MDP/522-0340), Municipal Data	Baseline	1991	---	17.0						
<p>Comments: In 1991 and 1992 the organization and planning process led to a lower percentage increase in investments. The results of these actions were clearly presented in 1993, when coverage was substantially higher than expected.</p> <p>To achieve progress in this indicator requires a substantial capital investment by local governments and international donors. It is estimated that each 1% increase in coverage (all three basic services) requires an investment of \$10 million. If local and donor resources (World Bank, IDB and/or other through FHIS*) decline, it will become increasingly difficult to provide additional coverage of basic services. Refuse collection and sewerage services are lagging behind water services (as water services are considered by communities to be a higher priority than sanitation) and this is keeping indicator progress low. MDP is making a concerted effort with participating municipalities to increase refuse collection, and sewerage services and expects coverage to rise slightly by 1998. Population growth in these communities is high and this combined with migration into these same communities will make it difficult to keep total service coverage growing faster than the population.</p> <p style="text-align: center;"><u>Coverage by Service (1995)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Water</td> <td style="width: 33%;">Sewerage</td> <td style="width: 33%;">Refuse Collection</td> </tr> <tr> <td>75.0</td> <td>29.5</td> <td>46.0</td> </tr> </table> <p>* FHIS: Honduran Social Investment Fund</p>	Water	Sewerage	Refuse Collection	75.0	29.5	46.0		1992	20.0	18.5
	Water	Sewerage	Refuse Collection							
	75.0	29.5	46.0							
			1993	22.0	26.7					
			1994	24.0	28.8					
			1995	29.0	29.0					
			1996	29.5	***					
			1997	30.0	***					
	Target	1998	32.0	***						

Honduras

STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes With Greater Citizen Participation

INTERMEDIATE RESULT 4.3: Greater Number of Honduran Exposed to and Trained in Democratic Values

Indicator: 4.3a INCREASED NUMBER OF PEOPLE HAVING COMPLETED "EXPERIENCE AMERICA" PROGRAM

Unit: Cumulative Number	Year	Planned	Actual	
Source: Honduras Peace Scholarships I and II/CLASP Information System and the Participant Training Management System (PTMS)	1986	263	234	
<p>Comments: A total of 72 Hondurans were projected for training in "Experience America" Programs in 1995. The actual number of persons trained was 120 (59 women and 61 men). The reason the actual number was substantially above the planned number was that a strategy was established wherein technical offices in the Mission jointly funded training programs in collaboration with the Honduras Peace Scholarships (HOPS) Project. With additional funding available and with the need to invest pre-FY 1993 funds, more training programs were implemented than anticipated. Targets for 1996 and 1997 have been adjusted accordingly. We have also included projections for 1998.</p> <p>Female participation was 49% for 1995, which helped raise the cumulative from 38% in 1993 to over 40% in 1995. Higher percentages of female participation is associated with increasingly aggressive promotion and selection strategies during the recruitment process. In addition, former Peace Scholars are assuming more responsibilities in the selection of new trainees, and they appreciate the importance of including more women in the training program and in development efforts in general.</p> <p>In 1995, training was offered in: adult education and literacy; municipal development; prenatal health care; ecotourism, and credit union management. As a result of the strong promotion actions mentioned above, nine women's participated in the nontraditional areas of ecotourism as compared to 13 men.</p> <p>The areas projected for 1996 include: primary and adult education; AIDS prevention and counseling; potable water systems and basic health education, and improved judicial systems. Again, we are planning that at least 40% of the participants in the judicial systems be women.</p> <p>This indicator will be dropped from the R4 next year as participant scholarship activities will be incorporated into each SO.</p> <p>* These figures have been adjusted to be arithmetically correct, eg., last year we had the following: 1,055 plus 1,535 equals 2,625, which is incorrect.</p>	1992	1,850	1,883	
		Female	740	708
		Male	1,110	1,175
		Total	2,150	2,174
		Female	860	836
		Male	1,290	1,338
		Total	2,300	2,553*
		Female	920	1,025
		Male	1,380	1,528
		Total	2,625*	2,712
	Female	1,055	1,113	
	Male	1,570	1,599	
	Total	2,995		
	Female	1,211		
	Male	1,784		
	Total	3,145		
	Female	1,286		
	Male	1,859		
	Total	3,295		
	Female	1,361		
	Male	1,934		
	Total			
Baseline	Total	263	234	
	Female	105	79	
	Male	158	155	
Target	Total			
	Female			
	Male			

Honduras				
STRATEGIC OBJECTIVE NO. 4 More Responsive Democratic Processes With Greater Citizen Participation				
INTERMEDIATE RESULT 4.3: Greater Number of Hondurans Exposed to and Trained in Democratic Values				
Indicator: 4.3.b INCREASED NUMBER OF TEXTBOOKS SOLD				
Unit: Cumulative Number of Textbooks Sold to Participating Bookstores (Thousands)		Year	Planned	Actual
Source: Regional Technical Aid Center (RTAC/522-0384)	Baseline	1986	0	0
<p>Comments: With the increase in the number of RTAC II distributors from 4 to 12 distributors during 1994 the number of U.S. university textbooks sold in Honduras increased by a 30% over the planned quantities of textbooks sold during previous years. Projections for 1995-96, consequently, were revised upwards last year.</p> <p>This indicator will be dropped next year, since the PACD for the RTAC project is September 30, 1996.</p>		1991	314.0	314.4
		1992	345.0	345.0
		1993	366.0	366.2
		1994	390.0	398.4
		1995	405.0	405.0
		Target	1996	420.0

SECTION III. STATUS OF MANAGEMENT CONTRACT

A. STRATEGIC OBJECTIVE CHANGES AND REFINEMENTS

There have been several changes to indicators during the past year and several more changes are expected as the Mission refines its Strategic Objectives and results Packages. These changes are summarized below.

SO 1: Enhanced Economic Participation and Increased Incomes of the Poor

Accurate data on indicator 1.1.c, Incremental Employment Attributable to USAID Projects, are increasing difficult to obtain. The small farm data are increasingly suspect and are reported by an organization that decreasingly works with small farmers. The small business data are derived from surveys which, if reliable, are very expensive to conduct. This indicator will not be reported after this year.

SO 2: Effective Stewardship of Key Natural Resources for Sustainable Economic Growth:

The SO2 Team decided to use one key indicator to track SO results (indicator 2A. increased area of Honduras under sustainable resource management practices (measured in hectares). This indicator is the sum of three RP level indicators which measure area of forestry, hillside farming, and PAs under effective management (indicators 2.1, 2.2.a, and 2.3.a). While all of the SO2 indicators from last year's Action Plan are updated for this R4, in the future, only new indicators 2A; 2.1; 2.2.a, b, & c; and 2.3.a and b will be presented in tabular form in the R4. However, indicators that will be discontinued (2.1, 2.2.b, 2.2.c and 2.3.b) will all be tracked by the RP teams and will be discussed in the narrative section of future R4s on an as needed basis.

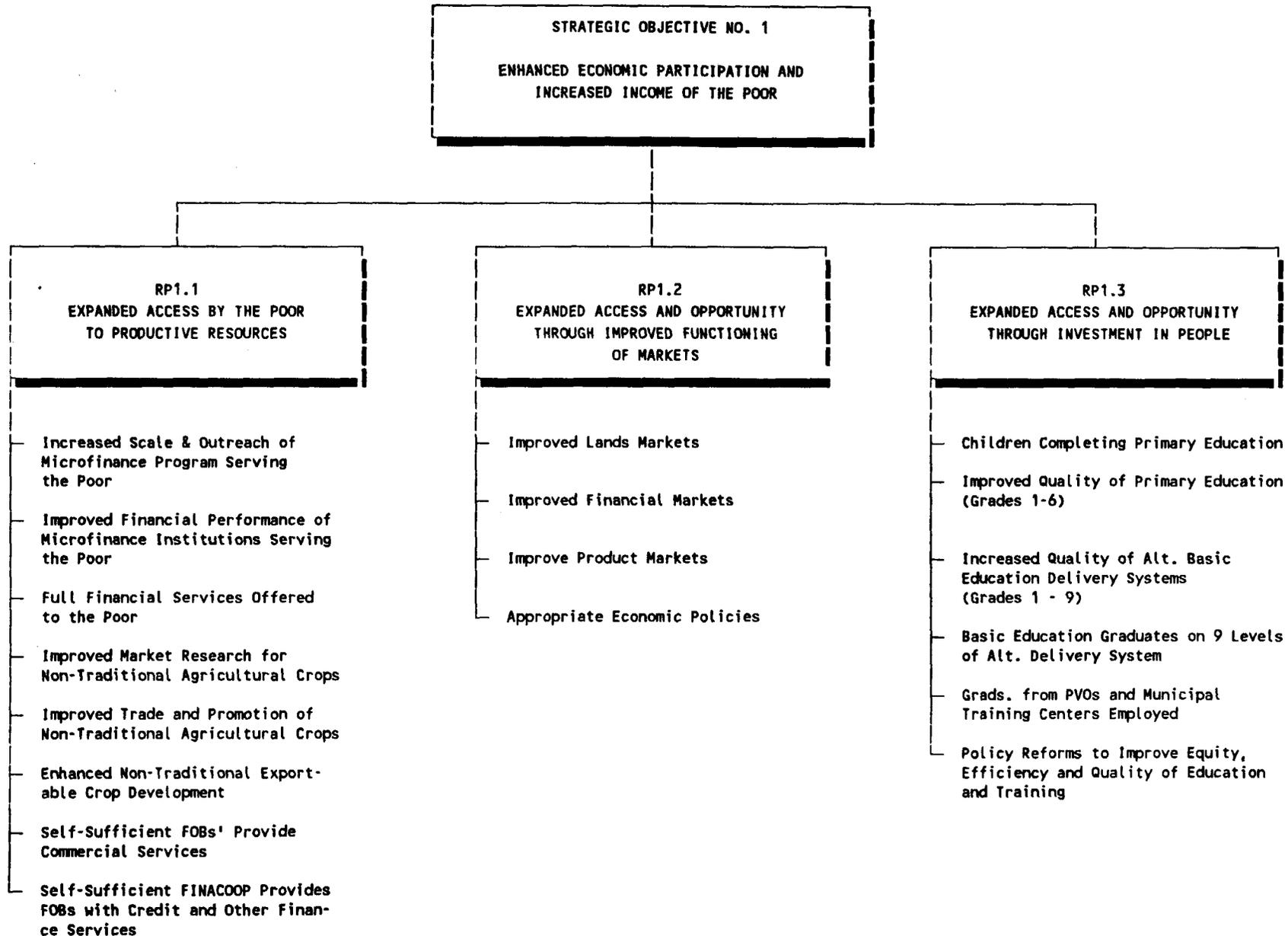
SO3: Improved Family Health

The most significant change to SO 3 is the addition of a fourth results package, Food Security. This addition is explained in detail in the Results Frameworks section below.

SO 4: More Responsive Democratic Processes with More Citizen Participation

Some changes were made to refine RP 4.1. While the indicators at the first intermediary results level are the same as in 1995, the wording of the result has been amended to read "More Honest and Effective Judicial and Prosecutorial Systems". The lower level results in the package are described in the following section on Results Frameworks.

RESULTS FRAMEWORK: STRATEGIC OBJECTIVE NO. 1



B. DEVELOPMENT HYPOTHESES AND RESULTS FRAMEWORKS

SO 1: Enhanced Economic Participation and Increased Incomes of the Poor

Development Hypothesis

Honduras is the fourth poorest country in the Americas. By every measure, that poverty is rooted in rural areas and the desperate urban slums to which rural residents flee. In the hinterland, agriculture is the only widely practiced productive activity; yet historically market-distorting macroeconomic and agricultural sector policies have forced an industry with clear domestic, regional and international comparative advantages into virtual bankruptcy and underinvestment.

Rural residents lack access to basic public services, secure land tenure, financial services, appropriate research and technology, and sustainable local institutions. Denied opportunities to farm, the rural poor increasingly migrate to urban areas where some obtain salaried employment and many undertake microenterprise activities in the informal sector. Rural or urban - farmer or small entrepreneur - they are poor and educationally underserved.

The logic of this SO is summarized by paraphrasing an old proverb: "Lord, grant me access to productive resources, an opportunity to sell my products, and the wisdom to do both well." Activities undertaken to "enhance economic participation and increase incomes of the poor" are targeted on institutionalized constraints that block upward economic mobility by the poor. Access, opportunity and education are the ultimate products of this SO. These efforts depend upon USAID's primary partners in development: other donors (especially the World Bank and IDB), GOH institutions, local and international NGO's, and indigenous organizations of the poor themselves.

The Results Framework diagram that precedes this page illustrates the logic of how USAID and its partners seek to achieve desired results. The SO is obtained through interactions between the three RPs, each providing at least one of the SO's essential ingredients, and each supported by its own set of lower level intermediate results.

RP 1.1, expanded access by the poor to productive resources, works largely through institutions in which the poor share ownership, and which empower the poor to obtain the productive resources they need to increase their participation in the economy. First, the RP seeks to promote access to financial services including credit and mobilization of credit. Under this RP a new breed of financial institutions, using new methods such as village banks and solidarity lending, provides sustainable access to financial services to significant numbers of Honduran poor.

Second, to enhance participation by the poor in the world market economy, the fruits of agricultural research and technical assistance must be appropriate and available to them. These must be within their economic reach, consistent with their resource endowments, build upon their knowledge, and promise income security as well as opportunity. Accordingly, this RP provides access to non-traditional crops appropriate for production and marketing by small farmers. It marries researchers with traditional grassroots organizations that have access to the poor and their trust.

Finally, to empower the poor and provide them access to the economy, it is essential to provide the basis for building successful enterprises owned and operated by the poor. Within this RP, USAID finances organizations and partners that serve the poor including agricultural cooperatives, microfinance entities, domestic and international NGO's, and host government

institutions. These organizations, which are often owned by the poor, provide the poor with financial services, technology transfer, input supplies, as well as market access and information.

RP 1.2, expanded access and opportunity through improved functioning of markets, recognizes that to participate in almost any economy, one must enter the market. For the poor, this is particularly problematic. Activities within this RP seek to level (and maintain level) the playing field in markets relevant to the Honduran poor. The operation of markets is a direct function of the national and sector policies that guide (or misguide) them.

Macroeconomic policies have considerable impact on the welfare of most rural residents, rich or poor. They affect the availability of land and other inputs, the cost of credit, and the conditions under which products are bought and sold. The World Bank has estimated that in underdeveloped countries such as Honduras, poor sectoral (direct) policies reduce agricultural incomes by 8%, but poor macroeconomic (indirect) policies reduce them by 23%. In other words, without policy induced market distortions, farmers would receive 31% higher incomes. One major source of distortion antithetical to interests of the poor is public provision of services more efficiently provided by the private sector. This RP seeks to return to the private sector formerly "public" services such as credit, grain storage, and technology transfer. It also supports the dissemination to the poor of market information.

Policy reforms are necessary if the poor are to have access to markets. USAID supports policy reform by financing UDAPE, the unit responsible for agricultural and natural resources policy (UPSA), and the national land reform institute (INA). The GOH's ability to maintain the policy momentum achieved since 1990 will be put to a critical test during the upcoming presidential elections and ensuing transition to a new government.

RP 1.3, expanded access and opportunity through investment in people, views education as the catalyst for achieving SO1. It allows customers to wisely select and assemble the productive inputs they acquire from RP 1.1 and to take advantage of improved access to land and market opportunities provided by RP 1.2.

The effectiveness of other expenditures by USAID, other donors, the GOH, and our ultimate customers - the poor of Honduras - depend on the RP 1.3 educational policy reforms to improve equity, efficiency, and quality of education and training. Where educational opportunities do not meet these standards, only the wealthy have access to quality education and thus to existing economic opportunities.

USAID activities are well coordinated with our major development partners, the IBRD, IDB, European Union, and the Ministry of Education. While the other donors concentrate on formal primary and secondary public education, USAID focuses on non-formal vocational training and innovative alternative basic education delivery systems through municipalities and NGO's. This focus increases emphasis on our customers, the poor, and on those who are isolated from traditional basic education delivery systems or vocational instruction.

Taken together, the three RPs provide access to productive resources, a market-based policy environment conducive to entry and participation by the poor, and the education and training to operate effectively. Thus they contribute to a set of results which, when combined, make a significant impact on the SO.

Responsibility for Critical Intermediate Results

Within SO1 there are 22 separate but supporting intermediate results, which were developed collaboratively by USAID and its partners, in consultation with USAID's customers. Certain critical results bear special attention and are described below.

To achieve RP 1.2 policy reforms, USAID and its GOH partners, UDAPE and UPSA, monitor day-to-day results through their work with the Economic Cabinet and the Ministry of Natural Resources. However, USAID is particularly dependent on the IMF, World Bank and IDB conditionality to implement certain policy reforms. In turn, the IBRD and IDB depend on USAID to inform them of the status of their conditionality and to help the GOH comply with it.

Achievement of 1.3 depends on World Bank, IDB, and German support to formal public primary and secondary education, while USAID, the Ministry of Education, and the private sector are responsible for achieving the results in non-formal vocational training and alternative basic education. USAID also supports overall sector policy analysis and dialogue which facilitates the coordination efforts of all donors.

Critical Assumptions

The primary critical assumption underlying SO1 is that the GOH will maintain a consistent, coherent policy framework that includes macroeconomic and sectoral reforms. The current government has maintained for almost two years a reform agenda that is politically difficult. The country is beginning to show the fruits of this courageous stand, but fatigue is setting in. As elections near, the political costs of an economic reform program may become more obvious and expensive.

Tools and Tactics

In RP 1.1 a new model of solidarity lending, proven in Bolivia, is being implemented through microenterprise lending NGOs. The solidarity program simultaneously increases the number of loans and promotes self-sufficiency among the lending NGOs. The opportunities for self-sufficiency have grown to the point where USAID and its partners will create Central America's first full-service bank and two companies dedicated exclusively to small and micro business financial services. USAID assistance to the financial sector builds on previous successes such as the Honduran credit union federation, FACACH, which is discussed in Section II of this report.

The USAID-assisted Honduran Agricultural Research Foundation (FHIA) seeks to help small farmers increase their production and marketing of non-traditional agricultural exports. In order to reach these clients, FHIA is signing joint cooperation agreements with farmer owned cooperatives, indigenous development NGO's, other donors, GOH line ministries, and even other USAID projects.

RP 1.2 public policy reforms are promoted through a group of "influential" project collaborators who bring together all factions of the agricultural sector. Campesinos, large farmers, ranchers, input suppliers, cooperatives, agrarian reform beneficiaries, agroindustrialists, and exporters are members of this group which identifies constraints in the sectors, guides technical assistance agendas, and attempts to influence government decision

makers. The RP Team identified this group when it produced a "Policy Map" based on visits to all parts of the country and discussions with all types of agriculturalists. USAID also provides technical assistance and training to the Policy Analysis and Implementation Unit which serves as the secretariat to the Economic Cabinet, thus influencing macro, sectoral and trade policy of the GOH.

RP 1.3 utilizes an interinstitutional committee that includes the private sector, other donors, and USAID to influence GOH educational policies. To bring non-traditional education opportunities to Honduras' poorest and most isolated communities, the Mission utilizes local collaborators and educational radio programs with accompanying texts. An expanded network of collaborating NGO and municipal vocational education centers under the guidance and direction of an umbrella NGO closely tied to the Honduran private sector achieves USAID vocational training results.

Virtual teams, an important tool for achieving SO1, participate through electronic mail and correspondence, largely related to the Global and regional activities that contribute to SO1 and thus receive financial and technical support from the Mission. Our virtual team members include representatives from partner organizations, especially other donors, as well as our USAID regional and Washington colleagues.

Customer feedback is incorporated into the activities of SO 1 through several mechanisms. In RP 1.1 the research agenda is developed through a process that includes researchers, end-users (farmers), processors, exporters, financial specialists, international experts and consumers. A survey of microenterprises is underway to determine their characteristics and constraints. Advisory boards made up of citizens from all walks of life and social strata direct the efforts of implementing PVOs. Cooperatives are owned by their members who subsequently direct their activities through USAID's partner, FINACCOOP. In RP 1.2, an innovative and participatory agricultural advisory body provides a systematic means of collecting information and receiving direction from the poorest agriculturalists, our most isolated customers who are usually widely scattered geographically and often illiterate. RP 1.3 enjoys close working relationships with public and private entities that implement educational activities. Through these entities, as well as through testing and evaluation, the needs and successes of our clients - the children and adults seeking education in Honduras - are known and translated into appropriate educational programs.

Life Of Strategic Objective Costs by Result Package

When the Mission begins to implement its new strategy in 1998, SO1, in its present form, will end. Total funding of about \$25 million is required for FY 1996 - FY 1998 to accomplish SO1.

(\$000 US)

Year	1996	1997	1998	Total
RP 1.1	1,723	2,498	756	4,977
RP.1.2	2,773	1,985	7,172**	11,930
RP 1.3	2,396	4,521	1,883	8,800
Total	6,692	9,004	9,811	24,907

** Assumes \$7,172 of the Mission's planned new policy project allocated to this RP 1.2.

SO 2: Effective Stewardship of Key Natural Resources for Sustainable Economic Growth

Development Hypothesis

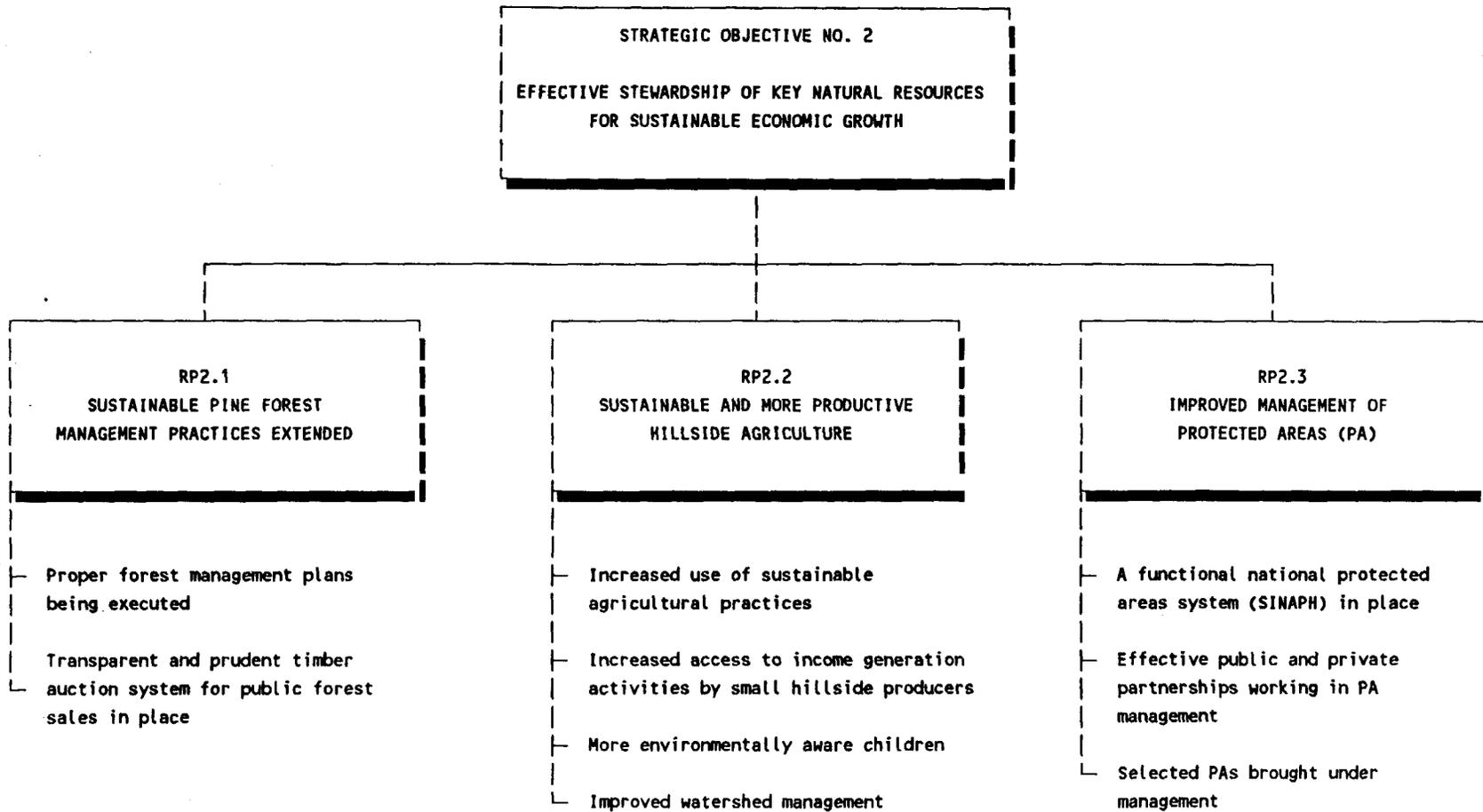
The root causes of resource deterioration in Honduras include economic and social stimuli which have combined for generations to bode ill for wise resource use. These are the ingrained conditions that efforts under SO2 seek to overcome.

- (a) The lack of education and/or technical training manifests itself across a broad spectrum of natural resource areas, such as:
 - *** a general lack of awareness of, and interest in, environmental and natural resource concerns;
 - *** widespread ignorance among traditional small farmers, especially on hillsides, of the appropriate methodologies for soil and water conservation and enhanced productivity;
 - *** a shortage of trained agricultural extensionists, practical foresters, and environmental scientists; and
 - *** a limited supply of environmentally active individuals and leaders with good management and administrative skills.
- (b) Honduras has traditionally "given away" its natural resource patrimony. This has been especially true in the forest sector, which has long been characterized by gross inefficiencies, skewed resource allocation, failure to exact the real price for timber resources, a confusing hierarchy of law and regulation, and ample opportunities for collusion and corruption (especially regarding the harvest of public forest resources) without regard for the future of the resource.
- (c) As a developing nation with multiple priorities for resource allocation, Honduras has been unable to dedicate adequate public or private investment to natural resources and environmental necessities.
- (d) Although numerous sites and significant areas have been loosely identified as "protected areas," resource constraints have limited public and private efforts to manage such areas of biological diversity, and sources of water.

Traditionally, the Honduran environment has been treated with disdain. For many generations the relatively low population density and continuous availability of land disguised the toll which resource deterioration was taking on the natural endowment. Only recently have the negative effects of poor resource management begun to register on the collective conscience.

- ** In the mid-1980's an international team warned that the commercial pine industry would run out of harvestable timber around the year 2000, unless the country made immediate forest policy changes, followed by years of improved management practices.
- ** Topsoil losses by thousands of hillside farm families practicing traditional shifting agriculture are changing dramatically the face of much of rural Honduras and negatively affecting downstream water quality and availability.

RESULTS FRAMEWORK: STRATEGIC OBJECTIVE NO. 2



- ** Encroachment into important local watersheds, PAs, and buffer zones for agricultural production, lumbering, or grazing threatens (1) the viability of numerous water supply sources and (2) the continued existence of important "pockets" of bio-diversity.
- ** In spite of growing interest in meeting the new environmental challenges, local groups and concerned individuals are often poorly prepared or powerless to act effectively to achieve changes in resource management.

Strategy: Overcoming these challenges is critical to both conservation of Honduras' biodiversity and its future economic viability. Unless Honduras begins to manage its natural resource patrimony on a sustainable basis, there can be no sustainable economic growth. Without equitable growth, poverty will persist in perpetuity. Thus, USAID seeks to help Honduras learn to practice "Effective Stewardship of Key Natural Resources".

This is a broad concept that leaves much room within which to select target resources. Constrained by limited funding, and cognizant of the initiatives of other donors and other "players", USAID has already worked with its partners to narrow the possibilities. Existing efforts focus on pine forests, soil conservation (particularly small-farm hillside and local watershed applications), and management of PAs (including bio-diversity, policy, and ecotourism aspects). Hence under SO2, key desired results over the coming years are grouped around three major areas: pine forest management, sustainable agriculture (including watershed management), and management of PAs. We therefore hypothesize that if we and our partners work together effectively to achieve the planned intermediate and final results identified in this Results Framework, then major, meaningful progress will be made with respect to (1) impacting root causes of resource deterioration, (2) the concomitant fulfillment of SO2 as currently defined, and (3) setting the basis for sustainable economic growth. Our plan for generating positive and lasting impacts on the cause and effect hierarchy of natural resource and environmental management in Honduras was discussed in a preceding section. However it is useful now to consider a more detailed presentation which articulates intermediate results at the RP level. The accompanying figure presents such an overview.

Results Framework: Tools, Tactics, and Assumptions

Results Package (RP) 2.1, Sustainable pine forest management practices extended, builds upon the successful decade of experience that this Mission and its partners have had in transforming the treatment of the pine forests of Honduras from "mining" to sustainable management. Finances for this RP derive primarily from the Forestry Development Project (FDP/522-0246). The key expected result of this RP is that by 1998, 40% of the nation's pine forests will be under full sustainable management plans. This will cover substantial areas of national, municipal, and private forests. Sustainable forest management plans include integrated programs in key areas including fire control, forest regeneration, soil conserving practices for road construction, environmental protection plans (bio-diversity), and silvicultural practices.

Other donors continue to be active in the forest sector, although some, such as the Canadians (ACDI) and the Germans (GTZ) are interested primarily in broadleaf forests. We have collaborated extensively with World Bank and Inter American Development Bank in recent years to support a policy agenda which was successful in restoring private ownership rights in commercial pine forests, and which continues to seek sustainable management objectives and transparent public timber resource allocations. The Finns have made important

contributions to forest management planning as well, as have the UNDP and other donors.

There are two key assumptions necessary for achievement of Intermediate Results: (1) GOH policies and guidelines continue supporting our mutual objectives, and (2) our GOH partners provide appropriate funding for the execution of the agreed-upon activities.

RP 2.2, sustainable and more productive hillside agriculture, incorporates the results of the on-going Land Use and Productivity Enhancement (LUPE/522-0292); aspects of the Forestry Development (FDP/522-0246), Honduran Environmental Protection Fund/"VIDA" (HEPF/522-0385), and Small Farmer Export Development (SFED/522-0399) Projects. The principal results will be increased area of agricultural hillside brought under sustainable management practices. This in turn will bring about a significant reduction in the amount of topsoil lost to erosion, and will increase on-farm agricultural income for hillside farmers by an average of about 50%. The area affected is a sum of sustainable management practices adopted on land under crops, agroforestry, silvopastoral applications, and vegetable gardens. The LUPE Project is the major vehicle for results achievement under this RP. It utilizes an innovative outreach approach which employs extensive NGO and local community participation to foster adoption of resource-conserving and productivity enhancing silvopastoral practices. Several other donors -most notably the Japanese (JICA), have shown a strong interest in replicating the LUPE approach on a much broader geographic scale.

The key assumptions for the achievement of the results are (1) that local community leader "collaborating contact farmers" continue to participate and be successful in teaching the improved agricultural technologies to their neighbors; and (2) that environmental conservation and economic productivity continue to be perceived as mutually reinforcing concepts by small farmers.

RP 2.3, improved management of protected areas, seeks to improve management of PAs during the period 1996-2002, thus contributing to a reversal of current trends in environmental devastation. It will develop and strengthen the capabilities of Honduras' public and private sector institutions to protect and manage the environment and natural resources. The RP also will develop sustainable management programs in 33 selected PAs by year 2002. If the Mission is forced to drop SO2 after 1998, RP 2.3 activities would be treated as special objectives until project commitments to participating NGO partners were met. Program resources come from the FDP/522-0246 Project, and the HEPF/522-0385 Project.

Our key partners include GOH forestry agencies (AFE/COHDEFOR), an important national environmental NGO (Fundación VIDA), the environmental NGO community, the Ministries of Environment and of Natural Resources, and other donors, including U.S. Peace Corps and the multilateral banks.

Three key assumptions are necessary for achievement of Intermediate Results: (1) AFE/COHDEFOR is willing and able to provide adequate personnel and logistic support for the DAPVS; (2) GOH fully funds the Environmental Protection Fund (FOPMA) as a means of financing environmental projects carried out by NGOs; and (3) International donors including the U.S. Peace Corps and the local private sector provide increasing levels of support for environmental activities in Honduras, particularly the management of PAs.

Natural resources and environmental policy task force (EPTF) was recently established to provide policy guidance and support across all three RPs. The task force is made up of members selected from within the USAID as well as key related partners from technical assistance teams.

The EPTF is not associated with any specific results of its own. Rather, it is to contribute to such policy-related results as development of a transparent timber auction system, and establishment of the national system of PAs.

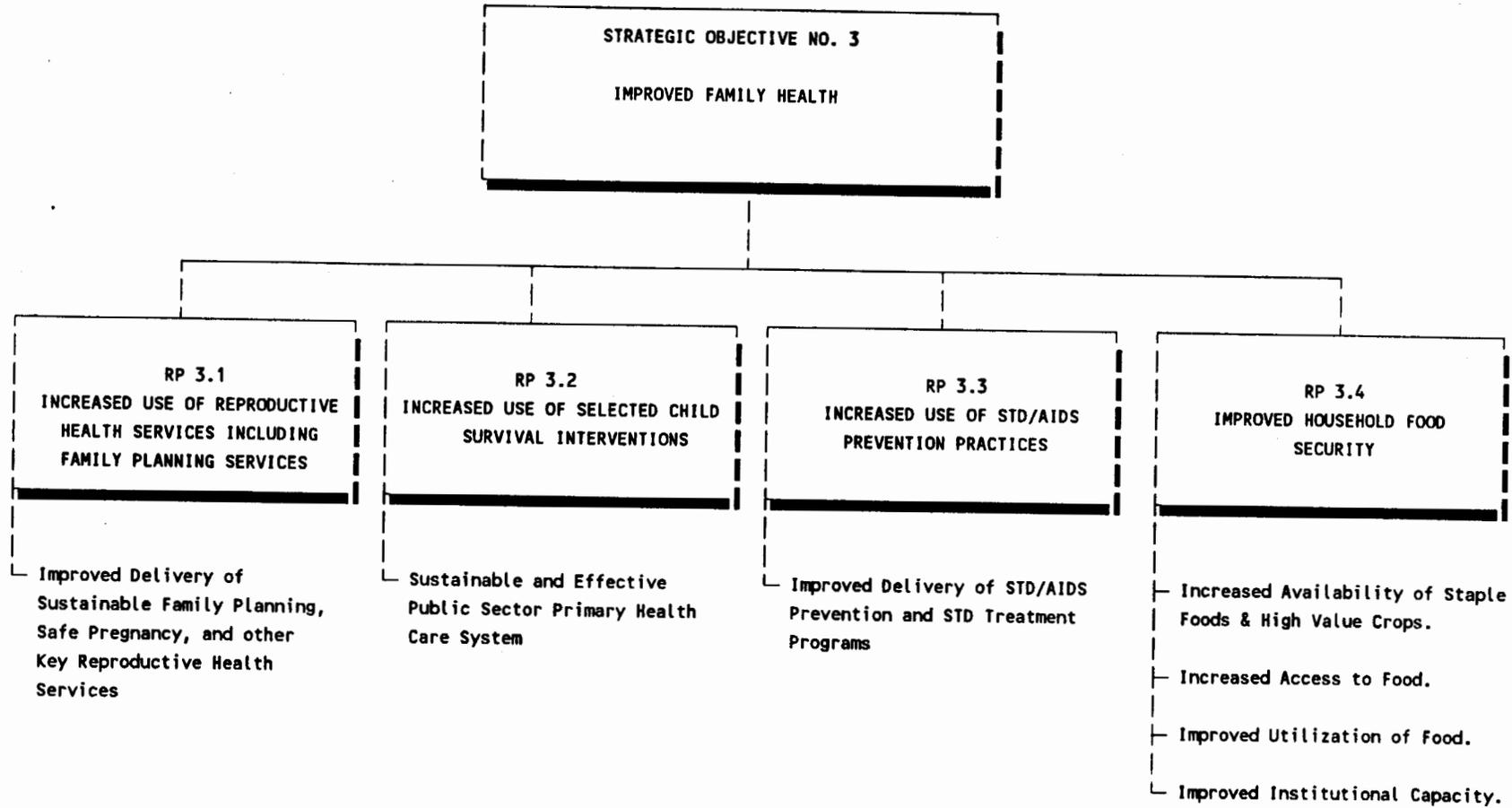
Partners, Customers, and Responsibilities

The participation of partners now being emphasized in re-engineering has long characterized most activities of this SO. For example, under RP 2.1, the U.S. Forest Service has been a productive and effective collaborator in providing on-going technical services for about a decade, and the Honduran public and private sector forest management entities have been involved in developing the Mission's approach and achieving fundamental change in the sector throughout the same period. Under RP 2.2 a very effective mechanism has been developed that involves not only broad participation by government and NGOs, but an active role for the ultimate customer as well, through bottom-up planning of many extension activities. In RP 2.3 we are dealing with a sub-sector that is relatively new (and whose grass-roots organizations often are not well prepared in terms of administrative and technical skills). Because the PAs initiatives involve a very broad spectrum of public agencies, NGO partners, and residents of areas adjacent to PAs, customer feedback is not a simple concept for this RP. Nevertheless, our partners are moving ahead to establish a customer survey and are continuing to involve local NGOs in all aspects of activity design, and in the establishment and achievement of results. Also, as indicated above, other donors have become important partners for all our initiatives under this SO.

Life of SO Costs

We propose to achieve desired results in the pine forest management area by the end of 1998, to achieve major results in sustainable hillside agriculture by the end of 1998, and to achieve continued intermediate results in PAs and local watersheds and/or buffer zones through 2002 (pending development of a new Mission strategy). Achievement of the planned results for SO2 requires total USAID obligations of about \$12,000,000 during the 1996-98 time period, including \$3.2 million for RP 2.1, about \$1.7 million in RP 2.2, and about \$5 million for RP 2.3 (approximately \$2 million are destined for policy related activities under SO2).

RESULTS FRAMEWORK: STRATEGIC OBJECTIVE NO. 3



SO 3: Improved Family Health

Development Hypothesis

The results framework graphic illustrates the causal relationships from the intermediate results to the strategic objective, Improved Family Health. At each level, the intermediate results represent a continuum rather than totally discrete elements, as delivery of services and their use often occur in an integrated manner. The lower level intermediate results (not shown) focus on improving the efficiency, effectiveness, and responsiveness of proven reproductive health, child survival, STD/AIDS prevention, and food security interventions. Running throughout this level are the themes of increased sustainability, access, quality of care, and availability. Increased availability of basic health services will be achieved through improved management support systems, while food availability will be improved through increased agricultural production. A basic aspect of the SO 3 development hypothesis is that achievement of these lower level results will lead to improved delivery of services and to increased availability, access and utilization of food. Improved service delivery means responsive supply, and demand creation through effective information, education and communication (IEC). While the primary focus is on services, USAID does not directly provide these services. Rather, we sponsor interventions to improve the capacity, systems and policies of our partners, which support these services in a sustainable way. The Level 2 intermediate result, improved service delivery, leads directly to Level 1, increased use of health services, which, in turn results in improved family health.

Achievement of the Level 2 intermediate result of improved delivery of sustainable family planning, safe pregnancy, and other key reproductive health services depends on the presence of *both an effective public and an effective private sector*. USAID assistance seeks to improve the capacity of both the public and private sectors as described below. Similarly the very ambitious Level 2 result of a sustainable and effective public sector primary health care system requires improved delivery of child survival services (as the vanguard of improved delivery of primary health care in general), and far-reaching reforms to strengthen national systems and policies, which will not all be directly supported by USAID. Because the MOH has assigned different geographic areas to different donors and USAID will be supporting work at the local level in only 9 of Honduras' 41 health areas (25% of national population), all involved donors must promote the same health reform agenda with the GOH. Similarly, effective donor coordination by the MOH is a prerequisite to assure that the basic public health and clinical services package and essential support systems are in place and sustainable throughout the country. We have seen the extraordinary impact of having a common donor and MOH agenda in the immunization program, and are convinced that if we work together on health reform, the anticipated Level 2 intermediate results will be achieved, as well.

At Level 1, increased use of reproductive health and child survival services, STD/AIDS prevention practices, and improved household food security should result from having built the capacity for sustainable and responsive supply of these services and interventions, but only if effective demand has been created and people behave as we hypothesize. We have had successes to date in behavior change. Furthermore, since educational attainment is a proven, key factor, the investments USAID has made in increasing the primary school completion rate to 70% over the past decade should pay off in terms of better health and nutrition practices and use of health services. Finally, previous efficacy trials prove the causal link between the strategic objective of improved family health and increased use of health services, STD/AIDS prevention practices, and improved household food security. This is why these elements comprise the Agency's Population, Health and Nutrition Strategic Framework

for achieving the goal of "Stabilizing World Population Growth and Protecting Human Health." In addition, USAID/Honduras considers childhood malnutrition a key indicator of family health and has included the "Improved Household Food Security" results package to complement the Mission's other health interventions. This decision is based on the overwhelming epidemiologic evidence that all degrees of malnutrition are associated with elevated mortality, and that there is a synergism between malnutrition and morbidity. The development hypothesis does not hold if we omit food security from the results framework in Honduras, where approximately one third of all child deaths are attributable to the exacerbating effects of malnutrition on infection.

Responsibilities

In addition to USAID, the key parties responsible for achieving RP 3.1 in the public sector under the Health Sector II Project (HS II) are the MOH and the Honduran Social Security Institute (IHSS). In the private sector under the PSP II and PSP III Projects the key parties responsible are the Honduras Family Planning Association (ASHONPLAFA), local and U.S. PVO grantees. Public sector results are also dependent on UNFPA and ASHONPLAFA's results on the International Planned Parenthood Federation/Western Hemisphere Region (IPPF/WHR). RP 3.2 will be achieved by the MOH and the National Water and Sewerage Authority (SANAA) under HS II and by the IDB, World Bank, JICA, Spanish Technical Cooperation, PAHO, UNICEF, the European Union, SIDA, and the Netherlands Development Agency. RP 3.3 is the primary responsibility of the MOH, the IHSS, the Municipality of San Pedro Sula, AIDSCAP and local PVO grantees under HS II, as well as the consortium of United Nations agencies working on AIDS (UNAIDS), the World Bank and IDB. RP 3.4 will be achieved by CARE and the Ministries of Health, Natural Resources, Governance and Justice, and Education and municipal governments through the Title II Program and through the German-Honduran Cooperation for Food Security of GTZ. The entire SO 1 agriculture portfolio, the SO 2 Land Use Productivity Enhancement Project (LUPE) and the SO 4 MDP are also key to achieving food security results, and the CARE Title II program, in turn, advances the results of SOs 1, 2 and 4. Technical assistance toward achieving SO 3 is the responsibility of various cooperating agencies through G/PHN, LAC/RSD/PHN, and G-CAP projects (see the Table on Centrally and Regionally Funded Projects in Honduras by SO).

Assumptions

One key assumption is that our planned targets are realistic based on current Epidemiology and Family Health Survey data, which will not be available until August 1996. Another assumption is that we will have the level of funding (both USAID and counterpart) and food aid necessary to achieve our goals. With respect to family planning we assume that the MOH will increasingly be an effective and important service provider, and that religious opposition to family planning will continue but be manageable through public dialogue and USAID grant support to a key natural family planning, Catholic Church-affiliated PVO. We are counting on effective donor coordination by the MOH to assure that the basic child survival and reproductive health services, as well as the support systems that underlie them, are in place in the geographic areas in which USAID will not be working, and that "best practices" and a common health reform agenda are shared and replicated across donors and across the country. As we conclude water and sanitation system construction this year, it is assumed that USAID's work to reform the water and sanitation sector will be sufficiently successful to meet the World Bank and IDB's pre-conditions for future support to the sector. We assume that there will be GOH commitment to health reform and decentralization and that it will be

continued by the newly elected government that will take office in January 1998. In the case of Title II, we assume that our partners will embrace the concept of food security instead of the short-term direct food aid distribution that has prevailed here for 30 years. It is further assumed that the new food security interventions will have sufficient long-term impact to allow communities to graduate from Title II food aid.

Tools and Tactics

We are supporting our partners to achieve these results through a cooperative agreement with ASHONPLAFA, grants to PVOs, a bilateral agreement with the MOH, agreements by CARE, our Title II cooperating sponsor, with the Ministries of Health, Natural Resources, and Governance and Justice (one agreement) and with the Ministry of Education, and through our annual agreement with G/PHN for Global Field Support. These agreements provide USAID assistance for contraceptives, equipment, supplies, operating expenses, construction of water and sanitation systems, food aid, educational materials, training, policy dialogue, donor coordination, technical assistance, and operations research.

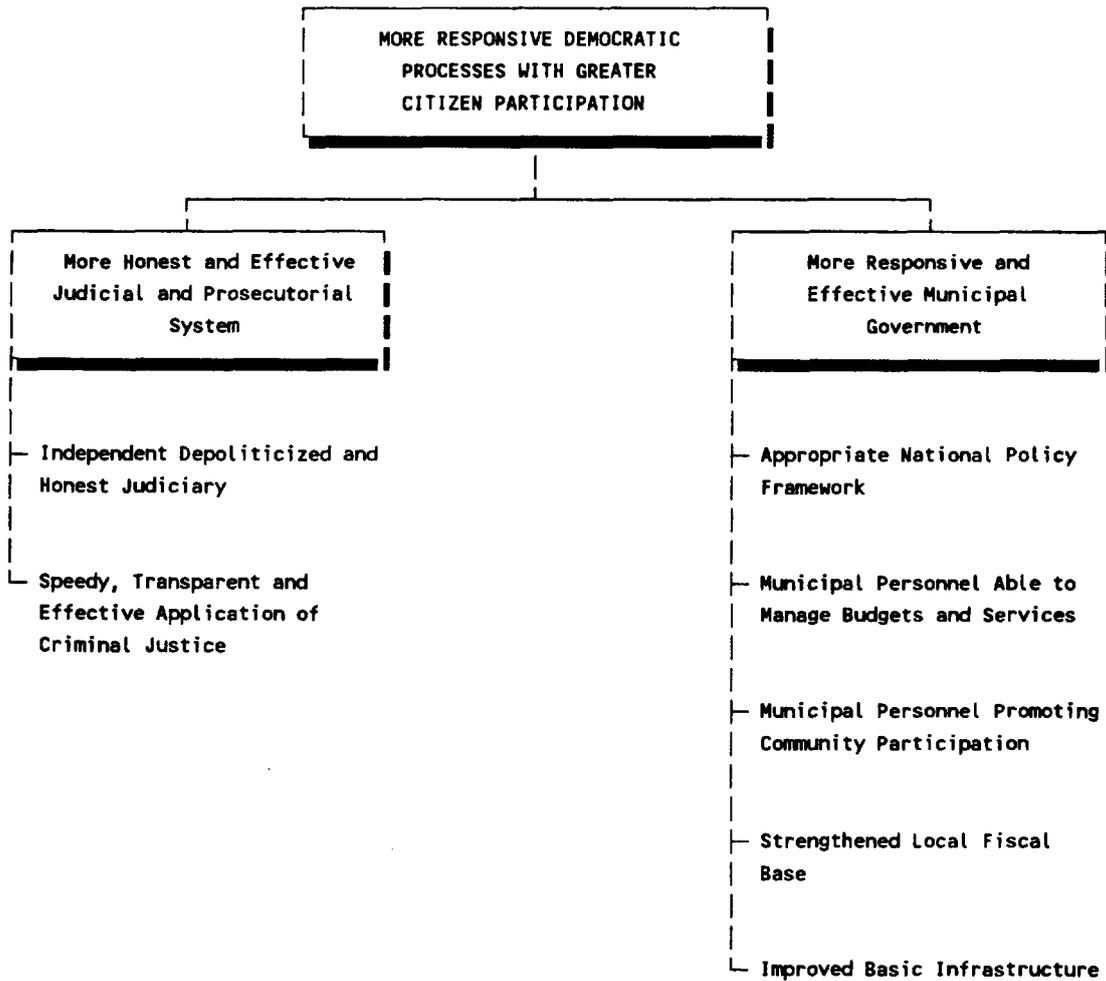
Virtual Teams and Involvement of Partners: In formulating the results framework, we have benefitted greatly in a "virtual team" from visits, reviews and exchanges of Agency strategic frameworks with our LAC/RSD/PHN Country Coordinator and G/PHN Point Person. As all of the SO 3 activities have been newly designed in FY 95-96, we have had the perfect opportunity to design the results frameworks for each results package side by side with our partners and can vouch for the fact that they "own" these frameworks and are committed to achieving the specified results.

Customer Focus: As described in the SO 3 Customer Service Plan written with our partners, there is a long history in the Honduras health, population, and nutrition programs supported by USAID of surveying customers, designing behavior change communication campaigns accordingly, and modifying services to be more responsive to customers. The list of client's rights which ASHONPLAFA has been following has been adapted as customer service standards for use across the SO. Recent customer survey findings of interest are the stated food security problems and needs of 18 communities for roads, market access, employment, health care and food, per CARE's Rapid Food Security Appraisal, used to design appropriate interventions for the new Title II program. In response to a decline in the use of oral contraceptives between the 1987 and 1991/92 EFHS surveys, ASHONPLAFA conducted qualitative research on customers' perceptions of the advantages and disadvantages, contraindications, correct use and side effects of "the pill". The findings have informed a strategy to reverse this negative trend by correcting misperceptions and addressing real needs (i.e. for a pill with less estrogen to reduce side effects). This research also revealed marked differences in opinion between adolescent men and women regarding the use of condoms to prevent pregnancy and STD/HIV (men pro; women against), that will guide gender-specific promotion.

Total Life-of-SO 3 Cost from 1995-2003 is \$121.8 million, including PL 480 Title II resources.

Schematic Results Framework Overview

STRATEGIC OBJECTIVE NO. 4



SO 4: More Responsive Democratic Processes with Greater Citizen Participation

The SO seeks to foster a society that lives by the rule of law, with transparency and accountability in government, more responsive public institutions, and greater citizen participation at both the national and local levels. Accomplishment of the objective is dependent upon two RPs, one focused on the judiciary and the other on municipal governance.

RP 4.1: More Honest and Effective Judicial and Prosecutorial Systems

The Development Hypothesis

Our development hypothesis is illustrated in the graphic that precedes this section. This hypothesis evolves from two assumptions which link the RP 4.1 result to the two elements of the SO statement. First, government responsiveness is fostered by diminished impunity and increased respect for the law. Citizens are empowered to challenge powerful political and economic interests through access to ethical and effective investigatory and judicial systems. Second, greater citizen confidence in the independence of the Justice system from vested interests will result in increased use of the PM and Judiciary for dispute resolution.

The linkage to the strategic objective of the RP 4.1 result and the two intermediate results of (1) Independent, Depoliticized and Honest Judiciary and (2) Speedy, Transparent and Effective Application of Criminal Justice, is based on the conviction that the right of citizens to participate meaningfully in democratic processes transcends participation in the electoral processes. To hold government accountable to the people, and elites accountable to the law, citizens must be afforded the opportunity to use the justice system on an equal footing. Citizen participation in judicial processes, therefore, is an essential element for establishing legality and - in conjunction with the idea of justice and democratic structure - legitimacy. For the Justice system to empower the common citizen vis-a-vis influential members of the society, it must apply justice both impartially and correctly; upholding Honduran Constitutional principles of liberty, presumption of innocence and delivery of speedy justice.

Achievement of the results of this RP, More Honest and Effective Judicial and Prosecutorial Systems, depends in turn on two intermediate results. The first, "*an independent, depoliticized and honest Judiciary*", requires independent, ethical and professionally capable practitioners to deliver "justice". The combination of independence from undue influence, maintenance by the Judiciary and PM of high professional and ethical standards, and monitoring of the sector, both internally and by civil society, are integral to achieving this key result. The second is "*speedy, transparent and effective application of justice*". Cumbersome and antiquated procedures impact negatively and decisively on the effective application of justice. Whereas 12,000 cases were presented by the PM to the Honduran Court system in 1995, less than 300 were fully adjudicated. To correct this, Honduran reformers look to the Congress to adopt a new, adversarial system in 1996. This system will more effectively address the increasing backlog of cases. Our intermediate results at the next level below reflect the tapestry of reforms and structuring of the new system which will be required to bring efficient application of justice to Hondurans.

Responsibilities for Intermediate Results

Result 4.1.1: Independent, Depoliticized and Honest Judiciary. The Court, PM and democracy advocate NGOs have participated in development and promotion of legal reform initiatives to provide for greater independence of the Judiciary. While the Court, PM and

NGOs receive support from USAID to promote legal reform initiatives, the final decision to pass the legislation is inevitably a political one. Honduran NGOs will need to articulate the need for reform and to assert appropriate pressures on legislators to vote in favor of these reforms. Our Court and PM partners are responsible for defending their institutions from unethical interventions of political and economic interests by strictly adhering to Career Law precepts and adequately supporting investigative mechanisms to root out and sanction malfeasance. NGOs have an important "watchdog" function in monitoring Court and PM compliance with Career Laws and Statutes. At the request of the Honduran Commission for Modernization of the State, the UNDP is designing a corruption *prevention* program focused on changes in GOH public sector procedures which will introduce more transparency in official functions and reduce opportunities for corruption and political/economic intervention in government organizations. This effort will begin in 1997.

Result 4.1.2: Speedy, Transparent and Effective Application of Criminal Justice. Restructuring the Criminal Procedures system to improve efficiency and transparency and add sanctions requires the Congress to enact the new CPC and Penal Code. NGO legal reform advocacy groups and the Honduran Bar Association will need to continue to support these efforts. Court and PM leadership will be responsible for continuing to articulate the compelling need for the reforms while restructuring their jurisdictions and preparing their personnel to operate under the new adversarial criminal system. With benefit of USAID financed technical assistance, training and logistical support, the Court and PM will be responsible for effective criminal case management.

ICITAP exercises a critical complementary role by strengthening PM investigative/forensics science capabilities. The Inter-American Development Bank (IDB) has undertaken a Program to Modernize the Administration of Justice in Honduras. The program has four elements complementary to USAID's work and important to achievement of program objectives: 1) Modernization of legislation, 2) Judiciary planning and computer/information system strengthening, 3) Improvements in the Judicial School and PM Training Center, and 4) access to justice activities (strengthening the PD offices, and an important infrastructure subcomponent).

Critical Assumptions

There are three critical assumptions for achievement of program results: 1) The CPC reform will be approved by the Congress and be in effect no later than mid-1997; 2) adequate budget will be provided for the Court and PM during the program period and beyond, 3) the current and future PM and Court leadership will continue to share program objectives and seek to implement policies, procedures and dedicate resources to achieve them.

Tools and Tactics

The administrative and organizational effectiveness of the PM will continue to be strengthened through technical assistance, training and logistical support. USAID will continue support for NGO campaigns for CPC promotion and the proposed Judicial Constitutional Amendment. In 1996 a coalition of legal reform NGOs is being identified, formed and will be supported to convince the Congress of the importance of the justice sector reforms. The Mission will continue to finance technical assistance and training to strengthen and expand the operational linkages between the Court IG offices and the Special Prosecutors, and to strengthen the criminal case planning and presentation skills of prosecutors, public defenders and judges. An institutional contractor and/or Department of Justice program will provide this assistance. Joint Court/PM training will continue, as will new training modules in public/oral trial skills.

Involvement of Virtual Teams and other Partners. USAID personnel have participated in a number of Global DG and LAC/D sponsored seminars on ROL indicators; additionally, and in response to our submission of Action Plans, a Project Paper Supplement and Semi-annual Reviews, the Mission has benefited from formal and informal comments on the appropriateness of ROL results being sought. On specific issues, communication with our Result Package Team "virtual members" at DG and LAC/D has led to very positive results.

We have maintained extremely close contact with both ICITAP and the IDB ROL program officers; the result has been a high degree of complementarity in respective programs. Contacts with UNDP on the Honduran Corruption prevention program have been initiated and we anticipate close cooperation and appropriate input into UNDP program design.

Customer Feedback. Our customers are the people of Honduras. We have regularly interpreted their concerns about the Justice sector using CID-Gallup polls at least twice a year. In addition, we are in regular contact with legal reform advocates, Honduran individuals and groups who have struggled for many years to bring important reforms to the sector. The Court, PM, Honduran Bar Association and Human Rights Commissioner's Office have been and will continue to be our Intermediate Customers, and will continue to work with us to develop, agree on, and monitor progress against the results framework.

From 1997 to the Year 2001 - Achieving Sustainability of Program Results

The SDI II Project (522-0394) will carry the SO4 ROL program through the year 2001. The focus through 1998 will be on achievement of the legal reforms and establishment of principles, structures and human resources which will permit the Court and PM to achieve and sustain key results, *beyond* 2001, without international donor assistance. The priority for the period 1996 through 1998 will be building Court and PM capabilities to operate effectively under the new CPC. By 1998, however, an additional dimension will be added with activities designed to strengthen the private sector's participation in these fundamental criminal process changes; at this time the Honduran Bar Association and Honduran law schools will become program partners.

Follow-on CPC Training for the Court and PM: Once the new CPC is approved, training in the many new features of the CPC will be undertaken by the Court and PM for the period 1997 through 2000. Frequent evaluation of Criminal Procedure practices by Court and PM functionaries will drive the design of new training modules through the year 2000. In addition to CPC related training of judges, defenders and prosecutors, significant effort will be devoted to training of Court Clerks in their drastically modified duties under the new system, as well as training for prosecutors and Criminal Investigation Directorate (DIC) agents to forge the appropriate operational linkages between prosecutors and investigators. The latter will be supported by ICITAP in coordination with USAID.

Criminal Procedures Training for the Private Sector: As gains are made in the areas described above, the program will extend its support of CPC training to the Honduran Bar Association (HBA) and Law Schools. Both public sector and private practitioners will require new sets of skills, including pre-trial plea bargaining, case preparation and effective presentation in public and oral trials. A three year follow-on program to earlier CPC training efforts will commence in 1997 and be carried through the year 2000, and will create a sizeable corps of both public sector (Judiciary/PM) and private law practitioners skilled in the practice of the new CPC.

Law school graduates must also be well versed in the new criminal law and procedures. Accordingly, we anticipate supporting HBA and law school CPC formative training efforts as

early as 1998. For the period 1998 - 2001, HBA leadership intends to design and create a self financing continuing legal education program for members. Law schools have similarly expressed interest in revising student curriculums to reflect changes in criminal practice and law.

By late 1998, the program will be providing technical assistance and training for development and distribution of refined CPC legal curriculum for HBA legal clinics and law schools.

Cooperative Efforts to Raise Ethical Standards of Justice Sector Professionals. From 1998 through 2000, we expect to fund technical assistance and training to strengthen the HBA program for promotion and sustainment of high standards of professional and ethical conduct. Through this effort, cooperation and information sharing relationships between the HBA Ethics Board, the IG of Tribunals and the Special Prosecutors Office of the PM will be encouraged and formalized.

Cooperation to Combat Corruption and White Collar Crime: The PM recognizes that certain GOH organizations have not manifested the will to cooperate in the struggle against corruption and white collar crime. Thus, USAID plans to support, through 2001, technical assistance to achieve effective interinstitutional cooperation between the PM and criminal information providing organizations such as the Controller General of the Republic, the Solicitor General's Office (Procuraduria), the Office of Professional Responsibility (Probidad Administrativa), National Registry of Persons, and Honduran equivalents of the Immigration, Customs and Internal Revenue services.

Creation of an Independent Personnel Policy and Disciplinary Board: The Court IG of Tribunals Office is currently a dependency of the Supreme Court of Justice. It is charged with reporting to Court leadership on efficiency of appeals court and lower court operations and with investigating complaints related to unethical or criminal conduct by judicial employees. A related function is played by the Court's Office of the Director of the Judicial Career Law, which is responsible for ensuring that the provisions of the Career Law on open recruitment and merit-based selection of Court functionaries are managed within the spirit of the law. Beginning in 1997, this RP will seek to promote enactment of a *Judicatura*, (personnel and professional responsibility board) which will oversee, *independent of the Supreme Court structure*, personnel recruitment, selection, assignments, and discipline.

Strengthening Civil Society: USAID plans to continue strengthening civil advocacy organizations in order to help support difficult legal reforms and monitor progress in the judicial sector.

Sectoral Cash Transfer Assistance: We propose to augment the traditional project-like tools and tactics discussed above with annual cash transfers of between \$500,000 and \$1,000,000 to the GOH beginning in FY 1997 and continuing through the end of the program in FY 2001. These cash transfers would be obligated via the bilateral Grant Agreement for the SDI II Project (522-0394). This portion of the program would work as follows. Prior to obligation of funds, USAID and the GOH would jointly agree on certain administrative benchmarks both critical to achievement of planned results in this sector and within the management control of the PM and/or the Supreme Court. The Grant Agreement would then set forth a schedule for completion of these measures. Each year, USAID and the GOH would jointly review progress toward these benchmarks; if progress proved satisfactory to USAID, the mission would transfer the agreed-on amount for that year to the GOH. Immediately upon receipt of these funds, the GOH would make an offsetting deposit in lempiras to a separate special account at the prevailing exchange rate at the time of the transfer. The GOH would

then use the dollars transferred to import U.S. commodities (e.g. computers, electronic equipment) for purposes related to the justice sector, while the local currency generated by the transfer would be jointly programmed by USAID and the GOH to cover the costs of activities formerly funded in large part by ESF-generated local currency (e.g., training in the new CPC, the expedited operation of selected local courts in response to the increased caseload generated by the PM, and public information campaigns).

USAID and the GOH would select the benchmarks against which these cash transfers would be made from among a number of programmatic and operational procedures we are already discussing with the PM and the Court. These include:

For the Court System:

- o Effective and timely implementation of the "Auto Acordado" related to the criminal process that was approved in 1995 and of the new CPC that we expect the GOH to enact no later than 1997. Such progress would be measured by:
 - Expansion to the number of Jurisdictions in which the *auto acordado* is being effectively implemented;
 - The design and initiation of *auto acordado*, and later CPC, training programs;
 - Approval of budgets for, and full delegation of authorities to, selected local jurisdictions for the management of their own resources; and
 - The beginning of public oral trials.
- o An increase in the number of PM prosecuted cases accepted by Courts to be heard at the "Plenario" level.¹
- o A numerical target for the certification of Magistrates, Judges, PDs and IG inspectors trained in the new CPC.
- o Expansion of the number of Regional IG of the Court offices and of the number of inspectors.
- o Establishment of procedures for prompt disposition of IG cases on judicial corruption.
- o Decrease in number of non-law school graduate judges.
- o Sustained high levels of adherence to Judicial Career Law.

For the PM:

- o Creation of a PM Center of Excellence for Institutional Development which will provide mentorship and manage training and technical assistance to PM prosecutors, forensic medicine and other staff as well as participate in preparation and promotion of justice sector strengthening legislation for submission to the Congress.
- o A numerical target for the certification of Public Prosecutors trained in the new CPC.
- o Restructured and strengthened organizational relationships between Prosecutors and DIC agents.
- o Sustained high levels of adherence to PM Career Statute

USAID hereby requests that the management contract that will ensue from review of this R4 include approval in principle by the Bureau of the use of DA-funded cash transfers as an assistance mechanism in the democracy sector and authorization for the mission to proceed with planning for this mechanism.

RP 4.2: More Responsive and Effective Municipal Government

¹ This means that the PM submitted enough evidence to show reasonable indication of participation of the accused in the commission of a crime.

Development Hypothesis

This results package strengthens local governments so that they can be more responsive to citizen needs, be more effective in administering their resources and be more inclusive of citizens in the democratic process. This contributes to the SO by providing more responsive democratic processes with greater citizen participation at the local level. The intermediate results which lead to a more responsive and effective municipal government with greater citizen participation are divided into the five major areas shown in the Result Framework graphic: Appropriate National Policy Framework, Municipal Personnel Able to Manage Budget and Services, Municipal Personnel Promoting Community Participation, a Strengthened Local Fiscal Base and Improved Basic Infrastructure. Our development hypothesis is that these intermediate results simultaneously constitute, and will lead to, more responsive and effective municipal government. For this hypothesis to hold true we assume that the GOH will continue to provide the legally mandated budgetary transfers, respect the municipal law and continue to devolve authority to municipalities. Another important assumption is that the municipalities themselves will continue to encourage greater citizen participation and take on the responsibility for public service delivery.

Responsibilities, Tools and Tactics

In order to accomplish these results, USAID provides funding to three key partners that implement the principal activities of the MDP. These partners carry out training, technical assistance, advocacy and infrastructure sub-project financing activities that enable municipalities to accomplish the intermediate results. The Public and legislative advocacy activities of AMHON contribute directly to the accomplishment of an appropriate national policy framework and a stronger, more independent municipal government (municipal law, election reforms, 5% transfer, authority to level fees, etc.) The training and technical assistance activities of FUNDEMUN and UNITEC contribute to the accomplishment of better municipal management, community participation and a strengthened fiscal base.

Other donors are carrying out complementary municipal development activities. The IDB is providing financing in three communities for cadastre, environmental protection and infrastructure projects. The German government assists three communities in technical assistance and training through FUNDEMUN. The World Bank provides technical assistance in watershed management and decentralization of water and sanitation services in several areas, but not directly to the municipalities themselves. The United Nations has financed small infrastructure projects at a neighborhood (not municipal) level. The Spanish development agency is providing technical assistance, training and funding for small water and sanitation projects with small neighborhood groups. The primary difference between USAID efforts and that of other donors is that USAID provides assistance directly to participating municipalities on a continuous basis, whereas other donors focus on small individual or sectoral projects and rarely work to strengthen municipal governments.

In addition to other donor activity in this area, SO3 also contributes to the achievement of the results encompassed in this RP through the Rural Water and Sanitation Project and the PL 480 Title II Food for Work program. The former is promoting decentralization of the accounting systems of water services in order to make them more autonomous management units as a step towards passing full responsibility for water systems to municipalities. The latter is helping to increase basic service coverage by reimbursing local laborers with food rations for their work on the construction of rural water and sanitation systems.

This RP's customer service philosophy identifies community members as its ultimate customers. One of its principal tenets is to involve community members in all aspects of municipal development. This is accomplished principally through promoting widespread citizen participation in open town meetings. These meetings are part of the local decision-making process and are opportunities for citizens to provide direct input into their local government. At the intermediate customer level are the Mayors and municipal authorities who provide input into the direction of the MDP through quarterly "assemblies" held with all participating municipalities. In addition, regular meetings are held with our partners, to keep communication channels open and fluid and allow for regular participation and input.

While USAID financing has already had direct impact on the improvement of local government planning and administration, more far reaching reforms of the legal framework, community participation in the decision-making process and the financing of basic infrastructure will require not only USAID support for these efforts, but also broader based advocacy efforts by local groups and other donor financing. Specifically, efforts in electoral reform to separate the dates of municipal elections from general elections will require a broad-based coalition of support from local groups, the Honduran legislature and other donors.

There will be a critical period in late 1997 when municipalities may become completely absorbed in the electoral process. In the past this has led to large expenditures for poorly planned but highly visible projects during the campaign period. After the elections are over, trained and experienced staff may be replaced by political appointees. Therefore, USAID will intensify its technical assistance and training efforts in the post-electoral period, while AMHON will focus its efforts on encouraging municipal governments to act responsibly and represent their entire communities and not only their political supporters.

In conjunction with the IDB, the Work Bank and other donors, USAID will encourage the new government to restructure and move forward with decentralization efforts, giving local governments even more responsibility and resources to provide services currently provided by the central government. If the GOH is willing to undertake such a restructuring then USAID will consider expanding efforts to support municipal governments in taking on a larger role.

RP 4.3: Greater Number of Hondurans Exposed to and Trained in Democratic Values

The HOPS Project has worked closely with Mission's RP Teams in designing training activities to support the strategic objectives. In the future, all HOPS training activities will be jointly funded by the corresponding RPs. Therefore, rather than be reported as RP 4.3 under More Responsive Democratic Processes with Greater Citizen Participation, the training activities of HOPS will be reported across all the SO's.

Total Life-of-SO Cost

Total USAID funds needed over the life of the SO4 (from FY 1996 on) are \$20,313,000. (RP4.1- \$11,709,000 and RP 4.2- \$8,604,000. Total USAID funds needed over the life of this R4 (FY 1996 - FY 1998) are \$ \$8,313,000 (RP 4.1 - \$6,563,000 and RP 4.2 - \$1,750,000).

C. SPECIAL CONCERNS

1. Progress in Reengineering

As reported in the December 1995 Transition Reengineering Report (TR2), USAID/Honduras has made significant progress in reengineering our Mission processes. We've accomplished this while managing to maintain focus on, and to continue to achieve, developmentally significant results. The following summarizes progress to date.

Managing for Results: USAID/Honduras' basic SO framework has been in place since the submission and approval of our 1995-96 Action Plan in the Spring of 1994. All USAID bilateral, Global, and regionally-funded activities contribute to one or more of these SOs. As shown in Sections II and III of this R4, each SO and intermediate result has a series of indicators associated with it. For each of these indicators, we have established benchmarks and have both baseline data and actual annual results achieved to date. Thus, we are able to tell which activities are succeeding. Equally important, we are also able to tell which activities are not achieving the expected results, and to make resource allocation decisions accordingly. An example in the latter category was our decision not to continue funding for the Strengthening Accountability Systems Project (SAS, 522-0381). Funds once slated for this troubled effort were instead reprogrammed for other activities in support of the results envisioned under SO 4.

Teamwork and Participation: Since the past summer, we have had SO Teams in place for each of our four programmatic SOs, plus a "Strategic Support Team" of EXO and other staff office personnel who contribute to the achievement of all SOs. In September 1995, each SO Team established RP Teams. Each SO and RP team is divided into "core" and "expanded" groups; the former are limited to members from within USAID, while the latter include our development partners. Each SO and RP team includes the mix of skills required to achieve the results for which it is responsible; typically, this includes representatives from the cognizant technical office plus representatives from our Controller's Office, our Development Finance and Development Program Offices, and our Office of Contract Management. Since December 15, all USAID activities in Honduras have been managed by one of these teams rather than by a USAID Office.

Empowerment and Accountability: As a first step, in August 1995 the Mission Director delegated to each SO Team Leader the authority to approve PIOs of up to \$100,000 without front office review. Subsequently, the Controller delegated to members of his staff who are members of RP teams within the SO the authority to certify availability of funds up to the same amount, and other staff offices (e.g., Contract Management) delegated similar authorities to their representatives on each SO and RP team. As a result, each SO team is now able to approve any and all procurement actions of up to \$100,000 without seeking clearance from anyone outside the team. This empowerment, of course, is accompanied by accountability for achieving the results we expect and for sound use of USG resources: the Work Objectives of each USDH employee for the period ending March 31, 1996 are now linked to specific developmental results for which s/he, in his/her capacity as an SO and/or RP team member, is responsible.

It is important to emphasize that these measures represent only the beginning, not the end, of what we envision will be a progressive process of empowerment. We expect to delegate additional authorities to the SO Teams (for example, the authority to sign all PIOs that are consistent with approved annual workplans) as these teams gain experience and confidence

working together.

Customer Focus: USAID/Honduras has taken a bottom-up approach to customer service planning. We believe that we can get better development results if we listen to and understand the needs, beliefs, and desires of those who participate in and benefit from the activities we finance. As the management entities closest to our ultimate customers, our Expanded RP Teams (which include our partners) are in the process of preparing RP-specific customer service plans that describe services delivered, mechanisms for customer feedback, and adjustments that will take place as a result of this feedback. In addition, several staff offices are also preparing plans describing how they identify and seek to meet the needs of their customers. The Mission's overall Customer Service Plan will then bring together the plans of the various RP Teams by SO. Ultimately, however, our objective in this context is to help our partners become sensitive to, and develop effective plans for serving, the needs of *their* customers; i.e., the ultimate customers of our assistance.

Other Accomplishments:

- o We have reengineered our internal portfolio review process, replacing the old Semi-Annual Review (SAR) format with "Annual Results Reviews" (ARRs) to be held each fall. These ARR focus, as their name suggests, on results, not inputs; their preparation marks the beginning of the process of developing the R4. The ARR will be followed in the last quarter of each calendar year by our partners' submission of Annual Workplans (AWPs) linking the activities they propose and the budgets they request to the intermediate results set forth in the Results Framework for the appropriate SO.
- o We have also reengineered the way in which we manage Participant Training. We now view participant training as a ninth Agency business "process", in the same sense in which Planning, Achieving, Monitoring and Evaluating, Budgeting, etc. are "processes." A Participant Training Team that cuts across SOs now manages this process, and funding for participant training is now allocated not to one SO or activity, but rather is spread across all four of our SOs. For example, funds for the HOPS II Project appear under each SO in the budget tables presented in Section IV of this R4. This reflects that fact that all activities funded by HOPS II are now linked directly to an SO; moreover, all HOPS-funded training will henceforth require a 100% matching contribution from another activity in the SO.
- o We have set up an ad hoc, cross-cutting task force to manage the donation of Excess Property and Department of Defense commodities. This task force, which includes US and FSN employees, has established guidelines for the donation of such commodities and procedures for assuring that these commodities are used as intended. The members of the task force follow up by visiting on an occasional basis the sites where these commodities are to be used. The principal recipients of these goods are Honduran NGOs.
- o Our Office of Contract Management (O/CM) is "cross-training" all members of its FSN staff: all those personnel who previously focused exclusively on commodity procurement are being trained in the procurement of services, while all those who previously focused exclusively on the procurement of services are being trained in commodity procurement. This will substantially improve the ability of these employees to provide service to the SO and RP Teams on which they serve. O/CM is working with the entire mission to cut the time of our procurement process by 30% by the end

of FY 1996.

- o Our Controller's Office is also "cross-training" its staff: accounting personnel are being trained in financial analysis, and Financial Analysts are being trained in accounting. At the same time, the Controller has merged the formerly discrete functions of "OE" and "Program" Voucher Examiners into one Voucher Examiner function; this has allowed us to delete four staff positions without disrupting the office's ability to carry out its work. Beyond this, the Controller's Office has entirely reorganized its internal structure to mirror the Mission's SOs. Controller staff are no longer divided into Financial Analysis, Accounting, and Voucher sections, but rather into teams in accordance with the SOs they support. All these measures will substantially improve the ability of CONT staff to provide service to the SO and RP Teams on which they serve.
- o We have established a Human Resources Management Task Force to reengineer our internal personnel processes (e.g., the performance evaluation of U.S. and FSN PSC employees) in accordance with Agency-wide precepts on this subject.
- o The three members of our staff who attended the Reengineering Training of Trainers workshop in Washington organized the curriculum presented in that workshop into four modules, and have presented two of these modules ("Foundation for Change" and "Planning and Achieving") to each of our SO teams. The other modules will be developed and presented if and as the SO Teams request them. These training sessions are held with each SO team individually rather than with the mission as a whole. While the extra time commitment is significant, we believe that it is more than offset by the increased opportunity for participation that these smaller groups offer.
- o All USAID/Honduras staff are now "Windows-literate", and the members of our Information Systems Division have completed training in the Oracle software that will underpin the New Management Systems (NMS).
- o Finally, everyone in the mission - US Direct Hires, PSCs, FSNs, and contractors - has been briefed on, and thus now knows and understands, the mission's objectives and the results we are trying to achieve.

Next Steps:

- o Several members of our staff will attend Training of Trainers workshops in the NMS during March and April. These staff will then organize and conduct training sessions to familiarize the rest of the mission with the NMS.
- o By the end of this FY, we will have completed design of a procurement training program for local NGOs. This will enable us to shift responsibility for a number of procurement actions to these groups, thereby improving their prospects for sustainability following the completion of USAID assistance and shortening the time of the procurement process. We plan to provide this training to at least six local NGOs.
- o By June 30, all Personal Service Contract employees, including FSNs, will be evaluated by a system that mirrors the major attributes of the new USDH evaluation system, i.e., 360-degree evaluation, review by an Appraisal Committee, and the linkage of Work Objectives to results.

Some Lessons Learned:

- o The reengineered operating procedures have already added welcome flexibility to our planning process. We were able, for example, to begin the new PSP III Project even in the face of uncertainty about the implementation details of one component of that activity because we had clearly defined the results we expect. Definition of the tools and tactics we and our partners will use to pursue these results will follow. Under the old system, this might not have been possible.
- o The reengineered operating procedures have also added the welcome element of empowerment to our budgeting process. The RP and project-level budget figures presented in all scenarios included in this R4 come not from our front office, our Development Programs Office, or our Controller's Office, but rather are the product of the work of our SO Teams. Each of these teams was given an overall SO-wide budget level for each scenario and asked to allocate funds throughout their SO within that level. The figures included here are the product of each team's deliberations.
- o The new emphases on teamwork and empowerment have given voice to FSNs and others not normally heard.
- o Nonetheless, the significant amount of time and effort we have devoted to reengineering does not yet appear to have paid off in terms of speeding our internal processes and freeing us to work on the substance of development. Indeed, while some processes have been facilitated, others (e.g. some clearances) appear to have slowed - at least temporarily - as staff begin to take on new and unfamiliar responsibilities. We intend to deal with this problem by launching a vigorous cross-training effort this summer in areas (e.g. procurement)in which the level of familiarity varies significantly from individual to individual.

In sum, though we continue to be challenged by the demands imposed by reengineering, we are on the whole quite pleased with the impact it is having.

2. USAID/W Processes

We are very pleased with the extent to which the LAC Bureau and other sources of information (e.g. the Results Framework net, the PDO Net) have functioned as sources of comparative information on the "best practices" that have emerged from our collective experience. We hope that the Bureau will continue this role.

On the other hand, we are like all missions concerned with a dysfunctional budget process that, as of the sixth month of this FY, has still not gotten funds to the field. We recognize, however, that the major problems associated with this process are outside the Bureau's (or indeed, the Agency's) span of control, and are optimistic that the advent of the NMS will alleviate many of the problems we are still experiencing.

We are equally concerned about a dysfunctional personnel assignment system that has to date been unable to fill (or allow the mission to fill) critical staff vacancies. USAID/Honduras understands, though, that the reengineering of the Agency's processes for managing its human resources is very much a work in progress, and we are optimistic that the results of this work will redound both to the benefit of employees and to the benefit of operating units, and thus to the benefit of the Agency as a whole.

3. Resource Levels and Results

Project expenditures indicate that since 1990, irrespective of obligation levels, the Mission has been delivering projectized goods and services to its partners at an average annual rate of \$38 million per year for a total \$230 million over the six year period (FY 1990-FY 1995, See table below). USAID assisted projects have also benefitted from sizeable expenditures of ESF and PI 480 Title III generated local currency, which will be discussed in greater detail below. As a result of budget cuts, in recent years the Mission has reduced annual dollar expenditures of DA and projectized ESF from \$43 million per year for FY 1990-93 to \$30 million for FY 1994-95, and anticipates that annual dollar expenditures of at least this amount will be required to achieve planned results targets for the four SOs.

During the last six years, net new obligations for development projects has totalled \$169 million for an average of \$28 million per year, \$10 million less than project expenditures. In other words, to maintain the pace of implementation, USAID-assistance projects have drawn very heavily from their pipelines. Unfortunately, project pipelines no longer have excess funds. Thus, without sufficient net new obligations to maintain the planned rates of implementation, achievement of SO results targets will be jeopardized.

The gap between the rate of project implementation, as measured by expenditures, and net new obligations is even more pronounced for the three year period, FY 1994 to FY 1996. The expenditures average \$30 million per year, while net new obligations at the Mission average only \$14 million. The Mission must fill this \$16 million a year gap from its pipeline. This analysis excludes both the expenditures and the obligations associated with OYB transfers to Global, which were \$4.5 million in FY 1995 and will be about \$2.4 million in FY 1996. This exclusion does not affect the gap between expenditures and obligations.

A fifteen month end of fiscal year pipeline is the minimum required by the Mission to cover adequately earmarks and contract/grant commitments sufficiently prior to expenditures to avoid momentum-losing disruptions due to lack of funds. During the fall, the Mission's partners submit their annual work plans for the following calendar year. In order to approve these annual work plans with funding, the Mission must have sufficient funds on October 1 to cover expenditures for the first quarter of the FY and annual work plans for the subsequent calendar year. Many activities require more than a fifteen month pipeline; for example, participant training must be fully funded up front. While long term, institutional technical assistance contracts can operate with only a fifteen month pipeline, this requires incremental funding which is staff intensive and can diminish contractor performance and disrupt smooth implementation. Sufficient pipeline also is needed to cover situations such as slow government ability to meet Conditions Precedent, contractual problems, audit difficulties, and delays in closing and decommitting remaining funds from terminated Washington-based contracts. In conclusion, to maintain implementation momentum, the Missions needs, as an absolute minimum, a fifteen month pipeline at the end of each fiscal year.

At the end of FY 1995, the Mission's pipeline was \$49 million which was sufficient to cover the expected FY 1996 expenditures of \$35 million. With expected FY 1996 net new obligations at the Mission of \$16 million, the total pipeline at the end of FY 1996 is expected to be \$29 million, which would be considerably less than the required fifteen-month pipeline of \$40 million needed to cover the expected FY 1997 expenditures of \$32 million.

Thus during FY 1997, lack of pipeline would cause serious disruption and delays in project implementation, particularly in the spring before the FY 1997 obligations were made. In short, the program would start to fall apart. SO targets could not be achieved. For purposes of this

analysis, assume that the Mission's allocation for FY 1997 and FY 1998 is \$20 million, which would be the Mission's highest OYBs since FY 1993. Of the total, an estimated \$3 million would be transferred to Global each year, leaving \$17 million for obligation at the Mission. If the FY 1997 expenditure target is achieved, the pipeline at the end FY 1997 would be only \$15 million, considerably less than half of the required fifteen month pipeline of \$40 million needed to cover the planned FY 1998 expenditures of \$31 million.

Lack of sufficient pipeline would seriously disrupt planned project implementation during FY 1998. USAID-assisted projects would experience serious implementation delays, if not grinding to a complete halt, in the middle of FY 1998 as the pipeline would be nearly depleted before the arrival of FY 1998 OYB budget allowances. Towards the end of FY 1998, even most of the newly obligated funds would be depleted. In sum, the program would collapse completely during FY 1998 as the Mission would be unable to provide the necessary resources to keep its projects going. Theoretically, if expenditures were to reach planned levels, at the end of FY 1998, the pipeline would be less than \$1 million. To reiterate, under this scenario, the Mission's program of four SOs would begin to fall apart in FY 1997 and collapse altogether in FY 1998.

When USAID-generated local currency are brought into the analysis, the picture becomes considerably bleaker. Since 1990, a total of about \$170 million in generated local currency (at current exchange rates at the time of expenditure) was spent in support of the Mission's four SOs, for an average of about \$28 million per year. Thus, since 1990, the Mission has been sustaining its program with average dollar and local currency expenditures of \$66 million per year.

With the phasing-out of ESF and PL 480 Title III, local currency generations and expenditures have declined dramatically, averaging only \$12 million for per year CY 1994 and CY 1995. Thus in the past two years, combined local currency and dollar expenditures have averaged about \$41 million per year compared to an average of \$82 million for 1990-1992. Given this dramatic reduction, it is impressive that the Mission has been able to continue achievement of its results targets in recent years. Unfortunately, without new sources of generated local currency, expenditures will decline even more in future years.

The Mission estimates local currency expenditures in 1996 will be \$9 million and then drop to an average of \$3 million for 1997 and 1998. Given severe GOH national budget constraints, PL 480 and ESF local currency contributions of the past will not be replaced with normal national counterpart. There will be a substantial net reduction in total resources going toward achieving desired results. With no sources of additional local currency, it appears that the only way to sustain continued full implementation of the Mission's four SOs is to maintain dollar obligations at sufficient levels to adequately support all basic project activities that are essential to the accomplishment of the Mission's SOs.

In the final analysis, two things are clear. First, Mission experience over the past several years indicates that continued support for a four SO program in Honduras requires annual dollar expenditures of about \$30 million per year with an additional \$10 million equivalent in local currency. Such a program cannot be sustained if net new obligations (excluding OYB transfers) continue at the level they have been since FY 1993, i.e. an average of \$17 million per year for FYs 1993-96. In short, it is impossible to sustain a \$40 million program on an annual budget of \$15 to \$20 million.

TABLE 3

Net Project Obligations, Expenditures, and Year End Pipeline (In Millions of U.S. Dollars or Equivalent in Local Currency)						
Legend Net Project Obligations: Includes both DA and projectized ESF, but excludes OYB transfers. Expenditures: From table used in R4 budget analysis, excludes OYB transfers. From Pipeline: Equals Net Obligations minus Expenditures Local Currency: From Mission local currency records.						
Year	Net. Proj. Oblig. (\$)	Expended (\$)	From Pipeline (\$)	FY end Pipeline (\$)	Local Currency Expenditures (\$)	Total Expenditures (\$)
1990	43.5	52.1	8.5	100.9	35.8	87.9
1991	35.7	43.8	8.1	92.9	30.7	74.5
1992	40.2	35.7	(4.6)	97.4	49.1	84.8
1993	23.6	38.3	14.7	82.7	31.1	69.4
1994	14.2	32.5	18.3	64.4	12.5	45.0
1995	11.7	27.5	15.8	48.7	11.0	38.5
1996	16.1	35.4*	19.3	29.3	9.1*	44.5
1997	17.0*	31.6*	14.6	14.7	3.5*	35.1
1998	17.0*	31.0*	14.0	0.7	3.0*	34.1

* = estimated; ** = assumed

4. Development of New Mission Strategy for FY 1998

During 1996 the Mission will be developing a new strategy to begin in 1998 for presentation to the Bureau in the spring 1997 R4. In developing the new strategy the Mission will give due consideration to all the usual factors: US interests, Agency goals, the development needs of the country, USAID comparative advantage, current commitments made to the GOH, Mission staff technical and management resources and constraints, Mission experience in specific sectors, the commitment of our GOH partners in specific sectors, the programs of our NGO and other donor partners, specific targets of opportunity, the results and conclusions from the spring 1996 Program Week, and the planned amount of program resources available for the strategy period. The critical importance of this last factor cannot be over emphasized. At present the Mission is struggling to implement a strategy designed at \$40 million dollars a year on a budget of less than \$20 million per year. To design an effective, implementable strategy that will achieve real results, the Mission needs to have a clear picture of how much program financing is likely to be available.

The Mission's current thinking is that the new strategy will, at a minimum, include some of the current subsectors we are addressing, for example judicial reform, reproductive health, and selected poverty alleviation activities, such as vocational and alternative basic education.

Honduras currently is undertaking a broad range of historical reforms in the judicial sector. Progress in democracy, economic growth and social development in Honduras are all heavily dependent on instituting a reliable and effective ROL in the country. While some reforms are expected to pass soon, others are not. Effective implementation of the new laws after passage is the most critical step. There is still significant entrenched opposition to the reforms and there is a real threat that the proposed new laws will not be passed, or if passed will be ignored, or worse, reversed. The time is critical and USAID is the lead donor in the judicial sector. If sufficient USAID assistance is not forthcoming in the next decade, the ambitious GOH attempt to reform its judiciary has little chance of succeeding. Thus it appears at this time that continued assistance to judicial reforms will be among the Mission's top priorities under the new strategy. Of course, the Mission will be analyzing this sector carefully during the year to determine the best assistance strategy after 1998.

The need for continued USAID assistance to reproductive health is based on three factors. First, continued rapid population growth adversely affects development across all sectors. Following the recent series of RAPID Model presentations, important Honduran leaders have renewed interest and concern in this issue. Thus now is not the time to be reducing USAID assistance to the sector; especially when the private sector Honduran Family Planning Association (ASHONPLAFA) is initiating a major effort to become self-sustaining. Second, while infant mortality has dropped steadily, maternal mortality has not and is the fourth highest in the hemisphere. Further progress on infant mortality will be stymied without progress on the reproductive health issues causing maternal mortality. Third, largely as a result of USAID's political sensitivities concerning family planning, no other donors are interested or prepared to provide the kind of comprehensive family planning assistance that USAID has provided over the years. In developing the new strategy, the Mission will analyze carefully the reproductive health situation and the respective roles of the public and private sectors.

Vocational and alternative basic education are critical both for poverty alleviation and overall economic growth. The Mission intends to fulfill its commitment under a partnership in which the World Bank/Germany and the IDB assist formal primary and secondary education while

USAID supports vocational and alternative basic education. USAID assistance should continue at least through completion of the BEST Project in 2004, assuming such assistance is consistent with the new strategy and budget realities.

Inclusion of other sectors or subsectors in the new strategy largely depends on availability of program resources. As mentioned above, knowledge concerning future budget levels is a critical factor shaping the new strategy. Depending on budget levels, the Mission will determine the sectors and subsectors where continued USAID support will achieve the greatest impact consistent with USG interests and Agency goals. One thing is clear: if budget levels remain at less than \$20 million per year, as they have been for the last three years, the Mission will need to reduce the number of strategic objectives it is trying to achieve and will need to focus on far fewer subcomponents under the remaining objectives. To be engaged productively in all four of the Agency's focus areas and to maintain a core program similar to the current one, although somewhat reduced, the Mission will need annual allocations of \$30 million in DA and \$4.4 Million in PL 480 Title.

D. ENVIRONMENTAL IMPACT: CFR 22 216 TABLE

<u>Activity</u>	<u>IEE Date</u>	<u>Expected IEE Recommendation/Conclusion</u>
Economic Policy and Productivity Program	3/98	Categorical Exclusion
Sustainable Resource Use	3/98	Depends on analyses of proposed activities
Strengthening Democratic Institutions II	7/96	Categorical Exclusion

SECTION IV. RESOURCE REQUIREMENTS

A. Program Funding Request and Global Bureau Field Support

In accordance with guidance from the LAC Bureau, this Mission is presenting four separate "scenarios" with respect to resource availability. The Development Assistance (DA) Operating Year Budget (OYB) levels (in \$000s) are shown below. Expenditures of USAID-generated local currency on activities contributing to the four SOs have averaged \$28 million per year since 1990. With the phasing out of ESF and PL 480 Title III, local currency generations and expenditures have declined dramatically and are expected to be only \$9 million in CY 1996. The Mission estimates that during CY 1997 and CY 1998, local currency expenditures will average about \$3 million per year.

<u>Scenario</u>	<u>FY 1996 DA</u>	<u>FY 1997 DA</u>	<u>FY 1998 DA</u>
1	65% = \$18,457	OMB = \$27,625	OMB - 10% = \$27,301
2	65% = \$18,457	OMB = \$27,625	OMB - 30% = \$18,199
3	65% = \$18,457	OMB - 20% = \$19,675	OMB - 10% = \$27,301
4	65% = \$18,457	OMB - 20% = \$19,675	OMB - 30% = \$18,199

Assumptions:

- The PL 480 Title II level is set at \$4.4 million for each year in every scenario.
- The budget level for FY 1999 and beyond will be the same as the FY 1998 level in each scenario.
- Expenditures of USAID generated local currency on USAID-assisted projects will be equivalent to \$9 million in CY 1996, \$3 million in CY 1997, and \$3 million in CY 1998.

Presented below are the implications of each scenario on the results and implementation of each of the Mission's SOs.

Scenario 1

This scenario, which assumes DA budget levels of \$27,625,000 in FY 1997 and \$27,301,000 for FY 1998 and the out years, enables the Mission to continue full implementation of its four SOs, at a somewhat reduced level during the planning period and beyond, even with dramatically reduced levels of local currency.

SO1, under this scenario, would receive nearly \$25 million during the three year budget period (FY 1996 - FY 1998). To achieve SO1 target results, it is essential to maintain the policy gains obtained by USAID since the early 1990's, especially during the crucial period of political campaign leading up to the 1997 Honduran elections and the first 12 months of a new government. Thus the Mission intends to extend and obligate an additional \$3 million within the original authorization of its major policy activity (PAIP, 522-0325) in order to: (1) ensure current policies are not ignored or forgotten during the campaign, (2) to orient the new government to current policy issues and assist it with implementation, and (3) prepare Hondurans for participation in the development of a new strategy for USAID assistance to Honduras. Based on this strategy, the Mission anticipates starting a major new Economic Policy and Productivity Program (PROPEP, 522-0395) in FY 1998.

New obligations of almost \$3 million would be provided to micro and small business activities, which are yielding impressive results in expanding financial services for the poor. The

expected results include the sustainability of the NGO's serving the poor, as well as the establishment of a permanent full-service bank (dedicated to servicing micro and small entrepreneurs) and the two other self-sustaining intermediary lending organizations. Achievement of planned targets in the areas of alternative education and vocational training will necessitate new obligations of almost \$9 million (FY 1996-98). Activities increasing access to land (through titling), technology, and markets will also be maintained with an emphasis on meeting the needs of the rural poor.

SO2, with a three-year allocation of about \$15 million, would be able to achieve its targets by adding the necessary funds to FDP (522-0246), LUPE (522-0292), HEPF (522-0385), and the natural resource component of PAIP (522-0325). In addition, within the framework of a revised strategy for FY 1998, the Mission would seek to maintain its leadership role in this vital sector, by initiating a new Sustainable Resource Use activity in FY 1998 (See description at the end of the Section). This new activity would build upon the successes of current SO2 activities designed to protect forest, water, soil and coastal resources and improve their use.

SO3 would have, under this scenario, \$25 million DA and \$13 million in Title II for the three year planning period and a projected \$13 million DA and \$3.3 PL 480 Title II per year in the out years. These resources would enable the Mission to achieve most of its ultimate, year 2003, targets though it would have to do so with only 91% of its original planned resources. Sufficient funds would be available to provide needed support to both private and public sector partners and to buy essential family planning equipment and educational materials for all regions of the country where there is a critical need. The Mission would be able to support the analytical and policy dialogue work needed to increase GOH commitment to a reproductive health policy. Assistance to improved national delivery of family planning services would assure achievement of targets for increasing modern contraceptive prevalence and reducing fertility to 3.9 by 2003. The Mission would be able to fund needed Global Field Support and the full range of technical assistance needed to lay the foundations, in FY 1998, for the preparation of new Health Sector III (FY 1999 start) and PSP IV (FY 2000 start) activities, which will be essential to the achievement of the expected SO results in 2003.

SO4, with \$8 - \$9 million during the planning period, would have sufficient funds to provide the technical assistance and policy reform incentives to achieve its judicial reform and municipal development targets. Since ESF generated local currency will not be available after 1996, it is important to have another source of funds to provide local currency generating cash transfer incentives for GOH policy and institutional reforms (See description of Sectoral Cash Transfer Assistance in Section III). Such incentives are particularly important given the intense political and social sensitivities of working in this emotionally-charged sector, and the strength of the resistance of some legally privileged individuals and groups to the ROL and municipality strengthening reforms that the GOH and civil society groups, with USAID support, are working to put in place and implement.

Scenario 2

This scenario, which assumes a DA budget level of \$27,625,000 in FY 1997 and a straight-lined budget of \$18,199,000 for FY 1998 and future years, enables the Mission to continue scaled-back implementation of its four SOs only until 1998. In the years beyond, the scenario forces the Mission to drop at least one SO and to scale-back parts of the other SOs.

SO1, with \$21 million for FY 1996 - FY 1998, would be able to achieve almost all of its 1998 targets; however, funding limitations starting in FY 1998 would seriously jeopardize the Mission's ability to maintain and build upon past successes. There would not be sufficient funds in FY 1998 to initiate the full range of activities currently envisioned for poverty alleviation and improved markets results packages, specifically the proposed new Economic Policy and Productivity Program (PROPEP, See description at the end of this Section). Furthermore, the Mission would not be able to continue with the current range of activities in the other results package, investment in people. In developing its new strategy for FY 1998, the Mission would have to analyze the SO very carefully and decide where to focus its diminishing resources. The Mission's first priority would be to maintain our current commitments to support alternative basic education, vocational training, and education policy activities while the World Bank and Germany support formal primary education, and the IDB finances formal secondary education. In addition, under this scenario, some of the micro and small business activities would have to be scaled-back slightly in FY 1998 which may jeopardize the sustainability of the successes currently being experienced.

SO2, with about \$12 million over the planning period, would be able to achieve most of its targets for 1997, and many of those for 1998; however, with only \$18 million in FY 1998 and beyond, the Mission would not have sufficient funds to maintain this SO after FY 1998. As a result, the SO would be dropped. The Mission is very reluctant to be forced to take this action because the Honduran economy is based on natural resources and its future is closely linked to the proper management of its forest, water, soil and coastal resources. The Mission would very much like to continue its decade and a half of leadership in this sector and its contribution to Agency and regional environmental priorities. On the other hand, the Mission has nowhere else to cut. To absorb the massive budget cuts experienced from FY 1994 through FY 1996, the Mission has eliminated, trimmed, cut, and stretched projects to the maximum extent possible, in an attempt to hold the program together through the end of the Reina Administration. The additional belt-tightening across all four SOs implied by this scenario is simply not possible. It would result in the SOs and results packages taking on the character of facades without sufficient foundations of supporting activities. Furthermore, target results would have to be scaled back to the point where they lose significance.

Why drop SO2? At this time, each of the other SOs are more immediately critical to the country's needs, especially democratic reforms, reproductive health, education, and poverty alleviation. Thus, by process of elimination, the Mission was forced to decide to drop SO2 under this scenario. While dropping the SO, the Mission would attempt to continue selected activities such as support to the HEPF as a "special objective" until current commitments to participating PVOs/NGOs are met in the year 2000. Some of the activities under SO2 might be continued with support from other donors. For example, the LUPE activity which supports improved hillside farm technology, has generated considerable interest among other donors, especially with Japan and the IDB. The IDB-supported EL Cajon watershed protection activity is pursuing a major contract with the LUPE organization to apply the full range of LUPE technologies in the El Cajon watershed. Other activities, such as support for PAs, also are beginning to receive substantial interest from other donors. The Mission seeks to put in place by 1998 the basic legislative, regulatory and institutional structure for improved management of natural resources. This structure will facilitate other donor assistance to the sector after 1998.

SO3 would not be able to fully achieve its ultimate targets under this scenario, which provides about \$24 million in DA and \$13 million in Title II over the three year period, but limits funding in FY 1998 and the out years. Thus in the year 2003, fertility rates, seroprevalence of STD/HIV, and infant and maternal mortality would all be higher than planned. It should be

mentioned that other donors are not interested in filling the gap created by diminished USAID assistance to this sector, particularly in family planning. USAID has a clear comparative advantage based on years of experience. With this scenario, USAID would miss a true opportunity to capitalize on the success of its prior investments. While there would be sufficient funds for the PSP III (522-0389) and the Health Sector II (522-0216) projects, the follow-on Health Sector III (522-0403) and PSP IV (522-0401) activities would have to be designed at a smaller scale. Funds would not be available to expand successfully demonstrated family planning and STD/AIDS prevention activities to the national level. The Mission probably would not be able to continue support to PVOs for family planning promotion and our assistance to ASHONPLAFA would have to be scaled back before it reached self-sufficiency. Also, the Mission would have to forward-fund Global Field Support in FY 1997 because sufficient funds would not be available for this purpose in FY 1998.

SO4, with about \$9 million during the planning period, would probably be able to achieve its judicial reform and municipal development targets. However, reduced resources in FY 1998 and beyond could jeopardize support for the full scale implementation and sustainability of the ROL reforms, which currently is envisioned to begin in FY 1998. This support would broaden the training in the new CPC beyond Judiciary and PM professionals, to include revised curriculums and criminal law certification for Honduran Law School students and Honduran Bar Association members. These late-phase sustainment and consolidating activities would be sacrificed to the necessity of maintaining adequate levels of support to the Judiciary, PM, NGO legal reform advocacy, and municipal development activities.

Scenario 3

This scenario, which assumes a DA budget level of \$18,457,000 in FY 1997 and a straight-lined budget of \$27,301,000 for FY 1998 and the out years, enables the Mission to continue scaled-back implementation of its four SOs until 1998. However, due to budget cuts in FY 1994 - FY 1997, the Mission would have insufficient pipeline at the end of FY 1997 to fully fund all the annual work plans of our NGO and GOH partners in FY 1998. As a result, some of the results originally targeted would not be fully achieved. Even with significantly lower levels of USAID generated local currency, assuming that the FY 1998 OYB of \$27 million is sustained in the out years, the Mission would be able to resume full implementation of its four SOs at somewhat reduced levels under the new strategy to be developed for FY 1998 and beyond.

SO1, with a three-year allocation of about \$21 million, would be able to achieve many, but not all, of its 1998 targets. The Mission would be able to sustain and build upon past SO1 successes in the years after FY 1998. There would not be sufficient obligations in FY 1997, or pipeline from previous obligations, to finance fully the 1998 annual work plans of USAID's NGO and GOH partners. Thus the Mission could not maintain planned implementation of Small Business Development II (SBII 522-0241), PAIP (522-0325), and Basic Education and Skills Training (522-0388). As a result, planned targets in all three results packages would have to be scaled back. Once this momentum is lost, it would be difficult to regain it later with increased obligations in FY 1998.

SO2, with \$13 million, would have some difficulty achieving all its 1998 targets, but would be able to continue as a full Mission SO. The tight FY 1997 budget would result in slower implementation during FY 1998 of FDP (522-0246) and the HEPF (522-0385) projects. Thus the Mission might have to scale back planned targets for two of the three results packages. On the other hand, increased obligations in FY 1998 and beyond would enable the Mission

to initiate a new activity in FY 1999. Under this scenario, USAID would maintain its leadership role in the natural resources and environment sector; a sector that is absolutely crucial to the long term development of Honduras.

SO3, with about \$24 million in DA and \$13 million in Title II during the planning period, would not have sufficient funds to be able to purchase family planning equipment and education materials for critical regions of the country which lie outside the nine demonstration areas assigned to USAID by the GOH MOH. The Mission would not be able to commence health financing and sustainability technical assistance until FY 1998 and this would lead to a slower start-up of Health Sector III (522-0403) activity for which health reform is the main theme. With the reduced FY 1997 budget, some Global Bureau Field Support activities would have to be funded in an erratic fashion in the last year of activities (e.g. AIDSCAP) while others might have to be cancelled or postponed.

SO4, with about \$8 million for FY 1996-98, would probably be able to achieve most of its judicial reform and municipal development targets. The NGO legal reform and municipal reform advocacy and watchdog programs would be sustainable, albeit at marginally reduced levels of effort. Reduced FY 1997 obligations would adversely affect implementation of MDP (522-0340) in FY 1998 and reduce leverage and GOH financial incentives for major policy reforms associated with the Strengthening Democratic Institutions II Project (522-0394). Thus achievement of some targets for 1998 could be delayed and, under some conditions, actually jeopardized.

Scenario 4

Under this scenario, which assumes a DA budget level of \$18,457,000 in FY 1997 and a straight-lined budget of \$18,199,000 for FY 1998 and the out years, the Mission will not be able to continue even scaled-back implementation of its four SOs. As a result, the Mission would be forced to drop an SO, probably SO2, even before 1998 and substantially reduce virtually all results targets for 1997 and 1998. In short, under this scenario, the Mission would not be able to hold its program together even through 1998 when it is scheduled to start implementation of a new strategy adjusted to new future funding realities. At the \$18 to \$20 million OYB level in the out years and no new sources of generated local currency, the Mission's new strategy would probably include scaled back activities under only three SOs. It seems apparent that top priority would continue to be given to basic and vocational education, reproductive health, and justice sector reform activities.

OUTLINES OF NEW ACTIVITIES

1. Productivity and Policy Enhancement Program (PROPEP)

Activity Number:	522-0391
Funding Source:	Development Assistance Grant
Duration:	FY 1998 - FY 2003
Proposed LOA Funding:	\$25,000,000

PROPEP will directly support the Agency's goal of encouraging broad-based economic growth; the Bureau's themes of balanced, inclusive, and focused economic growth; and the Mission's SO1, enhanced economic participation and increased incomes of the poor. It is based on the LAC Bureau premise that markets can work for the rural poor.

PROPEP will improve the functioning of markets by developing a sound policy and institutional

framework in which the poor participate and lead. It will increase access to input and output markets, especially for lower income groups. PROPEP will empower the poor to participate (and lower their costs of competing) in those markets by strengthening the small and medium size enterprises which provide employment and income for the poor or which the poor own. In addition, the activity will invest in people by developing a corps of young leaders with a common vision of the path to market-based, equitable economic growth. The combination of these efforts will lead to a reduction in poverty, particularly in rural areas, by providing the poor with increased job opportunities and income. The indicators used to measure progress toward these results will be desegregated by gender.

Major Expected Results

- o Deepening of market-based policies that are transparent and that open the economy to all participants, including the poor.
- o Public sector institutions that effectively analyze economic policies and more consistently and equitably implement market-based policies.
- o Private sector institutions that effectively analyze economic policies and lobby for reform.
- o Increased access by the poor to productive factor markets of land, capital, technology, and qualified human resources.
- o Increased access by the poor to final product markets, including national, regional and international markets.
- o Increased institutional capabilities of entities which are owned by the poor and/or serve the poor.
- o Improved ability of the poor to combine and utilize effectively the productive factors to which they have access.
- o Increased ability of selected young leaders, particularly from among the poor, to influence public policy and to help create and maintain a sustainable climate for economic development.

PROPEP will be obligated via a sector-wide SO Agreement with the GOH. This Agreement will enable USAID to make subsequent sub-obligations, such as Cooperative Agreements to other, nongovernmental partners, such as Honduran or US NGOs.

2. Sustainable Resource Use (SRU)

Activity Number: 522-0391
Funding Source: Development Assistance Grant
Duration: FY 1998 - FY 2004
Proposed LOA Funding: \$11,000,000

The new activity will directly support Agency environmental, equity, and sustainable development goals, as well as the LAC Bureau objective "Protecting the Environment." The activity will be fully consistent with the Mission SO 2, "Effective Stewardship of Key Natural Resources for Sustainable Economic Growth," and will make continued contributions to development objectives under this SO, extending and expanding important results from 1998 to 2004. It's development would coincide with the Mission's planned new strategy for the 1998-2003 period.

SRU will be obligated via a sector-wide SO Agreement with the GOH. This Agreement will enable USAID to make subsequent sub-obligations, such as Cooperative Agreements to other, nongovernmental partners, such as Honduran or US NGOs.

The activity would improve and expand management of soils, water sources, forests, and bio-diversity on fragile hillside lands in key economically important watersheds. It also would improve the cultivation technologies of 8,000 small farm families presently utilizing destructive practices in protected area buffer zones and important local watersheds. Regarding tactics, the SO Team would draw heavily upon lessons learned and upon public and private institutions that have been successfully supported in the current period. The two key areas of activity would be (1) sustainable agriculture and agroforestry in buffer zones and economically significant watersheds, and (2) bio-diversity conservation in PAs. Training, technical assistance, and limited logistical support would be channeled primarily through NGOs, although some resources might also be managed by the Department of Protected Areas, COHDEFOR, and/or the Ministry of Natural Resources.

LL RESOURCES TABLE
SAID/

Funding Category	(\$000)				
	FY 1996*	FY 1997 Base**	Base - 20%	FY 1998 Base - 10%	Base -30%
Development Assistance/ SEED/FSA/ESF/IDA ***					
Economic Growth	5904	8816	5189	9935	6662
Of which: Field Support ****					
Population/Health	6970	9115	7604	9115	7727
Of which: Field Support ****	2407	3511	2981	3495	2773
Environment	4234	6485	4630	4125	1109
Of which: Field Support ****					
Democracy	1349	3209	2252	4125	2702
Of which: Field Support ****					
Humanitarian Assistance/Transition					
Of which: Field Support ****					
PL480:					
Title II	4410	4410	4410	4410	4410
Title III					
Other (HG, MSED, ECA) ***					
GRAND TOTAL	22867	32035	24085	31710	22610

* The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

** Base is defined as operating bureau allocations based on the FY 1997 OMB request level. These allocations shall be ACSI code driven.

*** FYI: SEED= Support for Eastern European Democracy FSA= Freedom Support Act (NIS countries); IDA= International Disaster Assistance.

HG = Housing Guaranty; MSED= Micro and Small Enterprise Development, ECA=Enhanced Credit Authority

**** Refers to all Field Support – both Global-obligated and Mission-obligated.

1/28/97

ex 2
 ding Scenarios by Objective*

(000)

OBJECTIVE	FY 1996**	FY 1997 Base***	Base - 20%	FY 1998 Base -10%	Base - 30%
Strategic Objective #_1_: Enhanced Economic Participation					
Development Assistance/SEED/FSA****	5904	8816	5189	9935	6662
Economic Support Funds					
PL480: Title II					
Title III					
International Disaster Assistance					
Other (HG,MSED,ECA)****					
Strategic Objective #_2_: Effective Stewardship of Key Natural Resources					
Development Assistance/SEED/FSA****	4234	6485	4630	4125	1109
Economic Support Funds					
PL480: Title II					
Title III					
International Disaster Assistance					
Other (HG,MSED,ECA)****					
Strategic Objective #_3_: Improved Family Health					
Development Assistance/SEED/FSA****	6970	9115	7604	9115	7727
Economic Support Funds					
PL480: Title II	4410	4410	4410	4410	4410
Title III					
International Disaster Assistance					
Other (HG,MSED,ECA)****					
Strategic Objective #_4_: Democracy					
Development Assistance/SEED/FSA****	1349	3209	2252	4125	2702
Economic Support Funds					
PL480: Title II					
Title III					
International Disaster Assistance					
Other (HG,MSED,ECA)****					
Total					
Development Assistance/SEED/FSA****	18457	27625	19675	27300	18200
Economic Support Funds	0	0	0	0	0
PL480: Title II	4410	4410	4410	4410	4410
Title III	0	0	0	0	0
International Disaster Assistance	0	0	0	0	0
Other (HG,MSED,ECA)****	0	0	0	0	0

* Use all funding spigots, including DA, SEED, FSA, ESF, PL480, IDA, HG, MSED, and ECA.

** The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

*** Base is defined as operating bureau allocations based on the FY 1997 OMB request level.

**** Please disaggregate by funding category.

1388

Annex 3
GLOBAL FIELD SUPPORT

slon: legic ctive	Field Support Activity Number & Title	Priority *	Duration	Estimated Funding (\$000) FY 1996**			FY 1997*** FY 1997 Base Obligated by ****:			FY 1998*** FY 1997 Base - 10% Obligated by ****:			FY 1997 Base - 30% Obligated by ****:		
				Obligated by ****:		Obligated by ****:		Obligated by ****:		Obligated by ****:		Obligated by ****:			
				Global Bureau	Operating Unit	Global Bureau	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Global Bureau	Operating Unit	Global Bureau	
S.O.3: Improved Family Health	936-3051 Contraceptive Social Marketing	Medium-High	3 years (1997-99)	50	---	100	100	---	100	---	35	35	---	35	
	936-3052 Population Communication Services	Medium-High	3 years (1997-99)	80		120	120		120		100	100		100	
	936-3030 Strat. for Imp. Serv. Del. (INOPAL)	Medium	1 year (1996-97)	190											
	Follow on to above (INOPAL)	Medium	2 years (1997-99)			400	360		360		400	360		360	
	936-3038 Family Plan. Logistics Mgmt., JSI	Medium	2 years (1997-98)	20		70	70		70		10	10		10	
	936-3038 Family Plan. Logistics Mgmt., CDC	High	1 year (1997)	14		35	35		35		0	0		0	
	936-3055 Family Planning Mgmt. Dev.	Medium-High	3 years (1996-98)	74		70	70		70		80	80		80	
	936-3065 Expansion and Improvement of FP	High	3 years (1997-99)	110		170	170		170		170	170		170	
	936-3068 Program for Vol. & Safe Contracept.	Medium-High	2 years (1997-98)	130		81	81		81		50	50		50	
	936-3057 Central Contraceptive Procurement	High	3 years (1997-99)	445		890	890		890		1,075	1,075		1,075	
	936-5992 ARCSS (Quality Assurance)	High	3 years (1996-98)	100		170	170		170		150	150		150	
	936-5966 Breastfeed. & Maternal & Neonatal Health (WellStart)	High	1 year (1996)	120											
	Follow-on to above (Wellstart)	Medium-High	2 years (1997-98)	50		25	25		25		25	25		25	
	936-5966 Breastfeed. & Maternal & Neonatal Health (MotherCare)	High	3 years (1996-98)	250		150	150		150		150	150		150	
	936-6006 BASICS	Medium-High	3 years (1996-98)	231		200	200		200		200	200		200	
	936-5970 Technical Advisors in AIDS & CS	High	3 years (1997-99)	150		150	150		150		150	150		150	
	936-5972 AIDSCAP (FHI)	High	1 year (1996-97)	413											
	936-5972 AIDSCAP (AED)	Medium-High	2 years (1997-98)			800	1,180		410		600	790		20	
	936-5974 Health Financing & Sustainability	Medium	3 years (1998-00)	0		300	300		0		300	317		198	
	GRAND TOTALS			2,407		3,511	4,051		2,981		3,495	3,662		2,773	

* For Priorities use high, medium-high, medium, medium-low, low
 ** The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.
 *** Base is defined as operating bureau allocations from the FY 1997 OMB request level.
 **** If the funding source is unknown, show all the funding as Obligated by Global Bureau.

B2C

TABLE 4

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

SO NO. 1

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
596-0178	Regional Trade Policy	A	Mike Wise X 2656	R. Peterson (502) 232-0202	None	596-0178	Results Package (RP) 1.2 "Expanded Access and Opportunity through Improved Functioning of Markets", Policy Analysis and Implementation (PAIP) (522-0325)	Will help to increase regional preparedness for participation in free trade agreements.
596-5848	Girls Education	A	Ned Van Steenwyk X2481	Susie Clay G/HCD/FSTA (703) 875-4179	None	596-5848	RP 1.3 "Expanded Access and Opportunity through Investment in People", Basic Education and Skills Training (BEST) (522-0388)	Provides funding for research to improve female participation and achievement levels in the project.
598-0807	Agriculture and Natural Resources Management Technical Services (LACTECH II)	A	Mike Wise X2656		None	598-0807 EX-G	SO1, SO2	Provides analyses for development of Mission's new strategy.

- A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996. Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 1 (Continued)

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS*	SOURCE**		
598-0823	Partnership for Educational Revitalization	A	Ned Van Steenwyk X2481	Sarah Wright (202) 647-8044	None	LAC/RSD	RP 1.3, BEST	Promotes education reforms in the region to improve the quality, efficiency and equity of education by sponsoring seminars, conducting research and evaluations, and publicizing successful educational reforms and strategies.
936-5063	University Development Linkages Project	B	Mike Wise X 2676	Ruth Frischer G/R&D/UC (703) 816-0252	None	936-5063	---	Supports collaboration of developing country education institutions to U.S. colleges and universities. In Honduras, Cornell University is working with Zamorano to establish long-term collaboration in the areas of sustainable agriculture, natural resources management, and human resources development. Includes a pilot Masters Degree Program.
936-5451	Implementing Policy Change	A	Vicente Diaz X 2575	Pat Isman G/R&D/EID /RAD (703) 875-4625	Buy-in	PAIP (522-0325)	RP 1.2, PAIP	Assists in the establishment of a GOH Policy Analysis and Implementation Unit to improve policy decision-making and implementation of reform programs in conjunction with our PAIP (522-0325)

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996. Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 1 (Continued)

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS*	SOURCE**		
938-0158	Freedom from Hunger (Matching Grant)	B	Liza Valenzuela X 2525	Sallie Jones BHR/PVC/MGD (703) 351-0219	None	938-0158	---	Provides TA and training to its local affiliate in the area of financial management and poverty lending.
938-0158	World Relief Corporation (Matching Grant)	B	Liza Valenzuela X 2515	Sallie Jones BHR/PVC/MGD (703) 351-0235	None	938-0158	---	Provides credit programs for micro-enterprises. Project ends in September, 1998.
938-0705	Farmer to Farmer (NAPA)	B	Mike Wise X 2676	John Fasullo BHR/PVC/MGD (703) 351-0227	None	938-0705	---	Supports sustainable development efforts by promoting cooperation, democratic principles, and practices that demonstrate self-reliance. Includes activities, that target women involved in nontraditional and sustainable agricultural activities.
940-0404	Institute for Contemporary Studies	A	Vicente Diaz X 2575	Orcet Koropecs G/EG/EIR (202) 663-2358	Buy-in	522-0325	RP 1.2, PAIP	Provides technical assistance to the Government Economic Policy Analysis and Implementation Unit (UDAPE).
940-0406	Microenterprise Innovation Impact Component	A	Bernai Velarde X 2613	Elizabeth Rhyne G/EG/MD (202) 663-2360	None	940-0406 FY 1996 and FY 1997 funding	RP 1.1 " Expanded Access by the Poor to Productive Resources", Small Business Development II (SB II) (522-0241)	Will carry out a study to examine various issues that affect the village bank methodology, and a survey to measure the dynamics of the informal sector.

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996. Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 2

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
596-0180	Central America Regional Environmental Project (PROARCA)	A	Peter Hearne X 2657	Alex Dickie G-CAP (502) 232-0202	Cooperation for in-country activities	---	Complements Result Package (RP) "Improved Management of Protected Areas" (RP 2.3)	Works in protected areas, coastal zones and watershed management. The Project has opened and maintained good communication with bilateral missions.
931-1311	Tropsoils CRSP	B	Peter Hearne X 2667	John Malcolm G/R&D/AGR /RNR (703) 875-4328	None	G-Research	RP 2.2 "Sustainable and More Productive Hillside Agriculture". Land Use and Productivity Enhancement (LUPE) (522-0292)	Researches topsoil loss to measure LUPE (522-0292) impact. Good results but future support to Mission depends upon availability of USAID/W funds.
936-4023	Pond Dynamics CRSP	B	Al Merkel X 2680	Lamar Trout G/R&D/AGR /RNR (703) 875-4300	Other (Local Currency transfer)	Other (PL 480 Title III Local Currency) and FY 1996 G-Research	Complements but is not part of RP 2.3	Is actively measuring water quality in the Choluteca Watershed and Golf of Fonseca areas, where many USAID projects have been/are active.
936-4198	Sustainable Agriculture and Natural Resources Management CRSP (SANREM)	B	Albert Merkel X 2680	Jim Bonner G/R&D/AGR /APP (703) 351-4006	None	G-Research	RP 2.2, Small Farmer Export Development (SFED) (522-0399); LUPE	Is developing indicators for sustainability of environmental activities (with Zamorano). It is also developing an environmental monitoring system.

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 2 (Continued)

PROJECT NUMBER	PROJECT NAME	CATE-GORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
936-5554	Conservation of Biological Diversity Project	B	Peter Hearne X 2667	Otto Gonzalez G/ENV/ENR (703) 812-2270	None	936-5554 USAID/G/ ENV/ENR	RP 2.3	This project will be funded under a PASA signed between USAID and the U.S. Department of the Interior on May 25, 1995, and an agreement signed between the U.S. Department of the Interior and the Peace Corps in April 1995. The Honduras Rio Platano site will be one of several worldwide. It is expected that the agreement between the U.S. Department of the Interior, USAID/Honduras, Peace Corps/Honduras, Mosquitia Pawisa (MOPAWI), and the Government of Honduras will be signed by May 1996. The project will continue for three years, into 1988.

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 3

PROJECT NUMBER	PROJECT NAME	CATE-GORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
596-0179	LAC Central American HIV/AIDS Project	A	Richard Monteith X 2482	Stan Terrell G-CAP (502) 232-0202	None	LAC	Results Package (RP) 3.3 "Increased Use of STD/AIDS Prevention Practices", Health Sector II (HS II) (522-0216)	Provides assistance to the National AIDS Control Program.
598-0657	LAC Health & Nutrition Technical Services Support (LAC HNTSS)	A	David Losk X 2488	Carol Dabbs LAC/RSD/PHN (202) 647-5136	None	LAC	RP 3.2 "Increased Use of Selected Child Survival Intervention", HS II	Provides assistance in response to cholera.
598-0786	LAC Accelerated Immunization II	A	David Losk X 2488	Carol Dobbs LAC/RSD/PHN (202) 647-5136	None	LAC	RP 3.2, HS II	Provides assistance through PAHO to the national immunization program.
936-3030	Strategies for Improving Service Delivery (The Population Council) (INOPAL)	A	Maria del Carmen Miranda X 2329	Barbara Feringa G/PHN/POP/R (703) 875-4676	None	EX-G	RP 3.1 "Increased Use of Reproductive Health Services Including Family Planning Services", Private Sector Population Program (PSPP) II (522-0369), Private Sector Population Program (PSPP) III (522-0389)	Approves and manages small grants to local PVOs for family planning reproductive health operations research.
936-3038	Family Planning Logistics Management (CDC)	A	Richard Monteith X2482	John Crowley G/PHN/POP (703) 875-4650	None	EX-G	RP 3.1, PSPP II, PSPP III	Assists with the 1996 Epidemiology and Family Health Survey (EFHS).

- A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 3 (Continued)

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
936-3038	Family Planning Logistics Management (JSI)	A	Maria del Carmen Miranda X 2329	John Crowley G/PHN/POP (703) 875-4650	Possible Buy-In	EX-G	RP 3.1, HSII PSPP II, PSPPIII	Assists in contraceptive logistics and needs projections.
936-3051	Contraceptive Social Marketing III (SOMARC III)	A	Maria del Carmen Miranda X 2329	Ellen Starbird G/PHN/POP (703) 875-4773	None	EX-G	RP 3.1, PSPP II, PSPP III	Provides technical assistance to the Honduras Family Planning Association (ASHONPLAFA) in contraceptive social marketing.
936-3052	Population Communication Services	A	David Losk X 2488	Chloe O'gara G/PHN/POP/CMT (703) 875-4487	Possible Buy-In	EX-G	RP 3.1, PSPP II, PSPP III	Provides technical assistance and training to ASHONPLAFA in IEC strategies.
936-3055	Family Planning Management Development	A	Maria del Carmen Miranda X 2329	Maria Busquets-Moura G/PHN/POP (703) 875-4768	None	EX-G	RP 3.1, PSPP II, PSPP III	Provides assistance to ASHONPLAFA in the areas of administrative efficiency and self-sufficiency.
936-3057	Central Contraceptive Procurement	A	Angel Coca X 2491	Mark Rilling G/PHN/POP (703) 875-4492	None	522-0369 and/or 522-0216 EX-G and FY 1997 and FY 1998 funding	RP 3.1, PSPP II, PSPP III	Supplies contraceptives to our family planning and AIDS control and prevention programs.

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-In, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 3 (Continued)

PROJECT NUMBER	PROJECT NAME	CATE-GORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/ PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
936-3065	Expansion and Improvement of FP Services in Latin America (IPPF/WHR)	A	Maria del Carmen Miranda X 2329	Anne Wilson G/PHN/POP/FPS D (703) 875-4658	Possible Buy-in	EX-G	RP 3.1, PSPP II, PSPP III	Provides assistance to ASHONPLAFA in management systems and cost accounting
936-3068	Program for Voluntary and Safe Contraception	A	Maria del Carmen Miranda X 2329	John Rose G/PHN/POP (703) 875-4533	None	EX-G	RP 3.1, PSPP II, PSPP III	Provides training and technical assistance quality of contraceptive services.
936-5110	Food, Nutrition Monitoring and Support (IMPACT) - (ISTI)	A	David Losk X 2488	Eunyong Chung G/PHN/HN (703) 875-7618	None	Micronutrient funds	RP 3.2, PL 480 Title II - CARE, complements HS II	Supports micronutrient activities including fortification of sugar with vitamin A, adding iodine to salt, and adding iron to women's and children's diets. Assists CARE with the design of the monitoring and evaluation system for Title II.
936-5122	Opportunities for Micronutrient Interventions (JSI) (Field Support/TA)	A	David Losk X 2488	Frances Davidson G/PHN/HN (703) 875-4118	None	Micronutrient funds	RP 3.2, complements HS II	Provides assistance with micronutrient interventions.
936-5966	Breastfeeding and Maternal & Neonatal Health (Expanded Program in Breastfeeding)	A	David Losk X 2488	Susan Anthony G/PHN/HN (703) 875-4521	None	EX-G	RP 3.2, II	Contributes to the "La Liga de Lactancia Materna" and MOH Program to promote breastfeeding. As part of the multi-donor effort, we are supporting a program to train breastfeeding counselors.

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996. Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 3 (Continued)

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
936-5966	Breastfeeding and Maternal and Neonatal Health Mother Care II	A	David Losk X 2488	Mary Ellen Stanton G/PHN/HN (703) 875-4529	None	Micronutrient funds and EX-G	RP 3.2, HS II	Assists with design and implementation of maternal and neonatal health and nutrition initiatives.
936-5970	Technical Advisors in AIDS and Child Survival	A	David Losk X 2488	Dale Gibb G/PHN/HN (703) 875-4556	None	Micronutrient funds and FY 1997 funding	RP 3.1, HS II, PSPP II, PSPP III	Provides one full time AIDS/child survival advisor.
936-5972	AIDS Technical Support -- AIDS Control and Prevention (AIDSCAP)	A	Richard Monteith X 2482	Denise Rouse G/PHN/HN/AIDS (703) 875-4626	None	EX-G	RP 3.2, HS II	Provides technical assistance to the National AIDS Control Program.
936-5992	Applied Research in Child Survival Services (Quality Assurance)	A	David Losk X 2488	James Heiby G/PHN/HN (703) 875-4566	Possible Buy-in	EX-G	RP 3.1, HS II, PSPP II, PSPP III	Provides technical assistance and support to the MOH and ASHONPLAFA on the improvement of the quality of services provided to their customers.
936-6006	Basic Support for Institutionalizing Child Survival (BASICS)	A	David Losk X 2488	Melody Trott G/PHN/HN (703) 875-4525	None	EX-G	RP 3.2, HS II	Provides technical assistance to help plan and implement child survival interventions.
938-0158	Freedom from Hunger (Matching Grant)	B	Herbert Caudill X 2489	Regina Coleman BHR/PVC/MGD (703) 351-0213	None	938-0158	---	Uses poverty lending and adult education to promote health and nutrition of the poor. This activity terminates in September, 1998.

- A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 3 (Continued)

PROJECT NUMBER	PROJECT NAME	CATE-GORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/ PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
938-0158	The People to People Health Foundation (Project Hope) (Matching Grant-CS)	B	Herbert Caudill X 2489	Regina Coleman BHR/PVC/MGD (703) 351-0213	None	938-0158	--	Supports income generating activities for women, so they can afford more food and health services; formation of community participation and banks; and health education. This activity terminates in September, 1997.
938-0284	Adventist Development and Relief Agency International (Child Survival Grant)	B	Herbert Caudill X 2489	Jaime Henriquez BHR/PVC/MGD (703)351-0213	None	938-0284	--	Increases child survival interventions in Tegucigalpa by providing services, skills transfer, and income generation activities. This activity terminates in September, 1999.
938-0284 938-0500	International Eye Foundation (Child Survival Grant)	B	Herbert Caudill X 2489	Jaime Henriquez BHR/PVC/MGD (703) 351-0213	None	938-0500 938-0284	--	Improves child health in Honduras by increasing intake of vitamin A through distribution of capsules, community gardens, nutrition education and treatment of disease. This activity terminates in September, 1996.
938-0284 938-0500	World Vision Relief and Development (Child Survival Grant)	B	Herbert Caudill X 2489	Rose Robinson BHR/PVC (703) 351-0226	None	938-0500 938-0284	--	Helps to improve health services in 10 periurban communities in Tegucigalpa. This activity terminates in September, 1998.
938-0500	Save the Children Federation (Child Survival Grant)	B	Herbert Caudill X 2489	Jaime Henriquez BHR/PVC/MGD (703) 351-0213	None	938-0500	--	Strengthens community groups and public health services (MOH) in child survival interventions. This activity ends in September, 1996.

- A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 4

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
596-0167	Local Government Regional Outreach Program (LOGROS)	A	Todd Sloan X 2756	Ronald Carlson ROCAP (502) 232-0202	None	596-0167 (RHUDO)	Results Package (RP) 4.2 "More Responsive and Effective Municipal Government" Municipal Development Project (MDP) (522-0340)	Provides assistance to the Municipal Development Project.
596-HG-006	Shelter Sector and Urban Development (CABEI)	A	Todd Sloan X 2756	Ronald Carlson ROCAP (502) 232-0202	None	596-HG-006	RP 4.2, MDP	Project supports the Housing Guarantee program and finances infrastructure in the municipalities.
598-0644	International Investigative Training Assistance Program (ICITAP)	B	Ron Glass X2751	David Diaz ICITAP 653-9122	None	598-0644	RP 4.1 "More Honest and Effective Judicial and Prosecutorial Systems", Strengthening Democratic Institutions (SDI) (522-0296)	Improves delivery of investigative services with emphasis on supporting Public Ministry skill building and investigative forensic science.
598-0661	Evaluation of Caribbean and LA Scholarship Programs (CLASP)	B	Jeff Landsdale X2653	John Jessup LAC/DR/EHR (202) 647-8044	None	598-0661 EX-G and FY 1996-FY 1997 funding	Honduras Peace Scholarship II (HOPS II) (522-0364)	Carries out periodic evaluations of CLASP Programs held Mission compare HOPS II with similar program in other countries.

- A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-In, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE NO. 4 (Continued)

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS**	SOURCE***		
598-0661	Cooperative Association of States for Scholarships (CASS)	B	Jeff Landsdale X2653	John Jessup LAC/DR/EHR (202) 647-8044	None	598-0661	HOPS II	Has provided 470 Strategic Objective number 4 scholarships for Hondurans to study in the U.S.
598-0791	Regional Technical Aid Center II	A	Jeff Landsdale X2653	John Jessup LAC/DR/EHR (202) 647-8044	None	598-0791	RTAC II (522-0384)	Has expanded the number of participating book outlets in Honduras from 3 to 12.
598-0802	Latin American Journalism	B	Ron Glass X2751	Sharon Iselow LAC/DI (202) 647-3096	None	598-0802	RP 4.1, SDI	Aims at strengthening the free press in Latin America through education, training and research.
598-0813	Partners of the Americas/Civic Education	B	Ron Glass X 2751	John Swallow LAC/DI (202) 647-4385	None	598-0831	RP 4.1, SDI	Builds upon a 1993 civic education project to train selected leaders in democracy and Rule of Law objectives.
936-5468	Department of Justice Democracy Sector Support	A	Ron Glass X 2751	Debra McFarland G/DG (202) 736-7878	None	EX-G	RP 4.1, SDI	Provides assistance to the SDI Rule of Law activity.
936-5470	Rule of Law Capacity Building	A	Ron Glass X 2751	Chuck Costello G/DG (202) 663-2696	None	EX-G FY 1996 and FY 1997	RP 4.1, SDI	Provides assistance to the SDI Rule of Law activity.

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996. Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

OTHER

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS*	SOURCE**		
596-0146	Regional Central American Rural Electrification Support (CARES)	C	Vicente Diaz X 2575	Silvia de Cordoba ROCAP (502) 232-0202	None	596-0146	---	Provides training and technical assistance in the area of electrical power generation to local Honduran power companies (ENEE, Roatán, etc.) Local-hire American oversees activities.
596-0147	Economic Policy Research	C	Vicente Diaz X 2575	Ana Vilma Pocasangre (502) 232-0202	None	596-0147	---	Will help to increase the quantity and quality of economic research and analysis by economic research centers on critical economic policy issues and to raise the level of public understanding and dialogue on these issues.
596-0177	Support for Partnership for Democracy and Development	C	Vicente Diaz X 2575	Ana Vilma Pocasangre (502) 232-0202	None	596-0177	---	Assist Central America to promote economic development.
598-0822	Hemispheric Free Trade Expansion Project	C	Mike Wise X 2656		None	598-0822	---	

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996. Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE

OTHER (Continued)

PROJECT NUMBER	PROJECT NAME	CATEGORY*	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 FUNDING		PART OF MISSION RESULTS PACKAGE	COMMENTS/STATUS
					MISSION MECHANISMS*	SOURCE**		
930-0185	USAID/Israel Cooperative Development Program	C	Albert Merkel X 2680	Ed Lijewski R&D/AGR (703) 875-4300	None	930-0185	---	Will Provide training in Israel, in country training, and short-term consultancies in Honduras.
931-1310	Bean/Cowpea CRSP	C	Peter Hearne X 2667	Catherine Lynn Ives G/EG/AFS/ST (703) 875-4049	None	G-Research	---	Provided assistance on bean/cowpea varieties to the LUPE Project (522-0292).
936-5743	Energy Efficiency Project	C	Vicente Diaz X 2575	David Jhirad G/ENV/EET (703) 875-4047	None	936-5743	---	Provides services in four areas including global climate change, energy efficiency and environmental improvement, technology cooperation and capacity building and information.
936-5750	Renewable Energy Application/Training	C	Vicente Diaz X 2575	Ross Pumfrey G/E/E&I (203) 875-4694	None	936-5750	---	Identifies promising renewable energy projects. In Honduras the focus is on photovoltaic systems in rural homes.
936-5838	United States Telecommunications Training Institute (USTTI)	C	Jeff Lansdale X 2653	Carol Pierstorff C/R&D/EI (703) 235-4960	None	936-5838	---	Provides tuition-free training in privatization, telephone network management, broadcast studio design, and satellite communications. Currently is giving technical training to HONDUTEL, the Honduran Telephone Company.

- * A. Supports Mission SO and is within Mission capacity to manage.
- B. Supports Mission SO but is beyond Mission capacity to manage.
- C. Does not support Mission SO.

** Buy-in, OYB Transfer, None, Other.

*** Project Number, EX-G, G Research, Other. This column identifies source for 1996.

Annotations for 1996-97 indicate that FY 1996-1997 funding is planned to come either from Honduras EX-G allocation or from USAID/H OYB allocation.

B. PROGRAM MANAGEMENT REQUIREMENTS

OPERATING EXPENSE BUDGET REVIEW NARRATIVE

USAID/Honduras senior management led a comprehensive review of the Mission's Operating Expense (OE) Budget Requirements for Fiscal Years 1996 through 1998. Each line item was reviewed to insure the most efficient and effective utilization of OE resources. Serious consideration was given to the level of staffing which must be maintained for provision of viable management and appropriate accountability for the current and projected program levels. In addition, there was full consideration of the impact that re-engineering, New Management Systems (NMS) and projected future program directions would have on Mission operations and staff.

As a result of this budget analysis and prior FY 1996 reviews, USAID/Honduras has reduced U.S. Direct Hire (USDH) Mission staff for FY 1996 by 4 positions, a cut of 20% from FY 1995 levels and a reduction of almost 60% since cuts began in FY 1992. Foreign Service National (FSN) positions were cut by 20 from FY 1995 to FY 1996 and will be further reduced by 5 positions for FY 1997, resulting in a reduction of more than 36% since the FY 1992 cutback began. To realize savings beyond those gained from personnel cuts, the Mission has deferred or eliminated all but the most essential and critical non-expendable property (NXP) procurement for FYs 1996 through 1998, and has taken steps to hold recurring operating costs to the bare minimums.

These staff reductions and other adjustments, including some changes in staff composition as relates to employee categories, will enable the Mission to function effectively with a FY 1996 OE budget level that is \$384,800 less than the FY 1995 actual budget. There is a small increase, \$50,700, in the FY 1997 budget request versus the FY 1996 amounts. This change is due to an increase in contract personnel costs caused by salary increases, FSN severance payments required by Honduran Law, a minor increase in cost of office operations due to inflation, and NXP procurement which could not be further deferred. The FY 1998 total shows a decrease from the projected FY 1997 level of \$30,700. These budget requests and the supported staffing are considered to be the absolute minimum levels at which the Mission can operate without seriously affecting program implementation. Calculations show additional personnel cuts would have an adverse first year budget impact and, because funds would have to be transferred from other functional categories to cover the additional personnel costs, would require curtailment of Mission operations. Further cuts in the FY 1996 or FY 1997 budget categories not related to personnel costs would have a similar adverse effect on Mission operations.

BUDGET REVISION/REVIEW DETAIL:

USAID/Honduras has taken appropriate steps over the past three years to concentrate program resources in four strategic objectives in direct support of the Agency's major goals. This focusing of program objectives and resultant concentration of resources, along with overall program reductions, has allowed the Mission to make dramatic cuts in staffing and OE funding requirements while maintaining a high level of management control and accountability. From FY 1993 to requested FY 1996 levels, USAID Honduras staff will have been cut by 14 USDH and 46 FSN positions - cuts of 47% and 28% respectively. Over the same period, operating expense levels - inflation and increased salary and benefit costs notwithstanding - fell by \$1,017,100. Given the Mission's prior efforts to minimize operating costs while maximizing results - "more bang for the buck" - it was impossible for the Mission to carve

away large chunks of staff or funds from the FY 1996 through FY 1998 OE requests without causing serious damage to essential operations and program implementation. This position was arrived at only after Mission Management - operating from a perspective which acknowledged that hard decisions had to be taken and every effort had to be made to find ways to reduce the budget - scrutinized Mission staffing, position by position and reviewed OE projected costs, line item by line item, to ferret out every reduction possible without negatively effecting program impact, effectiveness, and/or control and accountability systems. Every staff position was reviewed to determine its role in managing the current Mission portfolio, its function once re-engineering is fully implemented, and the impact on program results, management control/oversight, and accountability if the position were eliminated. Once minimum staffing levels were determined, every OE cost was examined in light of these new staff levels to determine if there was some way to achieve the required results for less money.

The review of Mission staffing led to a reduction of four USDH positions (FY 1995 actual versus FYs 1996 through 1998 requested levels), a cut of two U.S. Personal Service Contractors (USPSC)¹ in FY 1996 and elimination of an additional position in FY 1997, and a cut of twenty FSN positions from FY 1995 to FY 1996 with another 5 positions being cut from FY 1996 to FY 1997. The projected level of all categories of Mission staff remains constant from FY 1997 to FY 1998.

The comprehensive cost review yielded a reduction of \$384,800 from FY 1995 actuals to FY 1996 projections and an increase of \$50,700 in FY 1997 projections over FY 1996 projections. FY 1998 projections drop by \$30,700 from FY 1997 levels. The table on the following page shows projected OE budget changes by major function codes.

**TABLE 5
CHANGE IN OPERATING EXPENSE BY FISCAL YEAR
AND FUNCTIONAL CODE CATEGORY**

Major Function Code \$000 () shows decrease	FY 96 vs FY 95	FY 97 vs FY 96	FY 98 vs FY 97
U100 U.S. Direct Hire	129.4	(48.9)	(56.6)
U200 F.N. Direct Hire	(95.9)	3.3	(2.1)
U300 Contract Personnel	114.3	33.0	21.8
U400 Housing	34.0	7.2	9.0
U500 Office Operations	(158.3)	26.6	27.3
U600 NXP Procurement	(488.3)	30.0	(30.0)
Total Net Change	(384.8)	50.7	(30.7)

¹ Because information about USPSC categories is not available for years prior to FY 1996, the USPSC levels used in this calculation do not take into account Dependent USPSC which do not count against the Mission staffing levels allowed by USAID/Washington.

As earlier noted, the Mission completed a comprehensive review of its programs and the staff levels required to maintain adequate management controls while assuring that the Strategic Objective can be met. The Mission Management Team considers present staffing levels to be the minimum level it can accept without reductions in program breadth and expenditure flows and/or serious impact on implementation effectiveness. An analysis of the Mission's program expenditures over the past five years shows that average annual disbursements have been approximately \$30 Million. With the projected program levels and the remaining pipeline, it is expected that this expenditure rate will continue until the end of FY 1998. Given this disbursement level, Mission staffing needs to remain reasonably constant throughout the period.

The Mission is projecting a staff reduction of 23 between the end of FY 1995 and FY 1996. Staff reductions between FY 1996 and FY 1997 are projected at 7. No additional staff reduction is anticipated between FY 1997 and FY 1998. Reductions are held to a minimum in the later years because the Mission has made a very conscientious effort over the past five years to reduce staff as much as possible in an effort to reduce costs. It should be noted that the Mission has reduced staff by more than 31% during the period FY 1991 to FY 1995. This 31% equates to 80 positions. Most dramatic of the overall reductions was 17 U.S. Direct Hire positions. Add to that 17, the additional cuts of 4 positions during the FY 1996 to FY 1998 period and the reduction is shown to be a 57% cut. Make the same calculation for overall staffing and you find the Mission has given up 43% of its staff since FY 1991. The chart on the following page shows the Mission's staffing reductions, actual or projected for the period FY 1991 through FY 1998.

**TABLE 6
STAFFING LEVELS FROM ALL FUNDING SOURCES
BY CATEGORY AND YEAR**

STAFF CATEGORY	FY-91	FY-92	FY-93	FY-94	FY-95	FY-96	FY-97	FY-98
US/DH	37	32	30	25	20	16	16	16
US/PSC	35	26	23	21	17	14	13	13
DEPENDENT US/PSC						4	3	3
TCN/PSC						1	1	1
PASA	9	5	4	3	3	2	2	2
FSN	177	171	164	141	138	118	113	113
TOTAL	258	234	221	190	178	155	148	148

NOTE: Information about the number of TCN/PSCs and Dependent US/PSCs is not available for periods prior to FY 1996. Dependent US/PSCs do not count against the ceiling allowed by USAID/Washington.

CONCLUSION:

In developing budget requests for Fiscal Years 1996 through 1998, all factors and issues - both operational and programmatic - were weighed and considered. Numerous cuts were made in every functional category. Unfortunately, some cuts were more than offset by inflation and other factors beyond Management control. However, the savings which were realized and those projected for future periods proves USAID/Honduras to be a Mission which

is serious about cutting costs; but this Mission is also serious about operational efficiency and high levels of program development results. Any additional operating expense cuts will require programmatic as well as operational changes and possible compromise of the outstanding contribution the Mission is making to the enhanced quality of life for the Honduran people.

**TABLE 7
OE Funding Requirements
(\$000)**

OE/TRUST FUNDED LEVELS By Major Function Code:	FY 96	FY 97	FY 98
U100 U.S. Direct Hire	392.5	343.6	287.0
U200 F.N. Direct Hire	349.4	352.7	350.6
U300 Contract Personnel	1,357.6	1,390.0	1,411.8
U400 Housing	362.1	369.3	378.3
U500 Office Operations	818.2	844.8	872.1
U600 NXP Procurement	40.0	70.0	40.0
Total Mission Funded OE / TF Costs	\$3,319.8*	\$3,370.5**	\$3,339.8**
Of Which TF Funded	\$1,007.1	\$1,007.1	\$1,007.1
Of Which \$ Funded	\$2,312.7	\$2,363.4	\$2,332.7

* Must not exceed FY96 OE levels provided by LAC/DPB.

** Should not exceed reduced levels provided by LAC/DPB.

Mission Staffing Requirement																		
	FY 96						FY 97						FY 98					
	USDH*	US PSC	TCN PSC	FSN	Other	Total	USDH*	US PSC	TCN PSC	FSN	Other	Total	USDH*	US PSC	TCN PSC	FSN	Other	Total
Total Authorized Positions	16	14 +4**	1	118	2	155	16	13 +3* *	1	113	2	148	16	13 +3* *	1	113	2	148
of which Program funded	-0-	12	-0-	23	2	37	-0-	11	-0-	22	2	35	-0-	10	-0-	22	2	34

* May not exceed USDH on-board position level provided by LAC/DPB.

** NOTE: Dependent US/PSCs on-board which do not count against USAID Washington Ceiling for PSCs.

SECTION V. ANNEXES

A. New Partnerships Initiative (NPI):

The USAID Program in Honduras strongly supports NPI goals. Mission analysis indicates that in 1995, about 55% of Mission's expenditures contributed directly to NPI goals. The percentage contribution varies by SO: 75% for SO1, 35% for SO2, 51% for SO3, and 67% for SO4.

Virtually all of the activities within SO1 make a substantial contribution. The Mission's small business development, and small agribusiness and export development activities strengthen numerous local NGOs and support them in their efforts to strengthen small businesses. (See "Honduran Fertilizer Sales" success story box page 12 of this R4.) The alternative basic education and non-formal skills training activity also empowers local NGOs to better provide education and skills to out-of-school youth and adults. SO1 policy activities promote reforms which enable private and community action to flourish.

In support of SO2, the Mission-assisted HEPF and LUPE activities support the resource management partnerships between U.S. environmental NGOs and local Honduran entities.

Supporting SO3, the Mission's two major family health projects (PSP, HSII) strengthen the ability of Honduran NGOs to provide child survival and reproductive health services, to construct water and sanitation systems and to promote STD/AIDS prevention practices.

The MDP, a major SO4 activity, contributed to all NPI democratic local governance objectives by promoting widespread community participation in local government, strengthening NGOs that work directly with municipal governments, and training both municipal authorities and community members in good local governance practices. (See "Grass Roots Democracy" success story box page 86 of this R4).

B. ACSI Codes (Awaiting guidance from Washington)

C. Summit of the Americas

The Summit of the Americas, Plan of Action lists 23 numbered goals. The nine of these directly supported by the USAID/Honduras Program are described below according to the goal numbers identified by the Summit of the Americas.

Summit Goal No. 1: Strengthening Democracy

By financially supporting a Honduran PM (Attorney General's Office) outreach program to national and local NGOs, university's and private sector groups, the SDI project has promoted dialogue and participation of grass roots organizations with PM special prosecutors in problem solving and forging partnerships to combat crimes such as public corruption, violence against women, minors and ethnic groups, and protection of the environment. The result has been development of productive partnerships between the PM with NGO groups, contributing to a significant increase in the number of prosecutions undertaken in 1995.

Summit Goal No. 2: Promoting and Protecting Human Rights

Based on the policy that the best program for promotion and observance of human rights is to publicly hold violators accountable for abuses, the SDI project has provided the PM with funds which were and are used for training, technical assistance and logistical support. As a result, for the first time in Honduran history, accusations of high ranking government official and military officer human rights abuses have been and continue to be investigated. Results to date include, in 1995, 10 active duty and retired military officers having been charged by the PM Special Prosecutor for Human Rights with human rights abuses emanating from the 1980's Central American conflict.

Program support to the PM's Special Prosecutor of Crimes against Ethnic Minorities has supported that office's general programs and especially analysis of the need to strengthen laws related to the rights of minority groups and indigenous people and communities. A program financed PM "National Seminar on Ethnic Minority Issues" provided the impetus for the initial drafting of legislative reforms to more adequately protect indigenous rights.

Other Special Prosecutor Offices (SPO) within the PM which have received program technical assistance and training to address problems identified in the Summit of the Americas Action Plan, include the SPO for protection of children and the disabled as well as the SPO for protection of the environment.

Three USAID activities support to the justice sector seek to minimize the number of pre-trial detainees:

Minimization of Pre-Trial Detention through a new CPC Reforms: this program financed effort provided technical support and observational travel in 1995 and early 1996 to a Supreme Court of Justice, PM and National University Law School work group involved in a major reform of Criminal Procedures System. In April of 1995, this group completed drafting and submitted to the Honduran Congress a new CPC. In early 1996, the group continues to work with Congressional Committees reviewing the Code. The new CPC promises to transform the Honduran Criminal Process System from an inquisitional to a more humane, transparent, speedier, adversarial one which includes public trials and oral processes. The new Code would be a more effective instrument for upholding the Constitutional principles of liberty and presumption of innocence, through new criminal procedures, translating these concepts into a reality, never before achieved, of minimized pre-trial detention.

Organizational Effectiveness Minimizes Pre-Trial Detention : USAID has provided and continues to provide technical assistance and training to the Judiciary's Judges, PDs, and Judicial inspectors; and the PM's prosecutors and medical forensic personnel. The purpose is to achieve, over time, enhanced organizational effectiveness and coordination between justice sector actors and improved criminal case management. The practical effects of this assistance includes delay reduction/speedier process and less errors related to pre-trial detention and fewer prisoners without trials and sentences. The latter has been achieved, in part as a result of program initiatives, with over 577 prisoners being released in CY 1995 as a result of PD interventions.

Criminal Case Tracking/Court Docketing System Minimizes Pre-Trial Detention: The program is providing some technical assistance and exploring the financing of a criminal case tracking system similar to the U.S. Department of Justice PROMIS system. This automated system, would provide case registration and management information for PDs, Prosecutors, Judges and other justice sector entities. An important result would be that cases which are

significantly delayed would be highlighted to management. In addition, there would be less likelihood of prisoner cases files literally being lost with, as has happened with alarming frequency, the accused person, ordered to pre-trial detention, serving more time in prison, before ever coming to trial or being sentenced, than the maximum sentence permitted for the crime for which they were accused!!

Summit Goal No. 5: Combatting Corruption

The programs financial support for various anti-corruption oriented PM seminars has promoted open discussion of the significant problems related to making government operations transparent and accountable. In addition, PM prosecutions of high ranking civilian functionaries of the current and former governments has forced an intense national debate on these issues and garnered the support of the media in what is essentially a national campaign to identify corruption wherever it exists.

The USAID program supporting the PM directly contributes to proper oversight of government functions with respect to acts of corruption. In addition, PM public information campaigns and outreach to NGOs has facilitated public access to some criminal case, public record information necessary for meaningful outside review.

The PM Special Prosecutor Office Against Corruption, as well as the SPO for the Environment, both which have received substantial program financed training, technical assistance and logistical support, are taking effective measures through widely publicized prosecutions of high ranking and mid-level public functionaries suspected of illicit enrichment, i.e. having utilized their public position to benefit private interests and their own coffers.

Summit Goal No. 16: Universal Access to Education

The USAID financed "Educatodos" program brings non-traditional education opportunities into the smallest and most remote of Honduran villages via radio. The program's pilot testing is concluding and it will soon be extended, by Presidential request, to the most educationally underserved departments of the country.

Summit Goal No. 17: Equitable Access to Basic Health Services

USAID's total SO3 portfolio is successfully assisting the MOH and NGOs to achieve equitable access to basic health services. The GOH is committed to expanding its basic package of child, maternal and reproductive health services, as well as HIV/STD prevention, and has developed a country plan for achieving Summit goals. In terms of results, Honduras has registered the steepest reduction of the infant mortality rate over the past 20 years of any country in Latin America, as well as the highest immunization coverage rate in Central America. In terms of plans, the MOH, with USAID support, is embarking on a plan to strengthen the quality and availability in rural areas of a full array of reproductive health services, including a referral network for treating obstetric emergencies. Internal MOH management changes, also with the support of USAID, include the implementation of a community participation model called ACCESO, which will promote the further decentralization of health care and management decision making to the Health Area and local levels. The Mission will focus its health resources over the next 3 years on 9 (of 41) Health Areas, with emphasis on the specific management areas of Supervision, financial Administrative/MIS, Health Information, and Human Resources

Development. The AIDSCAP program is supporting the involvement of 10 public and private implementing agencies, in an effort to maintain the current HIV seroprevalence rate among high risk groups.

Summit Goal No. 18: Strengthening the Role of Women in Society

In all its activities the Mission focuses explicit attention on gender issues and the role of women in the design, implementation, monitoring, evaluation, and results tracking (See gender disaggregated results reported in the Section II).

In order to promote laws which enable women to be afforded full protection and equal rights under Honduran law, the Mission has provided funding for the PM Office of Special Prosecutor of Crimes Against Women to receive training and technical assistance for more effective case analysis, strengthening of the Penal Code as it relates to crimes against women, and financed workshops on prosecution of crimes against women. In addition, in March 1996, a PM national seminar on crimes against women, will be held as part of the PM NGO outreach program. The Mission-financed event is being organized jointly by the PM in partnership with institutional contractor Florida International University - Center for Administration of Justice. Most if not all Honduran NGOs involved in legal reform as related to women's issues are invited to participate along with three program financed international experts from the U.S., Costa Rica and the Dominican Republic.

Publicity campaigns aimed at women in rural areas raised the percentage of women applying for and receiving land titles from 19% in 1994 to 24% in 1995. In 1995, over 90% of the loans made to small and micro enterprises were made to women owned enterprises (indicator 1.1.a). The Mission funded the participation of Licda. Gilda Rivera from a local PVO to the UN World Conference on Women in Peking in September. After returning she inspired her PVO to create and implement campaigns directed to educate women on their legal rights.

Summit Goal No. 19: Strengthening Microenterprises and Small Businesses

Access to credit, especially in rural areas and for agriculture, remains a constraint to economic growth in Honduras, but USAID is promoting several innovative ideas to deepen financial markets and improve their accessibility to rural residents. Our activities are increasing the use of bonded warehouses, and diversifying their clientele to include more than the traditional coffee. A "movable collateral" law has been proposed that will make the assets of the rural poor eligible for use as collateral, and we are working to "formalize" several existing non-formal financial instruments that operate in rural areas. Microenterprise financing is increasing its reach, especially as two NGO's inaugurate solidarity lending programs and study the possibilities of forming full service commercial banks and financieras.

Summit Goal No. 22: Partnership for Biodiversity

USAID-assisted activities are integrating strategies for conservation and sustainable use of biodiversity into economic development activities including forestry, agriculture, and coastal zone management. The Mission promotes development and implementation of policies and technologies to assess, conserve, and sustainably use biodiversity resources. USAID also supports public participation (particularly by indigenous groups and other affected parties) in conservation and sustainable use of natural environments. As well as development of National Plans to strengthen management of parks and reserves. Programs to manage parks and Protected Areas (PAs), including forests, are building capacity for conservation and sustainable use of biodiversity.

ANNEX D: USAID/HONDURAS PORTFOLIO - PROJECT TIMELINE

PROJECT NUMBER (022-)	TITLE	FY 03				FY 04				FY 05				FY 06				FY 07				FY 08				FY 09			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
041	INTERNATIONAL EXECUTIVE SERVICE CORPS																												
048	STRATEGIC PLANNING & TECHNICAL SUPPORT																												
024	SHELTER SECTOR PROGRAM																												
045	STRUCTURAL ADJUSTMENT PROGRAM																												
288	IRRIGATION DEVELOPMENT																												
280	CASA-WTP																												
257	HUMAN RESOURCES DEVELOPMENT COUNCIL																												
363	CHAMBER OF COMMERCE & INDUSTRY OF CONDES																												
207	EXPORT DEVELOPMENT & SERVICES																												
248	AGRICULTURE RESEARCH FOUNDATION																												
278	HONDURAS PEACE SCHOLARSHIPS																												
234	RURAL ROADS MAINTENANCE																												
246	STRUCTURAL ADJUSTMENT PROGRAM II																												
232	SMALL FARMER ORGANIZATION STRENGTHENING																												
281	STRENGTHENING ACCOUNTABILITY SYSTEMS																												
289	PRIVATIZATION OF STATE OWNED ENTERPRISES																												
249	PRIVATE SECTOR POPULATION PROGRAM II																												
273	PRIMARY EDUCATION EFFICIENCY																												
284	STRENGTHENING DEMOCRATIC INSTITUTIONS																												
283	SMALL FARMER AGRIBUSINESS DEVELOPMENT																												
278	HEALTH SECTOR II																												
241	SMALL BUSINESS DEVELOPMENT II																												
288	SMALL FARMER EXPORT DEVELOPMENT																												
292	LAND USE PRODUCTIVITY ENHANCEMENT																												
225	POLICY ANALYSIS & IMPLEMENTATION																												
248	FORESTRY DEVELOPMENT																												
240	MUNICIPAL DEVELOPMENT																												
284	HONDURAS PEACE SCHOLARSHIPS II																												
283	HONDURAN ENVIRONMENTAL PROTECTION FUND																												
288	PRIVATE SECTOR POPULATION III																												
288	BASIC EDUCATION AND SKILLS TRAINING																												
284	STRENGTHENING DEMOCRATIC INSTITUTIONS II																												
288	ECONOMIC POLICY AND PRODUCTIVITY PROGRAM																												
400	BASIC EDUCATION AND SKILLS TRAINING II																												
403	HEALTH SECTOR III																												
281	SUSTAINABLE RESOURCE USE																												
PL480	TITLE II																												
PL480	TITLE III																												
TOTAL PROJECTS (Numbers)		29				38				20				18				15				18				11			
(at end of each Fiscal Year)																													

- * Proposed PACD extension for the Health Sector II Project to 5/24/08
- ** Proposed PACD extension for the Municipal Development Project to 5/28/08
- *** Authorized PACD for the Honduras Peace Scholarships II to 09/20/2008
- **** Authorized PACD for the Honduras Environmental Protection Fund to 07/10/2008
- ***** Authorized PACD for the Private Sector Population III to 12/31/2008
- ***** Authorized PACD for the Basic Education and Skills Training to 12/31/2008
- Blank space indicates a proposed PACD extension

ANNEX E

GLOSSARY OF ACRONYMS

AC/SI	Activity Codes/Special Interest Code
ACDI	Canadian Agency for International Development
AFE	Administración Forestal del Estado (State Forestry Administration)
AHMON	Honduran Association of Municipalities
AIDS	Acquired Immune Deficiency Syndrome
AIDSCAP	AIDS Control and Prevention Project
ARRs	Annual Result Reviews
ASHONPLAFA	Asociación Hondureña de Planificación Familiar (Honduran Family Planning Association)
AWPs	Annual Workplans
BASICS	Basic Support for Institutionalizing Child Survival
BCG	Bacillus of Calmette and Guerin
BEST	Basic Education and Skills Training Project
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)
CARE	Cooperative for American Relief Everywhere
CASP	Collaborative Agribusiness Support Program
CASS	Cooperative Association of States Scholarships
CDC	Centers for Disease Control
CHF	Cooperative Housing Foundation
CID/GALLUP	Consultoría Inter-Disciplinaria en Desarrollo (Interdisciplinary Development Consultancy--Subsidiary of GALLUP in Costa Rica)
CLASP	Caribbean and Latin America Scholarships Program
COHDEFOR	Corporación Hondureña de Desarrollo Forestal (Honduran Forestry Development Cooperation)
COHORSIL	Cooperativa de Horticultores de Siguatepeque Limitada (Siguatepeque Horticultural Cooperative)

COMARCA	Cooperativa Marcalina de Caficultores (Marcala's Coffee Growers Cooperative)
CONT	Controller's Office
CPC	Criminal Procedures Code
CSW	Commercial Sex Workers
CY	Calendar Year
CYP	Couple Years Protection
DA	Development Assistance
DAP	Development Activity Proposal
DAPVS	Departamento de Areas Protegidas y Vida Silvestre (Department of Protected Areas and Wildlife)
DEP	Drought Emergency Project
DIC	Dirección de Investigación Criminal (Criminal Investigation Directorate)
DOFUPS	Organizational and Functional Development of Health Centers
DPT	Diphtheria, Polio and Tetanus Vaccine
EFHS	Epidemiology and Family Health Surveys
ENEE	Empresa Nacional de Energía Eléctrica
EPTF	Environmental Policy Task Force
ESF	Economic Support Fund
FACACH	Federación de Cooperativas de Ahorro y Crédito de Honduras (Savings and Credit Cooperativa Federation)
FDP	Forestry Development Project
FHIA	Fundación Hondureña de Investigación Agrícola (Honduran Agricultural Research Foundation)
FHIS	Fondo Hondureño de Inversión Social (Honduran Social Investment Fund)
FINACOOOP	Corporación Financiera de Cooperativas Agrícolas (Finance Corporation for Agricultural Cooperatives)
FOPMA	Fondo para el Medio Ambiente y la Protección (Environmental Protection Fund)
FP	Family Planning
FPX	Federación de Agroexportadores de Honduras (Honduras Federation of Agricultural Exporters)

FSN	Foreign Service National
FSU	Financial Services Unit
FUNDEMUN	Municipal Development Fund
FY	Fiscal Year
G-CAP	Guatemalan Central American Program
GDP	Gross Domestic Product
GNP	Gross National Product
GOH	Government of Honduras
GTZ	German Development Agency
HBA	Honduran Bar Association
HEPF	Honduran Environmental Protection Fund
HG	Housing Guarantee
HIV	Human Infectious Virus
HONDUTEL	Empresa Hondureña de Telecomunicaciones (Honduran Telephone Company)
HOPS	Honduran Peace Scholarship
HSII	Health Sector II
IBRD	International Bank for Reconstruction and Development
ICITAP	International Criminal Investigative Training Assistance Program
IDB	Inter-American Development Bank
IEC	Information Education and Communications
IG	Inspector General
IHSS	Honduran Social Security Institute
IMF	International Monetary Fund
IMPACT	Health and Nutrition Security Project
INA	Instituto Nacional Agrario (National Agrarian Institute)
INOPAL	Strategies for Improving Service Delivery
IPPF	International Parenthood Federation
ISTI	International Science and Technology Institute

JICA	Japan International Cooperation Agency
JSI	John Snow Incorporated
LAC/RSD	Latin American and the Caribbean Bureau/Regional Sustainable Developmen
LAC/HNS	Latin American and the Caribbean Bureau/Health and Nutrition Sustainabilit Project
LAC	Latin America and the Caribbean Bureau
LOAT	Law of Organization and Attributions of Tribunals
LOGROS	Local Government Regional Outreach Program
LUPE	Land Use and Productivity Enhancement Project
MCH	Maternal Child Health
MDDIO	Municipal Development and Democratic Initiatives Office
MDP	Municipal Development Project
MIS	Management Information System
MOE	Ministry of Education
MOH	Ministry of Health
MWM	Men Who Have Sex With Men
NAPA	National Association for Partners of the Americas
NGO	Nongovernmental Organization
NMS	New Management Systems
NPC	Nominal Protection Coefficient
NPI	New Partnerships Initiative
NRMP	Natural Resources Management Project
NTAE	Non-Traditional Agricultural Exports
NXP	Non-Expendable Property
O/CM	Office of Contract Management
OE	Operating Expense
OMB	Office of Management and Budget
ORS	Oral Rehydration Salts
OYB	Operating Year Budget
PACD	Project Assistance Completion Date

PAHO	Pan American Health Organization
PAIP	Policy Analysis and Implementation Project
PAs	Protected Areas
PASA	Participating Agency Services Agreement
PD	Public Defender
PEEP	Primary Education Efficiency Project
PHN	Population Health and Nutrition
PIO	Project Implementation Order
PL480	Public Law 480
PM	Public Ministry
PROARCA	Proyecto Ambiental Regional para Centro America (Central American Regional Environmental Project)
PROMIS	Prosecutor Information System
PSC	Personal Services Contract
PSPII	Private Sector Population II
PVO	Private Voluntary Organization
PWP	People in Work Place
R4	Results Review and Resource Request
RAPID MODEL	Resources for Awareness in Population Growth
RHUDO	Regional Housing and Urban Development Office
ROCAP	Regional Office for Central American Programs
ROL	Rule of Law
RP	Result Package
RTAC	Regional Technical Aid Center
SANAA	Servicio Autónomo Nacional de Acueductos y Alcantarillados (National Water and Sewerage Authority)
SANREM	Sustainable Agriculture and Natural Resources Management Project
SAR	Semi Annual Review
SAS	Strengthening Accountability Systems
SBII	Small Business II

SDI	Strengthening Democratic Institutions
SECPLAN	Secretaría de Planificación Ministry of Planning
SEDA	Ministry of Environment
SFAD	Small Farmer Agribusiness Development project
SFED	Small Farmer Export Development project
SFOS	Small Farmer Organization Strengthening
SIDA	Swedish International Development Agency
SINAPH	National System of Protected Areas of Honduras
SO	Strategic Objective
SOES	State-Owned Enterprises
SOMARC	Contraceptive Social Marketing
SP	Special Prosecutors
SPO	Special Prosecutor Offices
STD	Sexually Transmitted Disease
TOMs	Technicians in Operations (Operation and Maintenance Technicians)
TR2	Transition Reengineering Report
UDAPE	Economic Policy Analysis and Implementation Unit Unidad de Análisis de Políticas Económicas
UNAIDS	United Nations Agencies Working on AIDs
UNDP	United Nations Development Program
UNFPA	United Nations Food and Population Agency
UNICEF	United Nations International Children's Emergency Fund
UNIOCOOP	Union de Cooperativas de Servicios Agropecuarios, LTD (Union of Agroindustry Services Cooperatives)
UNITEC	Central American Technological University
UPSA	Agricultural Sector Policy Unit
USAID	United States Agency for International Development
USTTI	United States Telecommunications Training Institute
VIDA (FUNDACION)	Honduran Environmental Protection Foundation

WHR

Western Hemisphere Region

USDH

U.S. Direct Hire

/tel1/.95/05/04/01539m

UNCLASSIFIED

PAGE 01 STATE 110469 050238Z
ORIGIN AID-00

ACTION OFFICE(S): ILASP
INFO OFFICE(S): AAG AALA BHR GAFS GC GEIR GPP ICIS IG IGII
IRMO LACE LADP LASA LBEG LENV LRSD MB OFDA
OPA OPB OPCC OPE OPOD OPPI POP PPDC PPSP
PVC SEC STAG STN

INFO LOG-00 AGRE-00 ARA-01 TEDE-00 /001R

DRAFTED BY: AID/LAC/SPM:RLOUDIS:RL:HON.DAE
APPROVED BY: AID/AA/LAC:MSCHNEIDER
AID/LAC/DPB:DCHIRIBOGA (DRAFT) AID/LAC/RSD:SEPSTEIN (DRAFT)
AID/PPC:VCUSUMANO (DRAFT) AID/DAA/LAC:EZALLMAN
AID/LAC/CEN:KELLIS (DRAFT) AID/LAC/SPM:ERUPPRECHT (DRAFT)
AID/LM/B:BGREENE (DRAFT) AID/GC/LAC:SALLEN (INFO)
-----C27099 050243Z /38

R 050239Z MAY 95
FM SECSTATE WASHDC
TO AMEMBASSY TEGUCIGALPA
INFO CIA WASHDC 0000
DOD WASHDC 0000
TREASURY DEPT WASHDC 0000

UNCLAS STATE 110469

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: FY 96-97 ACTION PLAN FOR HONDURAS

1. INTRODUCTION. THE PROGRAM REVIEW WEEK FOR HONDURAS
TOOK PLACE APRIL 16 THROUGH 21, 1995. A SERIES OF FORMAL
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 110469 050238Z
SCHEDULED MEETINGS CONSIDERED DEVELOPMENT OBJECTIVES,
INDICATORS OF PROGRESS TOWARD MEETING THOSE OBJECTIVES,
PROPOSED NEW ACTIVITIES, RESOURCE REQUIREMENTS, AND A
BROAD RANGE OF PROGRAM ISSUES. OTHER TOPICS SUCH AS G-
BUREAU RELATIONS AND THE MISSION'S BASIC EDUCATION
STRATEGY WERE EXAMINED IN INFORMAL MEETINGS AND
DISCUSSIONS AMONG MISSION REPRESENTATIVES AND STAFF
MEMBERS OF VARIOUS AID/W OFFICES. THE ACTION PLAN (AP)
ISSUES MEETING WAS HELD ON APRIL 18TH, FOLLOWED BY THE
DEVELOPMENT ASSISTANCE EXECUTIVE COMMITTEE (DAEC) REVIEW
ON APRIL 21. THIS CABLE OUTLINES MAJOR ELEMENTS OF
DISCUSSION AND DECISIONS REACHED AT THOSE MEETINGS.

2. SUMMARY OF PRINCIPAL CONCLUSIONS. THE BUREAU HEREBY
APPROVES: (A) THE ACTION PLAN AS PRESENTED; (B) THE
STRENGTHENING DEMOCRATIC INSTITUTIONS NEW ACTIVITY DESIGN
(NAD) AND DELEGATION OF AUTHORITY TO THE MISSION TO DESIGN
AND AUTHORIZE THIS ACTIVITY (PARA 8 AND 9); AND (C) THE

DEVELOPMENT OF THE NEXT STRATEGIC PLAN FOR HONDURAS IN
1997 FOR IMPLEMENTATION IN FY 1998 (SEE PARA 9C). IN
OTHER ACTIONS, DISCUSSED IN DETAIL BELOW: IT WAS AGREED BY
THE BUREAU (WITH PPC CONCURRENCE) THAT AFTER HAITI,
HIGHEST BUREAU PRIORITY WOULD BE GIVEN TO HONDURAS IN FY
1996 AND FY 1997 TITLE III REQUESTS SHOULD FUNDING BECOME
AVAILABLE (PARA 6); THAT THE MISSION AND USAID/W WOULD
FOLLOW UP WITH THE IFIIS TO ASSURE THEY CONTINUE THEIR
ROLE IN LAND TENURE (PARA 7B) AND BASIC EDUCATION (PARA
9); THAT THE MISSION WILL CONTINUE ITS SUPPORT FOR POLICY
REFORM IN THE AGRICULTURAL AND RURAL SECTOR (PARA 9D); AND
THAT THE MISSION WOULD TAKE LAC/PHN AND G/PHN COMMENTS
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 110469 050238Z
(PARA 9K) INTO ACCOUNT.

3. THE DAEC REVIEW OF THE HONDURAS ACTION PLAN FOR FY 1996-97 WAS CHAIRED BY AA/LAC MARK SCHNEIDER. AMONG THOSE ATTENDING WERE STATE ARA/CEN, LYNN ALLISON AND REPRESENTATIVES OF M/B, G, BHR, PPC, GC/LAC, LAC/RSD TECHNICAL OFFICES, LAC/CEN, LAC/DPB, AND LAC/SPM. MISSION REPRESENTATIVES WERE USAID DEPUTY MISSION DIRECTOR ELENA BRINEMAN, AND THE CHIEFS OF THE PROJECTS AND PROGRAM OFFICES, LEON WASKIN AND LORRAINE SIMARD RESPECTIVELY.

4. IN HER INTRODUCTORY REMARKS, THE DEPUTY DIRECTOR BRIEFLY DESCRIBED HONDURAS, NOTING THAT IT SHOULD BE THE MODEL COUNTRY FOR THE AGENCY'S SUSTAINABLE DEVELOPMENT STRATEGY. SHE ALSO NOTED THE SOCIO-ECONOMIC PROGRESS THAT HONDURAS HAS BEEN MAKING, PARTICULARLY UNDER THE NEW REINA ADMINISTRATION. SHE EXPRESSED CONCERN OVER THE RAPID AND PRECIPITOUS CUTS IN DA, ESP AND PL 480 LEVELS (TOTAL DA, ESP AND P.L. 480 TITLE III OBLIGATIONS DECLINING FROM DOS 108 MILLION IN 1991 TO DOLS 17 MILLION PROJECTED FOR FY 1995), AND THAT THE MISSION NOW PRIMARILY RELIES ON BOTH ITS PRIOR YEAR PIPELINE AND LOCAL CURRENCY GENERATIONS TO MAINTAIN ITS STRATEGY WITH SEVERAL PROGRAMS CUT TO PROTECT HIGHER PRIORITY ACTIVITIES. SHE POINTED OUT THAT FY 1995 OBLIGATIONS WILL BE ONLY 18 PERCENT OF THEIR FY 1990 LEVEL, AND WILL ACCOUNT FOR LESS THAN ONE-THIRD OF THE PROJECTED DOLS 53 MILLION FY 1995 PROGRAM EXPENDITURES. THESE PRIOR-YEAR FUNDING SOURCES WILL BE EXHAUSTED BY FY 1997. THIS WILL NECESSITATE A NEW STRATEGY FOR FY 1998, WHICH COULD INCLUDE THE DROPPING OF ONE OR MORE STRATEGIC OBJECTIVES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 110469 050238Z

5. IN HIS OPENING REMARKS THE AA/LAC NOTED THAT THE MISSION HAS A WELL DESIGNED STRATEGY AND A WELL MANAGED PROGRAM. HE COMMENDED THE MISSION ON THE HIGH QUALITY OF ITS ACTION PLAN, NOTING SEVERAL DISTINCTIVE FEATURES (SUCH AS THE INDICATOR COMMENTS SECTIONS, THE MATRIX ON FIELD SUPPORT NEEDS, THE JUDICIAL SYSTEMS INDICATORS, AND THE

SUMMIT OF AMERICAS' DISCUSSION) AND SUGGESTED THAT THESE HIGHLIGHTS SHOULD BE SHARED WITH OTHER LAC MISSIONS. THE AA/LAC ALSO APPROVED THE RECOMMENDATION THAT THE MISSION SUBMIT A NEW STRATEGIC PLAN IN FY 1997 (PARA 9C), BUT ADDED THAT HE WOULD WANT TO DISCUSS THE PROGRAM BEFORE ELIMINATING ANY STRATEGIC OBJECTIVES.

6. DAEC ISSUES. ONLY ONE ISSUE WAS RAISED TO THE DAEC, NAMELY: WHAT STEPS THE LAC BUREAU WOULD TAKE TO RESPOND TO THE WRENCHING REDUCTIONS IN ESP AND PL 480 TITLE III LEVELS AND DECLINING LEVELS OF DA (PARTICULARLY SINCE FY 1992) WHICH PUT ACHIEVING THE OBJECTIVES OF THE USAID PROGRAM IN SERIOUS RISK. IN DISCUSSING THIS ISSUE, THE AA/LAC ACKNOWLEDGED THE STARK IMPLICATIONS OF BUDGET CUTS, NOTING THAT THE MASSIVE CUT IN ESP LEVELS RESULTED FROM PEACE RETURNING TO THE REGION. NEVERTHELESS, HE OBSERVED THAT HONDURAS' POVERTY MAKES IT A PRIORITY SUSTAINABLE DEVELOPMENT COUNTRY FOR USAID, AND THAT USAID HAS AN HISTORIC OPPORTUNITY TO ADVANCE DEVELOPMENT GIVEN THE CURRENT REINA ADMINISTRATION'S COMMITMENT TO FIGHT CORRUPTION AND REFORM KEY DEMOCRATIC INSTITUTIONS. THE AA/LAC NOTED THAT HE HAD PERSONALLY FOUGHT TO PRESERVE THE FY 1995 TITLE III PROGRAM IN HONDURAS, AND PLEDGED TO

UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 110469 050238Z

CONTINUE SUCH SUPPORT IN THE FUTURE. IN PARTICULAR, HE STATED (WITH PPC CONCURRENCE) THAT AFTER HAITI, HIGHEST BUREAU PRIORITY WOULD BE GIVEN TO HONDURASIS DOLS 5 MILLION/YEAR FY 1996 AND FY 1997 TITLE III REQUESTS, ALTHOUGH THESE REQUESTS CURRENTLY FALL OUTSIDE THE LAC BUREAU BUDGET PARAMETERS. THE AA/LAC ADDED, HOWEVER, THAT HE DID NOT ENVISION ANY SIGNIFICANT POSITIVE CHANGE IN THE FUNDING SITUATION IN THE FORESEEABLE FUTURE.

7. DAEC DISCUSSION. IN ADDITION TO THE PROGRAM FUNDING ISSUE, THE AA/LAC ALSO ENGAGED THE DEPUTY DIRECTOR IN A DISCUSSION OF HUMAN RIGHTS, THE ROLE OF THE MILITARY IN HONDURAN SOCIETY, LAND TENURE AND POVERTY, THE HIGHLIGHTS

171

OF WHICH ARE SUMMARIZED BELOW:

A. ADMINISTRATION OF JUSTICE. THE AA RAISED A NUMBER OF CONCERNS WITH RESPECT TO THE CURRENT STATUS OF PROSECUTING HUMAN RIGHTS CASES, PROGRESS IN THE SEPARATION OF PROSECUTORIAL AND JUDICIAL FUNCTIONS UNDER THE NEWLY CREATED PUBLIC MINISTRY, AND PROGRESS IN REDUCING THE ROLE OF THE MILITARY IN SOCIETY. THE AA EMPHASIZED THE IMPORTANCE OF SEPARATING MILITARY AND CIVILIAN POLICE FUNCTIONS. IN RESPONSE, THE DEPUTY DIRECTOR NOTED THAT DRAFT LEGISLATION TO ACCOMPLISH THIS IS BEING PLANNED.

B. LAND TENURE. NOTING THAT THE MISSION WOULD NOT LIKELY BE ABLE TO AFFORD TO CONTINUE ITS LEAD ROLE IN SUPPORTING

LAND TITLING, THE AA EXPRESSED CONCERN OVER (1) WHAT PROGRESS THE MISSION HAD MADE WHEN RESOURCES WERE AVAILABLE IN THE LATE 1980'S AND EARLY 1990'S; AND (2) THE UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 110469 050238Z
MISSION'S STRATEGY FOR PLAYING A ROLE IN THE FUTURE. IN RESPONSE, THE DEPUTY DIRECTOR NOTED THAT IN THE EARLY 1990'S, USAID SUPPORT HAD PROVEN CRITICAL TO ENACTMENT OF THE AGRICULTURAL MODERNIZATION LAW (APPROVED IN 1992), WHICH PERMITTED FOR THE FIRST TIME SUCH REFORMS AS TITLING FOR WOMEN, FOR HEIRS, FOR PARCELS OF LAND LESS THAN FIVE HECTARES, AND FOR "AGRARIAN REFORM LANDS". THUS, MUCH OF THE LEGAL FRAMEWORK REQUIRED FOR SECURE LAND TENURE IS NOW IN PLACE. SIMILARLY, MISSION SUPPORT HAS BEEN INSTRUMENTAL IN THE COMPLETION OF SEVERAL CADASTRAL SURVEYS, THUS HELPING PUT IN PLACE ANOTHER NECESSARY CONDITION FOR SECURE LAND TENURE. THE CHALLENGE NOW IS FOR THE NATIONAL AGRICULTURAL INSTITUTE (INA) TO FULFILL ITS COMMITMENT TO ISSUE 35,000 TITLES THIS YEAR (AS COMPARED TO 5,000 IN 1994). INA HAS BEGUN THIS PROCESS BY IMPLEMENTING A USAID/INA NEGOTIATED PLAN FOR FINANCING THE LAND TITLING PROCESS IN THOSE AREAS WHERE CADASTRE INFORMATION IS AVAILABLE. USAID GENERATED LOCAL CURRENCY SUPPORT WILL CONTINUE TO BE IMPORTANT. HOWEVER, THE DEPUTY DIRECTOR NOTED THAT IN VIEW OF DECLINING USAID RESOURCES, IT WILL BE IMPORTANT FOR BOTH THE MISSION AND USAID/W TO FOLLOW UP WITH THE IFIS TO ASSURE THEY CONTINUE THEIR ROLE IN THIS SECTOR.

C. POVERTY REDUCTION. THE REDUCTION IN THE PERCENTAGE OF THE POPULATION LIVING BELOW THE POVERTY LINE FROM 73 PERCENT IN 1991 TO 64 PERCENT IN 1993 WAS NOTED BY THE AA. OTHERS ALSO NOTED THAT THE 1994 ECONOMIC CRISIS PROBABLY INTERRUPTED THIS OTHERWISE POSITIVE TREND, ALTHOUGH DATA FOR 1994 ARE NOT YET AVAILABLE. IN THE ENSUING DISCUSSION ON HOW BEST TO REDUCE THE INCIDENCE OF POVERTY, THE DEPUTY UNCLASSIFIED

UNCLASSIFIED

PAGE 07 STATE 110469 050238Z
DIRECTOR MENTIONED MAINTENANCE OF FREE AND COMPETITIVE MARKETS AND PROVISION OF SECURE LAND TENURE WITH SUBSEQUENT ACCESS TO CAPITAL AS THE MOST IMPORTANT REFORMS.

8. NEW ACTIVITY DESCRIPTIONS. THE FOLLOWING NEW ACTIVITY DESCRIPTION WAS APPROVED AT THE DAEC.

PROJECT NUMBER	PROJECT NAME	LOP AMOUNT (DOLS 000)	RECOMMENDED ACTION
519-0394	STRENGTHENING DEMOCRATIC INST.-II	7,000	APPROVE/ DELEGATE

NO SIGNIFICANT ISSUES WERE RAISED WITH RESPECT TO THE PROPOSED FY 96 FOLLOW-ON PROJECT, WHICH INTENDS TO

CONTRIBUTE TO MORE ETHICAL AND EFFECTIVE PROSECUTORIAL AND JUDICIAL SYSTEMS. THE RELATIONSHIP BETWEEN THE ICITAP PROGRAM AND SDI-II WAS CLARIFIED. IT WAS NOTED THAT ICITAP'S WORK WITH THE DIRECTORATE OF CRIMINAL INVESTIGATIONS AND FORENSIC SERVICES WITHIN THE NEW PUBLIC MINISTRY PARALLELS AND WILL COMPLEMENT THE PROPOSED SDI-II

172

FOCUS ON CORRUPTION IN THE COURT SYSTEM. THE MISSION AGREED TO DISCUSS SDI IIIS RELATIONSHIP WITH ICITAP IN THE DESIGN DOCUMENT IT WILL PREPARE FOR THIS ACTIVITY IN FY 1996. AUTHORITY TO DESIGN AND AUTHORIZE THIS ACTIVITY IS HEREBY DELEGATED TO THE MISSION, WITH THE CAVEAT THAT THE MISSION'S PROPOSAL THAT OBLIGATION OCCUR AT THE PROGRAM OUTCOME LEVEL RATHER THAN THE SO LEVEL FOR SDI-II MAY

UNCLASSIFIED

UNCLASSIFIED

PAGE 08 STATE 110469 050238Z
REQUIRE FURTHER CLARIFICATION BY THE MISSION.

9. ACTION PLAN ISSUES. THE FOLLOWING ISSUES WERE DISCUSSED AND RESOLVED AT THE APRIL 18 ISSUES MEETING AND ENDORSED AT THE DAEC.

A. ADEQUACY OF GOH POLITICAL WILL AND COMMITMENT TO DEEPEN AND SUSTAIN DONOR-ASSISTED REFORM. CONCERN WAS RAISED THAT THE GOH'S POLITICAL WILL AND COMMITMENT IN A NUMBER OF AREAS MAY AFFECT ACHIEVEMENT OF MISSION STRATEGIC OBJECTIVES. THE MISSION MADE A STRONG CASE FOR THE REINA ADMINISTRATION'S COMMITMENT TO ECONOMIC AND SOCIAL REFORM, NOTING THAT IT HAD INHERITED A NUMBER OF PROBLEMS WHEN IT ASSUMED POWER IN 1994: WIDESPREAD CORRUPTION, AN 11 PERCENT FISCAL DEFICIT, UNAVAILABILITY OF IFI FUNDS, AND A SEVERE ENERGY CRISIS. SINCE TAKING OFFICE, THE REINA ADMINISTRATION HAS REDUCED THE DEFICIT TO 7.5 PERCENT OF GDP BY SLASHING PUBLIC INVESTMENTS. UNDER THE ECONOMIC REFORM PACKAGE APPROVED IN OCTOBER 1994, THE REINA GOVERNMENT HAS RAISED TAXES, UTILITY TARIFFS AND TRANSPORT RATES, STRENGTHENED TAX COLLECTION, AND TAKEN STEPS TO REDUCE PUBLIC EMPLOYMENT BY 10 PERCENT (EXCEPT IN HEALTH AND EDUCATION). HIGHLY SUPPORTIVE GOH SECTORAL POLICIES WERE ALSO CITED. FOR EXAMPLE, THE DEPUTY DIRECTOR NOTED THAT OVER 30 PERCENT OF THE BUDGET IS GOING TO SOCIAL SECTOR SPENDING, INCLUDING 13 PERCENT FOR HEALTH AND 17 PERCENT FOR EDUCATION. THE GOH HAS ALSO ESTABLISHED AN ENVIRONMENTAL MINISTRY, INSTITUTED A THREE-MONTH MORATORIUM ON TREE CUTTING, AND INVALIDATED ILLEGITIMATE TIMBER CONCESSION AGREEMENTS WHICH THE GOH SIGNED DURING THE WANING DAYS OF THE CALLEJAS

UNCLASSIFIED

UNCLASSIFIED

PAGE 09 STATE 110469 050238Z
ADMINISTRATION. FURTHER, THE GOVERNMENT HAS INSTITUTED A SERIOUS ANTI-CORRUPTION CAMPAIGN; FOR THE FIRST TIME JUDGES, MILITARY OFFICERS AND PROMINENT BUSINESS PEOPLE ARE BEING PROSECUTED AND SENT TO JAIL FOR CRIMES. FINALLY, DESPITE THE MOBILIZATION OF FAMILY PLANNING OPPOSITION FOLLOWING THE CAIRO CONFERENCE, THE GOH IS

PROCEEDING WITH INTEGRATED FP/MCH PROGRAMS (WHILE ESCHEWING, FOR POLITICAL REASONS, ADOPTION OF AN OFFICIAL FAMILY PLANNING POLICY).

B. PVO/NGO PARTICIPATION IN STRATEGIC PLANNING. THE MISSION NOTED THAT PVOs AND NGOS ARE EXTENSIVELY INVOLVED IN THE MISSION'S PLANNING AND IMPLEMENTATION PROCESS, AND PROVIDED SEVERAL EXAMPLES OF HOW THE MISSION'S STRATEGIC OBJECTIVES AND PROGRAM OUTCOMES IN FACT REFLECT THE STRATEGY OF NGOS, AS WELL AS THE PRIORITIES OF THE GOH AND PROGRAM BENEFICIARIES. NGOS (AND THROUGH THEM THE BENEFICIARIES THEMSELVES) ARE ENGAGED WITH THE MISSION IN DECIDING WHAT SHOULD BE DONE, AND IN DETERMINING HOW RESULTS SHOULD BE MEASURED. THE ROLE OF CADERH IN EDUCATION, ASHONPLAFA IN HEALTH AND FAMILY PLANNING, CARE IN TITLE II FOOD ASSISTANCE AND IN REDUCING SOIL EROSION, AND A HOST OF AGRICULTURAL PRODUCER GROUPS RANGING FROM LARGE FARMERS TO SEVERAL CAMPESINO GROUPS IN AGRICULTURE, WERE SPECIFICALLY MENTIONED AS EXAMPLES. THE PPC REPRESENTATIVE ADDED THAT THE NEW AGENCY POLICY GUIDANCE ON USAID/PVO PARTNERSHIP EMPHASIZES THE IMPORTANCE OF DOCUMENTING AND PROMOTING MEANINGFUL NGO/PVO PARTICIPATION.

UNCLASSIFIED

UNCLASSIFIED

172

C. SUBMISSION OF A NEW STRATEGIC PLAN. WHILE IT IS EXPECTED THAT MOST LAC MISSIONS WILL SUBMIT A NEW STRATEGIC PLAN NEXT SPRING, USAID/HONDURAS PRESENTED A COMPELLING CASE FOR DELAYING SUBMISSION OF A NEW STRATEGIC PLAN TO SPRING 1997. IMPLEMENTATION OF THIS PLAN BEGINNING IN FY 1998 WILL THUS COINCIDE WITH A NEWLY ELECTED HONDURAN CONGRESS AND PRESIDENT. THE MISSION EXPLAINED THAT USAID BUDGET CUTS OVER 1995-98, TOGETHER WITH A LARGER ROLE FOR THE IFIS, ARE ALREADY FULLY REFLECTED IN ITS CURRENT REVISED STRATEGY DEVELOPED OVER THE LAST YEAR AND A HALF. NON-ESSENTIAL PROJECTS HAVE BEEN SHUT DOWN, A NEW STRATEGY HAS BEEN DESIGNED FOR EDUCATION THAT LEVERAGES WORLD BANK AND IDB FUNDING, HEALTH AND POPULATION ACTIVITIES ARE BEING RESTRUCTURED, ONGOING ENVIRONMENTAL ACTIVITIES HAVE BEEN RESTRUCTURED AND CUT BACK, AND A MORE FOCUSED DEMOCRACY STRATEGY IS BEING IMPLEMENTED. IT WAS ALSO NOTED THAT THE CURRENT STRATEGY CAN BE MAINTAINED THROUGH 1997 ONLY IF NEW OBLIGATIONS ARE AT LEAST 75 TO 80 PERCENT OF THE REQUEST LEVEL AND THE MISSION'S PIPELINE IS PROTECTED.

D. POLICY DIALOGUE ON MACROECONOMIC ISSUES: ALTHOUGH THE MISSION'S ABILITY TO ENGAGE THE GOH IN A DIALOGUE ON MACROECONOMIC ISSUES HAS BEEN REDUCED BY ITS LOSS OF ESF RESOURCES, MACROECONOMIC ISSUES ARE IMPORTANT FOR AGRICULTURE AND TRADE AND INVESTMENT; AND SOUND

MACROECONOMIC POLICIES ARE ESSENTIAL FOR ACHIEVING SO 1 (ENHANCED ECONOMIC PARTICIPATION AND INCREASED INCOMES FOR THE POOR) AND TO FACILITATE ACHIEVEMENT OF THE MISSION'S OTHER STRATEGIC OBJECTIVES. GOH MACROECONOMIC POLICY
UNCLASSIFIED

UNCLASSIFIED

DETERIORATED SHARPLY IN 1993 UNDER THE CALLEJAS GOVERNMENT AND HAS ONLY BEGUN TO IMPROVE UNDER THE REINA ADMINISTRATION. THE MISSION IS ASSISTING THE GOH'S ECONOMIC POLICY AND IMPLEMENTATION UNIT (UDAPE) TO WORK ON POLICY ISSUES RELATED TO AGRICULTURE AND TO TRADE AND INVESTMENT. UDAPE IS THE TECHNICAL ADVISORY GROUP FOR THE GOH'S ECONOMIC CABINET, AND THUS SERVES AS A CONTROL POINT FOR IDB, WORLD BANK, AND IMF AGREEMENTS. THROUGH UDAPE THE MISSION IS ABLE TO EXERT INFLUENCE DISPROPORTIONATE TO ITS LEVEL OF ASSISTANCE. THE MISSION ALSO MEETS REGULARLY WITH THE MDBIS TO COORDINATE ON POLICY ISSUES. THE MISSION WAS ENCOURAGED TO CONSIDER HOW MACROECONOMIC POLICY ISSUES, RELATED USAID AND IFI EFFORTS, AND THE USAID CATALYTIC ROLE MIGHT BE REFLECTED AND REPORTED ON IN THE MISSION'S STRATEGIC OBJECTIVE FRAMEWORK AND WHAT THE MISSION COULD DO, DESPITE LIMITED RESOURCES, TO INFLUENCE MACROECONOMIC POLICY THROUGH, FOR EXAMPLE, SPONSORING SEMINARS AND WORKSHOPS AND EXPERT TECHNICAL ASSISTANCE.

THE MISSION WAS ASKED WHETHER IT IS WORKING TO PROMOTE PUBLIC ACCEPTANCE OF MACROECONOMIC POLICY REFORM, AS USAID IS DOING IN OTHER CENTRAL AMERICAN COUNTRIES. THE MISSION RESPONDED THAT IT HAS VERY FEW RESOURCES FOR SUCH ACTIVITIES AND WILL HAVE NONE AFTER FY 1995. IT WILL, HOWEVER, CONTINUE SUPPORT FOR POLICY REFORM IN THE AGRICULTURAL AND RURAL SECTOR.

E. MISSION EDUCATION STRATEGY. A QUESTION WAS RAISED CONCERNING THE MISSION'S STRATEGY IN TARGETING BASIC EDUCATION TO OUT-OF-SCHOOL YOUTH AND YOUNG ADULTS AND THE COMPLEMENTARY ROLES OF THE IDB AND WORLD BANK IN FORMAL
UNCLASSIFIED

UNCLASSIFIED

PRIMARY AND SECONDARY EDUCATION, RESPECTIVELY. THE IMPORTANCE OF COORDINATION WITH THE WORLD BANK AND IDB WAS UNDERSCORED AS A MEANS TO ENSURE THAT THE ROLES THAT USAID ENVISIONS FOR THEM IN STRENGTHENING FORMAL PRIMARY AND SECONDARY EDUCATION MATERIALIZE. IN A SIDE MEETING, THE MISSION EXPLAINED ITS EDUCATION SECTOR STRATEGY IN MORE DETAIL TO G BUREAU AND LAC/RSD/EHR STAFF. IT WAS AGREED THAT LAC/RSD/EHR WILL FAMILIARIZE ITSELF WITH THE IFIS' EDUCATION PROGRAMS IN HONDURAS AND LEND SUPPORT TO THE MISSION'S STRATEGY THROUGH ITS DIALOGUE WITH BOTH

174

INSTITUTIONS.

F. OTHER G-BUREAU AND CA REGIONAL PROJECTS. GIVEN THE RECENT SEVERE ENERGY CRISIS IN HONDURAS AND CONCAUSAIS IMPORTANT COMMITMENTS IN THE ENERGY SECTOR, BIODIVERSITY,

AND ENVIRONMENTAL REGULATION, THE G BUREAU QUESTIONED WHETHER THE MISSION WAS PLANNING SUFFICIENTLY ADEQUATE USE OF G BUREAU ENERGY PROJECTS AND BUDGETING APPROPRIATE LEVELS OF FUNDING. THE MISSION REPLIED THAT THE FIVE PROJECTS CITED BY G DO NOT CONTRIBUTE IN A MEASURABLE WAY TO THE MISSION'S STRATEGIC OBJECTIVE RESULTS FRAMEWORK AND WOULD NOT RECEIVE MISSION FUNDING. IN DISCUSSING THIS ISSUE, THE MISSION CLARIFIED THAT THERE IS A SINGLE, UNIFIED USAID PROGRAM FOR HONDURAS, AND THAT REGIONAL ENERGY ACTIVITIES AGREED TO BY THE AGENCY AS PART OF SUPPORT FOR CONCAUSA WOULD BE PART OF THE USAID/HONDURAS PROGRAM, BUT WOULD BE LISTED AS "OTHER ACTIVITIES".

G. PIPELINE. A QUESTION WAS RAISED CONCERNING WHETHER THE MISSION'S EXISTING PIPELINE (EST. DOLS 63.7 MILLION)
UNCLASSIFIED

UNCLASSIFIED

PAGE 13 STATE 110469 0502382
WAS EXCESSIVE, AND WHETHER NEW PROJECT STARTS (OR AMENDMENTS) WERE APPROPRIATE IN HEALTH, POPULATION, AND DEMOCRACY. IN ADDRESSING THIS ISSUE, IT WAS NOTED THAT THE HEALTH SECTOR II PROJECT (FOR WHICH AN AMENDMENT IS PLANNED) CURRENTLY HAS SUFFICIENT PIPELINE FOR LITTLE MORE THAN ONE YEAR OF EXPENDITURES. SOME OF THE OLDER PIPELINE IS THE RESULT OF FORWARD FUNDING POPULATION IN THE EARLY YEARS AND G BUREAU'S ACCOUNTING METHODS IN WHICH OYB TRANSFER MONIES ARE LIQUIDATED BEFORE MISSION FUNDING UNDER PIO/TS. THE PIO/TS SENT IN 1993 WERE NOT EXECUTED UNTIL 1995.

IN ADDRESSING THE DOLS 10.0 MILLION IN PRE-1990 PIPELINE AS OF DECEMBER 31, 1994, THE MISSION REPORTED THAT ALL BUT DOLS 3.8 MILLION AS OF MARCH 31, 1995 HAS BEEN EXPENDED. MUCH OF THAT PIPELINE IS FOR LONG-TERM TRAINING OR POPULATION ACTIVITIES WHICH HAVE A LONG DISBURSEMENT LAG.

THE MISSION WAS REQUESTED TO ADDRESS PIPELINE ISSUES AND PROVIDE A BREAKDOWN OF PIPELINE BY OBLIGATION YEAR IN ITS UPCOMING SAR REPORT. IN PARTICULAR, THE MISSION NOW HAS A PIPELINE OF DOLS 10.0 MILLION WHICH IS OLDER THAN THREE YEARS (I.E., PRE-1992).

H. OBTAINING FULL-COST INFORMATION FROM THE GLOBAL BUREAU. THE MISSION EXPRESSED CONCERN OVER THE FACT THAT IT HAD NOT BEEN ADVISED ABOUT APPLICABLE OVERHEAD RATES ASSOCIATED WITH GLOBAL BUREAU PROJECTS PRIOR TO THE USAID/H-GLOBAL BUREAU AGREEMENT. THE MISSION NEEDS TO KNOW THE TOTAL COST OF ACCESSING SERVICES FROM THE G BUREAU NOT ONLY TO CORRECTLY ESTIMATE FUNDING REQUESTS,
UNCLASSIFIED

UNCLASSIFIED

PAGE 14 STATE 110469 0502382
BUT ALSO TO IDENTIFY THE MOST COST-EFFECTIVE SOURCE OF TECHNICAL ASSISTANCE. MISSION REPRESENTATIVES SUBSEQUENTLY MET WITH G-BUREAU'S DAVID ERBE WHO AGREED TO RAISE THE ISSUE IN INTERNAL G-BUREAU MEETINGS AND

CONCURRED IN THE PROPOSAL THAT THE DEPUTY MISSION DIRECTOR SEND A MEMO ON THE ISSUE TO THE AA/G.

I. ALLOCATION OF FTES TO SOS. A QUESTION ON WHETHER THE ALLOCATION OF USDH FTES TO SOS WAS COMMENSURATE WITH SO FUNDING LEVELS WAS DISCUSSED IN THE CONTEXT OF RECENT SIGNIFICANT USDH STAFF REDUCTIONS. IT WAS NOTED THAT THE ALLOCATION OF USDH FTES TO SOS DOES NOT FULLY REFLECT MISSION STAFFING COMMITMENTS TO EACH SO. THE ALLOCATION OF PASA, PSC AND PSN STAFF TO SOS MUST ALSO BE TAKEN INTO ACCOUNT, AS WELL AS THE FACT THAT SOME STAFF MEMBERS WORK ON MORE THAN ONE SO.

J. MANAGEMENT OF "C"-RATED PROJECTS. AN ISSUE WAS RAISED ON HOW THE MISSION IS HANDLING FIVE "IC" PROJECTS WHICH HAVE BEEN IN THE "C" PERFORMANCE CATEGORY FOR THE PAST TWO

SAR REVIEWS (I.E., AT LEAST ONE YEAR). IN THE DISCUSSION, THE MISSION NOTED THAT TWO OF THE FIVE PROJECTS HAVE BEEN TERMINATED, TWO WERE PROBLEMATIC BUT ARE NOW PERFORMING WELL, AND ONE PROJECT WAS PERFORMING WELL BUT WAS CLASSIFIED "C" BECAUSE IT WAS HIGH PROFILE AND DEMANDED INTENSIVE MISSION MANAGEMENT ATTENTION.

IN THIS REGARD, THE MISSION NOTED THAT PREVIOUS AGENCY GUIDANCE INCLUDED CATEGORIZING A PROJECT AS "C" WHEN IT REQUIRED SENIOR MANAGEMENT ATTENTION, EVEN IF IT DID NOT UNCLASSIFIED

UNCLASSIFIED

PAGE 15 STATE 110469 050238Z
HAVE SERIOUS IMPLEMENTATION PROBLEMS. THE M/B REPRESENTATIVE NOTED THAT THE MOST RECENT GUIDANCE SHOULD BE FOLLOWED. IT WAS ALSO SUGGESTED THAT THE MISSION MAY NEED TO CLARIFY ITS PAST USE OF THE "C" RATING IN THE NEXT SAR.

K. LAC/RSD/PHN ASKED THAT LAC/- AND G/PHN-CONCERNS BE REFLECTED BY INCORPORATING THE FOLLOWING LANGUAGE IN THE DAEC REPORTING CABLE. "1) WE RECOGNIZE THE LIMITATIONS AND COST OF COLLECTING DATA IN THE FIELD FOR REPORTING PURPOSES, HOWEVER, EPIDEMIOLOGY AND HEALTH FAMILY SURVEY (EHFS) DATA ARE ONLY AVAILABLE EVERY FOUR YEARS. ACCORDING TO PREVIOUS BUREAU GUIDELINES, THIS IS SUFFICIENT FOR REPORTING AT THE SO LEVEL BUT NOT THE PO LEVEL. THE MISSION AGREED TO LOOK AT THE DATA ISSUES AND CONSIDER ALTERNATIVES SUCH AS NATIONAL DATA, REPORTING ON COUPLE YEARS OF PROTECTION (CYP), OR OTHER SERVICE INDICATORS, TO USE IN THE NON-EHFS YEARS IN ORDER TO MONITOR PROGRAM PROGRESS ANNUALLY. (2) THE MISSION HAS INCREASED EMPHASIS ON REDUCING MATERNAL MORTALITY, A DECISION THAT LAC AND G AGREE WITH, BUT THE PROGRAM OUTCOME INDICATORS DO NOT REFLECT THIS CHANGE IN EMPHASIS. THE MISSION AGREED TO CONSIDER REVISING THEIR PO INDICATORS TO BETTER REFLECT THEIR PROGRAM CHANGE, BY

MEASURING THE IMPACT OF IMPROVED MATERNAL HEALTH SERVICES USING INDICATORS WHICH ARE FEASIBLE TO COLLECT. INDICATORS THAT COULD BE CONSIDERED INCLUDE INCREASED NUMBER OF PRENATAL VISITS DURING PREGNANCY, INCREASED NUMBER OF BIRTHS ATTENDED BY TRAINED PERSONNEL, PERCENTAGE OF WOMEN HAVING AT LEAST ONE PRENATAL VISIT IN THE LAST UNCLASSIFIED

UNCLASSIFIED

PAGE 16 STATE 110469 050238Z
TRIMESTER AND/OR REDUCED MATERNAL ANEMIA. (3) LAC AND G ENDORSE EXPANDING REPRODUCTIVE HEALTH SERVICES AS A HIGH PRIORITY BUT ARE CONCERNED WITH THE SUSTAINABILITY OF SOME SUGGESTED METHODS SUCH AS OFFERING COMPLEMENTARY TRANSPORTATION TO EXISTING SERVICE DELIVERY POINT IN RURAL TOWNS. WE ENCOURAGED THE MISSION TO EXPLORE THE SUSTAINABILITY ISSUES CAREFULLY AND THEY AGREED TO STUDY THIS ISSUE AS THE PRIVATE SECTOR POP III PROJECT IS DESIGNED. (4) ALSO, PLEASE NOTE THAT THE REGIONAL IMMUNIZATION PROJECT (AIP II) WAS NOT ON THE LIST OF PROJECTS THAT PROVIDED SUPPORT TO THE MISSION. THE MISSION EXPLAINED THAT THE OMISSION OF THE AIP II PROJECT IN THIS YEARS AND LAST YEARS ACTION PLAN WAS AN OVERSIGHT, THAT THE MISSION VALUES THE WORK OF THE PROJECT, AND THAT THE PROJECT WILL BE INCLUDED IN NEXT YEARS ACTION PLAN."
CHRISTOPHER

UNCLASSIFIED

NNNN

776