

PID-ABM-630

98753

USAID/HONDURAS

SEMI-ANNUAL PROJECT STATUS REPORT

APRIL 1, 1994 - SEPTEMBER 30, 1994

**SEMI-ANNUAL REPORT**  
**APRIL 1, 1994 - SEPTEMBER 30, 1994**

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USAID/HONDURAS  
MEMORANDUM



DATE : December 20, 1994

TO : Ms. Christina H. Schoux, Director,  
LAC/SPM

FROM : Marshall D. Brown, Mission Director

SUBJECT : USAID/Honduras Semi-Annual Report for the Period April 1 -  
September 30, 1994: Mission Director's Narrative

**I. INTRODUCTION**

Held at the mid-point of our Action Plan cycle, the Mission's Fall 1994 Semi-Annual Review (SAR) sought to combine the traditional emphasis on project-level implementation issues with a review of issues affecting our ability to continue to progress toward our Strategic Objectives (SOs). We found, however, that the overriding issue within each Strategic Objective centered on uncertainty about funding levels - even for this Fiscal Year - in light of budgetary shortfalls and the restrictions that Congressionally-inspired directives have imposed on our ability to program flexibly those funds that are available. These simultaneous pressures may soon begin to affect seriously project activities that contribute importantly to three of our four Strategic Objectives.

The threats that were evident as we conducted our reviews have become still more salient in the intervening weeks. The most recent budget guidance, received from the LAC Bureau on December 12, may affect our Strategic Objective framework in the following ways.

***Strategic Objective One: Enhanced Economic Participation and Increased Incomes for the Poor.***

- o We would reduce the planned initial obligation for the new Basic Education and Skills Training (BEST) Project by some 40%, thereby imperiling that project's planned Non-Formal Vocational Education component. That component is intended to benefit one of the most disadvantaged groups in Honduran society, young unemployed adults who have left the formal educational system.

***Strategic Objective Two: Effective Stewardship of Key Natural Resources for Sustainable Economic Growth.***

- o The guidance would make it impossible for us to obligate any FY 95 funds to the Forestry Development and Honduran Environmental Protection Fund Projects, which together form the backbone of our efforts to achieve this Objective.

***Strategic Objective Four: More Responsive Democratic Processes with Greater Citizen Participation.***

- o We would cancel a planned final obligation to the Strengthening Democratic Institutions Project, which would in turn hamper our ability to continue to assist the promising anti-corruption activities of the new Public Ministry beyond mid-1995.
- o We would reduce planned incremental obligations to the successful Municipal Development and Honduras Peace Scholarships II Projects by approximately 28%, thereby putting at risk, inter alia, the former project's planned new initiative in the area of community empowerment, significantly decreasing the number of HOPS participants, and seriously compromising our ability to pursue this Objective.

Ironically, the directive pressures reflected in this guidance would force us to *increase* by almost 40% planned obligations of Population funds, thereby adding to an already large pipeline in that sector.

More disturbing than their impact on any individual project is the fact that these pressures – coming as they do in the context of a general decline in the level of U.S. bilateral assistance to Honduras – threaten our ability to continue to encourage a friendly government committed to social justice to stay on course with the economic reforms that are essential prerequisites to the economic growth that must underpin social progress. As such, they imperil the important gains made in the last several years toward the overall Agency goal of *Encouraging Broad-Based, Sustainable Economic Growth*.

## **II. SEMESTER SUMMARY**

### **A. Progress Toward Helping the Poor and Empowering People**

The above caveats notwithstanding, the SAR process revealed that, with few exceptions, project activities already underway have enabled the Mission to continue progress during this period toward improving the quality of life for the poor, empowering people, and expanding participation. Our recent Action Plan contained a summary of USAID accomplishments in furthering these objectives. The following updates the status of progress toward several of them as of September 30, 1994:

#### **Improved Quality of Life for the Poor**

- ◆ Infant mortality has now decreased to an estimated 45 per thousand live births (as compared to 61 in 1985).
- ◆ More than 23,900 people have now graduated from the CADERH (a local PVO) vocational training program, and 87% of them have been employed. Of those employed, 50% are women. Their incomes have increased by some \$1,000 annually.
- ◆ Almost 28,600 jobs have now been created under programs for small and micro-enterprises.

- ◆ The proportion of poor in rural areas was 23% lower in 1993 than in 1991.

#### Empowerment and Participation

- ◆ Over 74,000 loans have been made to small and microenterprises since 1988; 77% of these borrowers have been women.
- ◆ Over the last four years, credit union membership more than doubled to 65,000, including 36,000 women; savings increased by almost 300% during the same period.
- ◆ Four hundred village water associations are now serving 236,000 community members.
- ◆ Women-operated village banks are currently serving 12,400 low income members.

Thus, the concerns raised above center not on the progress the program *is* making, but rather on our ability to *continue* this progress in light of budgetary uncertainties.

#### B. General Economic Context

These achievements are occurring in the context of an uncertain economic lead set by the administration of Dr. Carlos Roberto Reina, who took office in January following free and open elections held in November 1993. During this reporting period, the new GOH was buffeted by a nationwide energy crisis that required it to ration electricity throughout the country for up to 80 hours per week. It was also under intense pressure from international financial institutions (IFIs) to bring the budget deficit, which had soared during the last months of the predecessor Callejas Administration as the election approached, back to manageable levels. The GOH reacted to these pressures with a mixture of positive and negative measures. On the one hand, the Reina Administration secured approval by the Honduran Congress of a "paquetazo" of budget-cutting and revenue raising measures that, if implemented, would allow Honduras to meet IFI fiscal targets. On the other hand, it allowed (or could not prevent) the Congress from significantly diluting the legislation originally introduced. Foremost among the mitigating measures, added by Congress to general public approval but to the private dismay of the donor community, was an ostensible freeze through the end of the calendar year on the prices of selected basic foodstuffs. Although the so-called freeze has proven largely ephemeral due to the failure of the Ministry of Economy to put in place the necessary implementing regulations, it nonetheless caused the IFIs to refuse to disburse resources to Honduras until the nominal controls lapse or are withdrawn. This attempt to control prices runs counter to virtually all restructuring agreements signed by the previous Honduran government, and to the Reina government's public commitment to continue to pursue reform (albeit "with a human face.") It is, we believe, typical of the statist orientation of some elements of the governing Liberal Party, and represents a harbinger of what might occur should the government lose its nerve in the face of the present economic challenges and begin to resort to desperate measures those elements might advocate. As such, the episode illustrates the need for continued firm donor support to encourage the GOH to continue to navigate the murky waters of reform.

### C. Project Impact Highlights

In this general context of economic uncertainty, several USAID projects nonetheless continued significant progress during this period toward their objectives. For example:

- ◆ Through its PVO intermediaries, the Small Business II Project helped make a total of 15,451 loans to small businesses and microenterprises, more than twice the number planned. 95% of these loans went to women borrowers.
- ◆ 3,000 new participating farm families, no less than 12% of the planned life-of-project total, joined the Land Use and Productivity Enhancement (LUPE) Project and are now beginning to use the sustainable hillside agricultural production techniques extended by that project.
- ◆ Efforts under the Municipal Development Project have now raised the average number of participants at the town meetings assisted by the project to 144, or 72% of the planned end-of-project level (as compared to a pre-project baseline of 20). On average, some 46% of these participants are women. These figures exemplify the fact that the public now looks largely to the municipalities for basic urban service needs.
- ◆ The Primary Education Efficiency (PEEP) Project distributed 600,000 first grade workbooks and 1,600,000 self-paced learning modules for grades 5-6.

Other activities that had previously experienced significant implementation problems took important steps during this period toward resolving those problems:

- ◆ The Strengthening Democratic Initiatives Project (SDI) launched a major initiative with the GOH's Public Ministry (PM), a new entity charged with becoming the principal actor in investigating and punishing corruption. Through a Memorandum of Understanding negotiated during (and signed after the completion of) this SAR cycle, SDI will fund logistic and administrative support to get the PM off the ground, and technical assistance in the development of a modernized Code of Criminal Procedures and the launching of a gender-sensitive campaign to promote public awareness of the PM's existence as a channel for the redress of grievances. SDI also worked effectively to help revivify the once-moribund process of reform of Honduras' court system, among other things doubling the size of the experimental Public Defender program and winning the Supreme Court's commitment to full application of a Career Law that will ensure that all Court employees are professionally qualified.
- ◆ The Forestry Development Project gained new life with the appointment of a dynamic new General Manager of the project's counterpart institution, the Honduran Forestry Corporation (COHDEFOR), and is working with COHDEFOR staff to design a project amendment that will seek to expand the successful sustainable management practices developed in the project's pilot unit on a nationwide basis. The amended project will

also introduce management plans (many of which will be implemented by NGOs) in ten of Honduras' most important Protected Areas.

- ◆ Policy dialogue under the Health Sector II Project won the commitment of the Ministry of Health to an ambitious series of policy reforms including the need to strengthen the MOH's financial accounting and reporting systems and to make permanent the ability of local units to retain fees; the need to provide consistent and sustained supervision at the regional, area, and health center levels; and the need to establish an efficient and transparent system for the procurement and distribution of supplies. USAID also completed agreement with the MOH and the AIDSCAP Project on a Detailed Implementation Plan for activities in this AIDSCAP priority country.

#### **D. Problematic Activities**

Three activities in our portfolio encountered significant implementation problems. The troubles of two of these stem directly from, and may be considered symptomatic of, the general economic uncertainty of the Reina Administration discussed above:

- ◆ While the technical assistance team funded under the Agricultural Component of the Policy Analysis and Implementation Project (PAIP/Ag) has been turning out solid work, the recommendations of their studies have not been echoed in improved agricultural policies. The team's efforts to promote appropriate policies have been hampered by a general lack of belief in the proposed free market model by the GOH as a whole and, in particular, by the Ministry of Natural Resources' uncertain commitment to the project's policy benchmarks. To deal with these problems, we have changed the Chief of Party of the TA team, and will negotiate with the Reina Administration's Minister of Natural Resources a new set of benchmarks to which he will be personally committed.
- ◆ Disbursement of the pending (and only) tranche of \$5 million in ESF under the Structural Adjustment Program (SAP II) has been delayed by the GOH's failure to secure Congressional enactment of a new Banking Systems Law. This failure is indicative of the confusion about, or (to put it more gently) competing priorities within the GOH's economic policy. Enactment of this law is also a condition to disbursement of the IDB's planned \$60 million sector credit, and would extend access to credit to smaller firms heretofore without such access. Yet despite its importance, it has taken a backseat as Congressional attention has focused on the fiscal adjustment package and other pressing legislative mandates. The IDB has extended its deadline for enactment of this law to May 2, 1995; we have asked USAID/W for permission to do the same.
- ◆ The problems of a third activity, the Strengthening Accountability Systems Project, seem specific to its counterpart institution rather than characteristic of the GOH as a whole. Whereas USAID would like this activity to become an essential part of the Reina Administration's strategy to actively fight corruption, the Comptroller General (CG) of the Republic (a constitutional creature of the legislative rather than the

executive branch) perceives it principally as an institution-building effort. This uncertain commitment to (and different vision of) the project on the part of the CG has led to a notable lack of progress in carrying out activities to which that institution had already agreed. To deal with this situation I am considering cutting off further dollar funding for the project, and redesigning it in a way that will allow us to achieve some of its original objectives with only the modest dollar resources (\$458,000) obligated last year while bringing activities to a conclusion this Fiscal Year.

#### **E. Special Efforts: The P.L. 480 Programs**

Two other activities are worthy of special mention because of the high level of interest in them in Washington and the significance of their contribution to our Strategic Objectives. During the review of our 1995-96 Action Plan, the Assistant Administrator instructed USAID/Honduras to carry out an evaluation of its FY 1992-94 P.L. 480 Title III Program before submitting a proposal for a follow-on program. We conducted this evaluation in June and July with assistance from the LAC Tech Project, and submitted it to the Bureau in September. It found that all three elements of the program - the import of Title III wheat as *food*, the policy changes on which those imports were conditioned, and the activities supported by local currency generated from the sale of those commodities - contributed significantly to food *access* and *availability*, and thus to the broader goal of improved food security. Among other notable findings, the evaluation discovered that as a result of Title III-sponsored policy reforms:

- The real producer price index rose 38% in the first year of economic reforms after a decade-long decline, thus providing much-needed producer incentives;
- By 1993, agricultural producer prices as a whole, as well as those for basic grains and traditional exports, were substantially higher than those received by producers during the 1980s;
- Rural households in the bottom 20% of income distribution declined by 12.8% from 1989 to 1993, faster than any other segment of the population; and
- As noted, the proportion of poor in rural areas was 23% lower in 1993 than in 1991.

In response to these positive findings, we prepared and submitted on October 20 a proposal for a three-year, \$30 million follow-on Title III Program to begin this Fiscal Year. The proposal, which was recently reviewed and approved in Washington subject to the availability of funds, made very clear the link between the resources we have requested, our Strategic Objectives, and food security. One notable difference between the proposed program and its predecessor is that a portion of the local currency generated under the new program is to be used to support efforts in the health sector that contribute to improved *food utilization*. This will complete the link between our Title III efforts and food security in all its aspects. I need not repeat here the case we have made in several fora for funding of this program. Suffice it to reiterate that the program and the local currency activities it would support are to be essential contributors to three of our four Strategic Objectives. At a level of funding below the \$10 million annually we have proposed, our ability to continue to pursue these objectives - particularly in the environment and natural resource sectors - would be diminished.

forward with the privatization of Hondutel, the state-owned telephone company. We expect that expenditures next semester for this project will go up significantly.

Other projects with expenditures significantly less than planned were Primary Education Efficiency (PEEP), Strengthening Democratic Institutions (SDI), and Strengthening Accountability Systems (SAS). PEEP spent only 23% of its planned level due mainly to a delay in executing a contract for over \$1.0 million for the reprinting of primary textbooks. This contract will be executed next semester. SDI had lower than expected expenditures as negotiations proceeded with the Public Ministry and the Supreme Court on the shape of new project activities and the direction and pace of reform in the justice sector. As explained above, these negotiations were completed successfully, and we anticipate that expenditures in the next period will pick up accordingly. The problems with SAS, and my planned solution to them, are discussed above.

### **B. Pipeline Analysis**

At the end of this semester, the pipeline of ongoing projects is \$63,035,000 (see Attachment B, Pipeline Analysis Chart), which is \$10,663,000 (15%) less than at the beginning of the semester. When compared to the end of FY 93 pipeline, the ending FY 94 pipeline decreased by \$18,537,000, or 23%. At the current expenditure rate, approximately \$38,000,000 per year, the portfolio-wide pipeline is well below the GAO's two-year standard.

These pipeline reductions are due mainly to a continued decrease in the Mission's OYB, a reduction of the LOP funding levels of several ongoing projects, including rescissions (deobligations) and 1311 reviews carried out during this reporting period, as well as the removal from the "ongoing" pipeline of several projects completed during the past twelve months. As of September 30th, only three projects have ending pipelines over \$5 million: Health Sector II, Primary Education Efficiency, and Private Sector Population. These alone account for 34% of the Mission's ongoing projects pipeline. Nonetheless, as 58% of the funds obligated for these projects have been earmarked, there is good reason to expect that increased expenditures in the coming months will decrease their pipelines considerably.<sup>1</sup>

A review of the age of our pipeline for ongoing projects shows that 73.8% of the FY 94 ending pipeline was obligated in FY 94, FY 93 and FY 92; 19.3% was obligated in FY 91, FY 90 and FY 89; and 6.9% was obligated in FY 88 and prior years. The main cause of the persistence of old funds in the pipeline is the existence of two large Cooperative Agreements under the Policy Analysis and Implementation Project that were fully funded in 1989. These grantees have not yet spent all these resources. The Mission will continue to make every effort to further reduce the age of the pipeline over the next reporting period.

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<sup>1</sup> This assumes, of course, that directive pressures do not force us to add more funds than we can spend to the population sector.

In response to concerns similar to those raised about the Title III Program, USAID is working closely with CARE in the latter's ongoing redesign of its P.L. 480 Title II activities. In September, CARE completed a needs assessment of Honduras' poorest regions, and has now discussed informally with us its concepts for a continued program. We expect that this revamped effort will (1) change the geographic focus of several of the program's sub-components to target those poorer regions; and (2) redesign several of the activities themselves so that they contribute more directly to alleviation of poverty and malnutrition. When and if we reach agreement in principle on the outlines of a redesigned program with CARE and the GOH entities with which it works, we will ask the Bureau for Humanitarian Response to reconsider the 75% cut it made in the level of FY 1995 Title II resources available for monetization when establishing the FY 1996 level.

### **III. GENDER CONSIDERATIONS**

USAID/Honduras has long been a leader in taking into account considerations of gender in the design of our activities and in monitoring the effects of gender during their implementation. The attached individual Project Status Reports reflect this emphasis. Specific examples of how we have integrated gender considerations into various projects include the successful effort under the Advisory Council on Human Resources Development Project to provide vocational training opportunities for women, the equally successful effort under the Primary Education Project to use construction teams composed exclusively of women to build adobe brick schools, and the work of the Small Business II Project in reaching out to provide loans to poor women previously without access to credit.

At a more general level, we believe that the economic growth that has stemmed from various USAID-assisted program and project efforts will redound to the benefit of both men and women. Indeed, there is already evidence that women are taking proportionately greater advantage of the increased formal sector employment opportunities this growth has made possible. For example, employment of women in the agricultural, industrial, and service sectors rose by 21% from 1990 to 1992, whereas male employment in the same sectors actually declined by 2%. We expect that female employment in these sectors will have risen by 86% by 1997; the corresponding increase in male employment is expected to be only 4.5%. The Mission will continue to track these figures as a principal indicator of progress toward our Strategic Objective No. 1.

### **IV. FINANCIAL PERFORMANCE**

#### **A. Expenditures**

Project portfolio expenditures during the period totalled \$15.4 million, 72% of the projected level (see Attachment A, Financial Summary Table), and slightly lower than the first semester of FY 94. Five projects met or exceeded their planned expenditure levels. The overall planned expenditure level was not met largely due to significant expenditure shortfalls involving a few projects. The Privatization of State-Owned Enterprises Project spent only 15% of the amount planned due mainly to GOH delays in making the political decision to go

FINANCIAL SUMMARY OF USAID/HONDURAS PORTFOLIO  
(APRIL 1, 1994 THROUGH SEPTEMBER 30, 1994)  
(\$ 000's)

ATTACHMENT A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11) *	(12)	(13)	(14)	(15)	(16)	(17)	(18) **
PROJECT NO.	PROGRAM/PROJECT TITLE	CATE-GORY	DATE OF INIT. OBLIG.	LAST REVISED FACD	% OF LOP ELAPS	% OBLIG. EXPEND	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL AMOUNT OBLIG.	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED EXPEND. (NEXT SEM.)
<b>A. ACTIVE PROJECTS</b>																	
<b>SO #1: ENHANCED ECONOMIC PARTICIPATION &amp; INCREASED INCOMES OF THE POOR</b>																	
522-0207	Export Dev. & Services	C	06/31/84	06/29/94	100	96	26,337	(1,895)	26,337	0	4,576	735	621	84	25,321	1,016	0
522-0241	Small Business Development II	B	06/31/88	06/30/96	75	78	16,500	700	16,025	475	4,226	709	709	100	12,442	3,583	1,009
522-0249	Agricultural Research Foundation	A	06/31/84	06/31/94	100	100	20,000	0	20,000	0	524	316	299	95	19,963	17	0
522-0252	Sm Fmr Organization Strengthening	A	06/26/85	06/26/95	90	95	17,825	0	17,825	0	1,444	325	371	114	16,706	919	483
522-0257	Council Human Res Dev (CADERH)	A	07/28/84	07/15/94	100	100	6,325	0	6,325	0	806	585	585	100	6,325	0	0
522-0273	Primary Education Efficiency	A	06/29/86	12/31/95	87	75	24,348	1,610	23,878	470	6,449	2,638	599	23	17,943	5,935	2,084
522-0289	Privatization of State Enterprises	B	06/29/86	12/31/95	87	74	7,850	600	5,519	2,131	1,212	450	69	15	4,061	1,458	500
522-0325	Policy Analy. & Imp./Public Sector	B	06/28/87	06/27/97	71	90	7,000	0	7,000	0	646	450	209	46	5,614	1,386	250
522-0325.01	Policy Analysis & Imp./COHEP	A	06/10/87	06/30/95	88	85	5,000	0	5,000	0	1,025	190	74	39	4,234	766	263
522-0325.02	Policy Analysis & Imp./Agriculture	C	05/17/89	06/27/97	65	65	14,350	515	9,565	4,785	4,449	1,000	907	91	6,208	3,357	1,375
522-0325.03	Policy Analysis & Imp. AHIBA/CBH	C	06/29/92	06/28/97	41	32	6,000	0	2,400	3,600	2,046	200	99	50	779	1,621	510
522-0334	Rural Roads Maintenance	A	06/21/90	12/31/94	94	96	10,681	0	10,681	0	4,093	1,500	1,011	67	9,160	1,521	0
522-0363	Cortec Chamber of Commerce	A	03/06/89	06/30/94	100	100	675	0	675	0	202	121	121	100	675	0	0
522-0363	Small Farmer Agribusiness Dev.	B	06/23/92	02/23/96	42	42	6,500	725	5,025	1,475	3,656	600	559	93	2,103	2,922	900
522-0399	Small Farmer Export Development	B	06/26/94	06/30/96	0	0	2,500	700	700	1,800	0	0	0	0	0	700	100
SUBTOTAL SO #1					84	171,491	2,955	156,755	14,736	35,356	9,819	6,233	63	131,554	25,201	7,473	
<b>SO #2: EFFECTIVE STEWARDSHIP OF KEY NATURAL RESOURCES FOR SUSTAINABLE ECONOMIC GROWTH</b>																	
522-0246	Forestry Development	C	12/29/87	12/31/94	96	70	20,000	0	16,020	3,980	6,557	1,225	975	60	11,226	4,792	1,250
522-0292	Land Use & Prod. Enhancement	A	02/15/89	02/06/97	70	69	16,000	950	14,940	3,060	5,605	1,200	1,031	66	10,237	4,703	1,125
522-0365	Honduran Env. Protection Fund	C	07/02/93	07/01/00	21	12	10,000	1,000	3,102	6,898	2,102	301	312	104	369	2,733	1,086
SUBTOTAL SO #2					84	48,000	1,950	34,062	13,938	14,264	2,726	2,316	85	21,834	12,226	3,461	
<b>SO #3: IMPROVED FAMILY HEALTH</b>																	
522-0216	Health Sector II	B	06/30/88	06/30/96	79	81	57,300	6,117	54,159	3,141	9,250	3,430	2,615	82	44,127	10,032	3,466
522-0369	Private Sector Population II	B	07/21/89	06/30/95	79	66	16,000	2,498	15,906	94	4,967	1,469	1,107	74	10,545	5,361	1,600
SUBTOTAL SO #3					76	73,300	10,615	70,065	3,235	14,217	4,919	3,922	80	54,672	15,393	5,066	
<b>SO #4: MORE RESPONSIVE DEMOCRATIC PROCESSES WITH GREATER CITIZEN PARTICIPATION</b>																	
522-0296	Strengthening Democratic Inst.	C	06/12/87	06/31/95	89	78	21,800	500	20,900	900	5,149	900	252	26	16,316	4,564	1,000
522-0329	Honduras Peace Scholarships	A	03/25/85	06/30/94	100	100	21,830	0	21,830	0	1,773	1,246	1,211	97	21,796	34	0
522-0340	Municipal Development	A	06/26/90	06/30/97	61	58	10,000	0	9,344	656	5,045	714	559	78	5,399	3,045	650
522-0364	Honduras Peace Scholarships II	B	06/21/90	06/30/96	53	66	15,000	400	6,617	8,183	3,619	970	668	69	4,466	2,349	812
522-0381	Strengthening Accountability System	C	06/30/93	09/30/96	33	19	2,500	0	458	2,042	456	251	62	25	89	369	206
SUBTOTAL SO #4					81	71,130	900	59,349	11,761	16,044	4,061	2,952	72	46,066	11,261	2,667	
<b>SUBTOTAL ACTIVE PROJECTS</b>					<b>80</b>	<b>363,921</b>	<b>16,420</b>	<b>320,231</b>	<b>43,690</b>	<b>79,683</b>	<b>21,545</b>	<b>15,425</b>	<b>72</b>	<b>256,126</b>	<b>64,103</b>	<b>18,888</b>	
<b>B. TERMINATED PROJECTS</b>																	
522-0266	Irrigation Development	A	06/29/86	10/30/93	100	100	15,720	(1,570)	15,720	0	1,595	0	77	0	15,649	70	0
<b>SUBTOTAL TERMINATED PROJECTS</b>					<b>100</b>	<b>15,720</b>	<b>(1,570)</b>	<b>15,720</b>	<b>0</b>	<b>1,595</b>	<b>0</b>	<b>77</b>	<b>0</b>	<b>15,649</b>	<b>70</b>	<b>0</b>	
<b>C. ACTIVE PROGRAM</b>																	
522-0396	Structural Adjustment Program	C	09/30/93	12/31/94	80	0	5,000	0	5,000	0	5,000	0	0	0	0	5,000	5,000
<b>SUBTOTAL ACTIVE PROGRAM</b>					<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>

\* Mortgage reflects the difference between authorized LOP and cumulative obligations.

\*\* Planned Expenditures Next Semester correspond to the figures presented in July 1994 for the FY96 ABS.

These figures will be superseded in December 1994 by the FY95 Congressional Presentation.

File: SOBJ0694

PIPELINE ANALYSIS  
USAID/HONDURAS

September 30, 1994  
(\$ 000's)

PROJ No.	PROJECT TITLE	FY OBLIGATIONS							CUMULATIV OBLIGATION	ENDING PIPELINE BY FY							FY-94 PIPELINE AGING**						
		FY 88 &								FY 88 &							FY 88 &						
		Prior Yr	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94*		Prior Yr	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Prior Yr	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
<b>A. ACTIVE DA/ESF PROJECTS:</b>																							
216	HEALTH SECTOR II	9,076	7,790	6,318	6,643	8,415	7,800	8,117	54,159	9,076	12,083	9,780	9,759	9,424	9,250	10,032	3.9%	12.5%	1.5%	1.5%	3.8%	16.8%	60.0%
241	SMALL BUSINESS II	7,475	859	1,957	1,499	3,210	325	700	16,025	7,475	4,903	4,184	3,720	5,037	4,228	3,583	23.5%	0.0%	0.1%	1.0%	35.0%	20.8%	19.5%
246	FORESTRY DEV.	6,172	2,000	2,000	3,000	0	2,848	0	16,020	6,152	7,042	7,510	7,999	6,053	6,557	4,792	20.7%	8.5%	0.6%	17.2%	0.0%	53.1%	0.0%
252	SFOS	10,500	5,500	0	1,125	500	0	0	17,625	6,326	8,398	5,267	3,400	2,049	1,443	919	11.2%	51.0%	0.0%	10.7%	27.2%	0.0%	0.0%
273	PRIMARY EDUC EFF.	12,095	3,300	2,524	1,549	1,600	1,200	1,810	23,878	8,372	7,229	7,803	8,350	8,285	6,449	5,935	6.7%	17.5%	17.6%	6.8%	11.2%	13.1%	27.1%
289	PRIVATIZATION	4,000	0	0	(181)	0	1,100	800	5,519	2,338	629	218	609	491	1,212	1,458	15.4%	0.0%	0.0%	0.0%	0.0%	43.4%	41.2%
292	LUPE	0	4,000	3,090	4,600	0	2,300	880	14,940	0	3,868	5,084	6,932	5,087	5,605	4,703	0.0%	0.8%	4.7%	30.8%	0.0%	30.8%	33.0%
296	STRENGTH. DEMO. INST.	5,630	5,370	5,000	500	3,300	600	500	20,900	3,334	5,065	6,878	4,897	6,271	5,149	4,584	1.0%	1.9%	10.1%	0.0%	63.0%	13.1%	10.9%
325	POLICY ANALYSIS & IMP.	6,000	1,000	0	0	0	0	0	7,000	5,950	6,005	5,229	3,144	2,209	646	1,386	63.2%	36.8%	0.0%	0.0%	0.0%	0.0%	0.0%
325.1	PAIP/COHEP	2,000	3,000	0	0	0	0	0	5,000	1,686	3,659	2,725	2,168	1,474	1,025	766	63.3%	36.7%	0.0%	0.0%	0.0%	0.0%	0.0%
325.2	PAIP/AG. SECTOR	0	0	3,000	1,350	3,000	1,700	815	9,545	0	0	2,611	2,876	4,530	4,450	3,357	0.0%	0.0%	0.1%	1.1%	33.9%	49.5%	15.3%
325.3	PAIP/FINANCIAL SECTOR	0	0	0	0	2,400	0	0	2,400	0	0	0	0	2,400	2,048	1,621	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
334	RURAL ROADS III	0	0	2,500	4,181	2,000	2,000	0	10,681	0	0	2,500	3,888	4,756	4,094	1,521	0.0%	0.0%	23.1%	13.3%	26.1%	37.5%	0.0%
340	MUNICIPAL DEVELOPMENT	0	0	1,000	4,144	4,200	0	0	9,344	0	0	1,000	4,322	6,972	5,045	3,945	0.0%	0.0%	0.1%	20.9%	79.0%	0.0%	0.0%
364	HOPS II	0	0	1,217	2,900	2,000	300	400	6,817	0	0	1,217	4,069	5,194	3,618	2,349	0.0%	0.0%	3.3%	24.0%	42.9%	12.8%	17.0%
369	PRIVATE SECTOR POP.	0	1,131	4,751	2,949	2,073	2,504	2,488	15,906	0	685	3,898	4,760	4,662	4,967	5,361	0.0%	0.3%	7.3%	14.8%	6.3%	24.6%	46.6%
381	STRENGTHENING ACC SYS	0	0	0	0	0	458	0	458	0	0	0	0	0	458	369	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
383	SMALL FARMER AGRIBUS.	0	0	0	0	3,300	1,000	725	5,025	0	0	0	0	3,300	3,656	2,922	0.0%	0.0%	0.0%	0.0%	45.4%	29.8%	24.8%
385	HOND ENV PROTEC. FUND	0	0	0	0	0	2,102	1,000	3,102	0	0	0	0	0	2,102	2,733	0.0%	0.0%	0.0%	0.0%	0.0%	66.2%	33.8%
399	SMALL FARMER EXPORT DE	0	0	0	0	0	0	700	700	0	0	0	0	0	0	700	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
<b>TOTAL - ACTIVE DA/ESF PROJECTS</b>		<b>62,948</b>	<b>33,950</b>	<b>33,357</b>	<b>34,259</b>	<b>35,998</b>	<b>26,237</b>	<b>18,315</b>	<b>245,064</b>	<b>50,709</b>	<b>59,566</b>	<b>65,904</b>	<b>70,893</b>	<b>78,194</b>	<b>72,002</b>	<b>63,035</b>	<b>6.9%</b>	<b>6.5%</b>	<b>4.3%</b>	<b>8.5%</b>	<b>22.8%</b>	<b>24.3%</b>	<b>26.6%</b>
<b>B. OTHER PIPELINE:</b>																							
522-9103	PD&S ARD & N															60	0.0%	0.0%	0.0%	0.8%	7.3%	91.9%	0.0%
522-9106	PD&S Special Development															214	0.0%	0.0%	3.5%	1.4%	0.0%	41.9%	53.2%
9401006.22	PD&S Housing & Urban Programs															2	0.0%	0.0%	70.1%	0.0%	29.9%	0.0%	0.0%
522-0396	Structural Adjustment Program (ESF Cash Transfer)															5,000	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
522-0268	Irrigation Development (Terminated project)															70	0.0%	0.0%	96.1%	3.9%	0.0%	0.0%	0.0%
522-0207	Export Dev. & Services (Terminated project)															1,016	0.0%	0.0%	0.0%	5.8%	62.5%	31.6%	0.0%
522-0249	Ag Research Foundation ("FHIA") (Terminated project)															17	5.7%	90.0%	0.0%	4.3%	0.0%	0.0%	0.0%
522-0329	Honduras Peace Scholarships (Terminated project)															34	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
9365970.00	Technical Advisors/AID & Child Surv. (Regional Project)															13	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
<b>TOTAL - OTHER PIPELINE</b>																<b>6,426</b>	<b>0.0%</b>	<b>0.2%</b>	<b>1.7%</b>	<b>1.0%</b>	<b>10.2%</b>	<b>85.0%</b>	<b>1.8%</b>
<b>TOTAL MISSION PIPELINE</b>																<b>69,461</b>	<b>6.3%</b>	<b>5.9%</b>	<b>4.1%</b>	<b>7.9%</b>	<b>21.7%</b>	<b>29.9%</b>	<b>24.3%</b>

\* Total Mission OYB for FY94 was \$19,059,000, less \$744,000 in deobligations leaving net OYB of \$18,315,000.

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

File: AGE994X

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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

I. BACKGROUND DATA

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

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

Major Contractors: N/A  
 Project Managers: Vicente Diaz/Albert Merkel  
 Project Support Officers: Liza Valenzuela/Kelly Flowers  
 Status of Cps/Covenants: Met

Date of Last Evaluation: 07/94 Next Evaluation: N/A  
 Planned No. of NFAs: 4 NFA contracted/completed: 2  
 Date of Last Audit: 02/12/93 Next Audit: N/A

A. FINANCIAL DATA

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

Amount Obligated: DA Loan: original \$16,000,000 amended to \$12,579,495  
 DA/ESF Grant: original \$ 7,500,000 amended to \$13,757,374

Amount Committed: Period: \$ 443,630  
 Cumulative: \$26,336,111

Accrued Expenditures: Period - Projected: \$ 735,000  
 Period - Actual: \$ 620,873  
 Cumulative: \$25,321,029  
 Period - Next: \$ 0

Counterpart Contribution: Planned: \$40,618,000  
 Actual: \$47,455,400

% LOP Elapsed: 100%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 94%  
 % of Total Auth. Exp.: 94%

II. PROJECT PURPOSE

To increase nontraditional exports.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project addressed the Mission's Strategic Objective No. 1, Enhanced Economic Participation and Increased Incomes of the Poor. The EDS project helped achieve these objectives by addressing specific issues related to improving the investment climate, developing exports, and strengthening private sector institutions which service the export sectors.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPS

Progress to Date

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

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
<b>FIDE:</b>							
1. New Investments <sup>2/</sup> Value (\$MM)	10 N/A	N/A N/A	N/A N/A	N/A N/A	N/A 0.75	99 196.2	990% N/A
2. Employment <sup>3/</sup>							
Total	N/A	3000	40558	N/A	6232	40790	N/A
Male	N/A	900	12167	N/A	1870	12237	N/A
Female	N/A	2100	28391	N/A	4362	28553	N/A
<b>FPX:</b>							
1. Agricultural Exports (millions)	\$18	2	35.4	0	9.0	43.0	392%
2. Employment							
Total	N/A	0	9850	N/A	2323	10537	N/A
Male	N/A	0	6445	N/A	824	6918	N/A
Female	N/A	0	3405	N/A	1499	3619	N/A

<sup>1/</sup> Credit was tracked from the initial date of operations through December 31, 1992. Since all credit was suspended, beginning January 1, 1993, the project no longer tracked or reported on this output after that date.

<sup>2/</sup> In view of Section 599/547 legislation and guidance, USAID has not supported FIDE's investment promotion arm since January 1, 1994. From this date, USAID no longer tracked FIDE investment and employment performance.

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

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

PROJECT STATUS REPORT

April 1, 1993 - March 31, 1994

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C. Other Accomplishments and Overall Status

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

Industrial Export and Promotion

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

Through the Foundation for Investment and Development of Exports (FIDE), the project attracted 99 new investments worth approximately \$195.4 million and helped to create ten export processing zones (EPZs). In terms of export development, FIDE provided technical assistance to a total of 215 companies, of which approximately 133 are currently exporting. However, in view of Section 599/547 legislation, USAID policy guidance regarding this legislation and the recent shift in USAID policy regarding private sector development, USAID terminated support to these activities. Instead, the project was redesigned in December 1993 to focus on three areas during its last eight months: 1) the protection of workers' rights; 2) environmental protection; and 3) continued improvement of Honduras' legal and policy framework. The medium-term objective of the labor rights and environmental protection components was entry of Honduras into a free-trade agreement with the U.S.

The FIDE Project component was completed on 8/29/94. A final evaluation conducted by Nathan Associates in 7/94 produced the following conclusions: 1) FIDE achieved the intended goals and objectives, generating \$390M exports and more than 35,000 jobs through 1993; 2) FIDE had considerable success in improving the investment climate in Honduras; 3) Due to the success of the program, USAID should continue supporting FIDE as an instrument for modernizing the Honduran economy.

FIDE's think tank, established to improve the institutional and policy framework, has worked intensely with the new Reina Administration in assisting it to design its new policies. A paper on policy preparation and analysis, macroeconomic and social plans, and sectoral analysis submitted to President Reina was highly regarded by his Economic Cabinet and widely discussed while defining the new government policies.

In the area of workers' rights protection, FIDE continued participating on behalf of the private sector in the working group that is drafting reforms to the labor code. It has also signed a technical assistance agreement with the Ministry of Labor for the modernization of the Ministry's organization. Several meetings were promoted between business and union leaders and GOH labor officers to iron out differences regarding the status of workers in the EPZs.

Under the environmental protection component, several activities were conducted with the Ministry for the Environment and the private sector on environmental impact, norms and regulations and environmental audits. The concept of forestry as a resource was presented to the private and public sectors as part of a long-term strategy for environment and sustainable development. A project for a protected area, a profile on forestry as alternate source of energy and another on a collection center for timber, were also prepared this semester. A proposal for private investment in mining prepared under this component addresses environmental concerns.

FIDE assisted the Ministry of Economy in its conversations with the USTR and provided project funded computers to the new IPR office in that Ministry.

Agricultural Export Promotion

FFX continued to provide technical assistance to producers of non-traditional agricultural exports until the PACD. Export figures show a significant increase in

cultivated shrimp exports (5,872 MT for 1992, an increase of up to 36% over 1991) and approximately 7,000 MT were exported in 1993. Direct employment in this industry was 12,250 jobs with an indirect employment figure of 15,254, an increase of 11% from the previous year in each category. At least 30% of these employees were women.

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

Onion exports exceeded 16 containers this production season. Export quality standards have been developed and the quality of Honduran onions has been recognized internationally. Onion exports have reached a sustainable level.

Other non-traditional crops accounted for \$20.8 million in exports for 1992, showing an average increase of approximately 39% in the last two years, with a potential growth of around \$100.0 million in the next five years. A study conducted during the previous period on the mechanization of the cocoa processing industry in Honduras has been followed by additional support from Applied Technology International (ATI) with their funds.

Other FFX funded export promotion activities involve services to the export sector including use of library facilities, access to price and market regulation information via satellite, as well as rental of equipment and conference facilities to FFX members. During this year more than 2,000 persons/businesses made use of these services.

FFX continued to experience considerable problems with its internal management during the reporting period. In September 1994, the members of FFX replaced many members of the Board of Directors. The new Board is reorienting FFX to marketing activities such as post-harvest packing and quality control. They are also strengthening exporters' ability to assist with logistics of exporting, e.g. transport, customs, inspections FFX was able to pay off its debts to contractors and was able to sell the profitable, but heavily debt-burdened, investments it had started but could not maintain. Remaining FFX funds are being put into an endowment fund that will provide funding for at least two years of operations at the reduced level of FFX's operations.

E. Problems and Delays

FIDE: None

FFX: The fact that the Board of Directors of FFX was not changed until Sept. 1994, resulted in many delays and imposed a sense of uncertainty on operations. The new board has resolved many of these problems but the damage resulting from the inappropriate management of the old Board has called into considerable question the long-term viability of FFX. USAID has started a new project with another organization to further assist the non-traditional exports of agricultural products from Honduras.

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

FIDE:

1. Receive and process the final report on FIDE's final evaluation.
2. Close out project and prepare the Project Assistance Completion Report (PACR).

FFX:

1. Review the final audit report for project close out.
2. Close out the project including review of outstanding vouchers and completion of the PACR.
3. Complete the Evaluation Summary Report and submit to USAID/W.

This is the last SAR that USAID will submit on the Export and Development Services Project.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

Project Title: Small Business II  
 Project Number: 522-0241  
 Date of Authorization: original 08/26/88 Amendment 09/26/94  
 Date of Obligation: original 08/31/88 Amendment 09/28/94  
 PACD: original 09/30/93 Amended 09/30/96

Implementing Agencies: Five PVOs  
 The National Association of Industrialists (ANDI)  
 Honduran National Development Foundation (FUNADEH)

Major Contractors: Nathan & Associates  
 Project Manager: Bernal Velarde/Liza Valenzuela  
 Project Support Officer: Leon Waskin  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 09/11/91 Next Evaluation: 02/95  
 Planned No. of NFAs: 4 NFAs Contracted/  
 Completed: 4  
 Date of Last Audit: 09/30/94 Next Audit: N/A

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$15,000,000 amended to \$17,200,000  
 Amount Obligated: DA Grant: original \$ 7,475,000 amended to \$16,025,081  
 Amount Committed: Period: (302,246)  
 Cumulative: \$13,521,840  
 Accrued Expenditures: Period - Projected: \$ 709,000  
 Period - Actual: \$ 709,771  
 Cumulative: \$12,442,408  
 Period - Next: \$ 900,000

Counterpart Contribution: Planned: \$39,360,600  
 Actual: \$85,656,817

% LOP Elapsed: 75%  
 % of Total Auth. Oblig.: 93%  
 % of Total Oblig. Exp.: 78%  
 % of Total Auth. Exp.: 72%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.

The Project supports Strategic Objective No. 1: Enhanced Economic Participation and Increased Incomes of the Poor. This project provides economic opportunities for poor and disadvantaged people in Honduras by providing access to credit and stimulating micro enterprise development.

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

III. PROJECT DESCRIPTION

The Project assists organizations serving small businesses and microenterprises, mostly self-employed women. Assistance to small business focuses on two institutions: FUNADEH and FOPEME. FUNADEH, based in San Pedro Sula, provides credit and training to small businesses. FOPEME, a loan and guarantee program through the Central Bank, provided small business lending through the formal banking system. The FOPEME component ended in September 1993. Assistance at the microenterprise level has been channelled through two local organizations: ASEPADA and ANDI. ASEPADA directly provided credit, training and technical assistance to microenterprises. This Grant Agreement ended in June 1992. ANDI (and its administrator, the Fundación Coveló) functions as a second tier service facility for local Private Voluntary Organizations. ANDI/COVELO provide institutional strengthening assistance, training, and credit to PVOs with microenterprise clients. Currently there are five participating PVOs: World Relief (WR), Hermandad de Honduras (HdeH), Instituto de Desarrollo Hondureño (IDH), Fundación Internacional para la Asistencia Comunitaria (FINCA/Honduras) and the Organización de Desarrollo Empresarial Femenino (ODEF).

IV. PROJECT STATUS

A. Planned EOPs

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

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

Progress to Date

The financial mechanism of FUNADEH is self-sustaining.

1. 20,000 loans per year
2. 4,300 jobs per year
3. FUNADEH has access to GOH funds at commercial rate.
4. Self-sustaining credit/guarantee

B. Major Outputs 1/

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. ANDI (Data through August 94)							
No. of Loans (2)	143000	6000	44348	14600	14888	53236	37%
Women	134500	5400	39077	14000	14394	48071	36%
Men	8500	600	5281	600	484	5165	61%
2. FUNADEH (Data through August 94)							
a. No. of Loans	3800	700	4999	700	563	4862	128%
Women	1275	350	2124	350	310	2084	163%
Men	2475	350	2875	350	253	2778	112%
3. Research/Studies	10	0	0	0	0	9	90%

- 1) The FOPEME credit line and guarantee mechanism based in the Central Bank ended in September 1993 and assistance to ASEPADA was terminated in June 1992. The March 1994 SAR (and previous SARs) list the accomplishments under these components. They are no longer included here.
- 2) Project targets for loans were updated considerably in the 1995 Cooperative Agreement Amendment No. 12.

## PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

### C. Other Accomplishments and Overall Status

The Small Business II Project has continued to meet its target objectives. The project has provided technical and financial assistance to a network of intermediaries which have made over 74,000 loans between September of 1988 and August 1994. Two active project components remain, the ANDI Cooperative Agreement and FUNADEH Grant Agreement. ANDI (through its network of PVOs) and FUNADEH have about 15,500 active clients. Over 75% of these clients receive financial services through the village bank methodology. Over 75% of the active loan clients are women entrepreneurs. At the poverty lending level, the majority of potential clients are women and methodologies (such as village banking) are geared towards women. Interestingly, at this level, rather than being focussed on increasing women's participation, gender issues relate to how to reach out to the minority yet still substantial male clientele.

#### FOPEME:

USAID met with Central Bank Officials to explore the possibility of reprogramming funds from the now closed FOPEME loan fund to support the microenterprise programs managed by the ANDI/Covelo and FUNADEH. The President and the Deputy Manager of the Central Bank showed initial interest in supporting this initiative and requested that the Mission prepare a proposal describing the assistance. The Deputy Manager reviewed a draft proposal and informed USAID that they would not support it because they will utilize these resources to finance a second tier lending facility within the Central Bank.

#### ANDI:

USAID prepared a second anti-poverty lending proposal for USAID/W which was approved for \$1.4 million. US\$700,000 will be financed by the centrally-funded APPLE Program and matched by the Mission. There are three basic objectives under this program. First, to improve the ability of the Covelo Foundation to offer financial and non-financial services to intermediary organizations that work directly with microenterprises. Second, to provide liquidity and technical assistance to the PVO network so they may expand the financial services offered to the informal sector and become profitable in the process. Third, to assist five new PVOs to become self-sustaining during the life of the project.

IDH, one of the PVOs that had serious management and financial problems during the last reporting period, contracted a new Executive Director and Deputy Director to restructure the organization. IDH has begun to implement the recommendations made by the Covelo Foundation and has established an aggressive loan collection plan to reduce the percentage of loans in arrears, a requirement for eligibility for COVELO Foundation funds.

As planned during this semester the Covelo Foundation approved three lines of credit from its liquidity fund. The PVO clients are FINCA with an approved line of credit of L.2.0 million, ODEF with L.2.0 million and World Relief with L.2.7 million. The funds however, have not been drawn down by the PVOs, since they have liquidity at this moment. FINCA and ODEF have each received funds from the IDB's Small Projects program.

The Covelo Foundation performed an institutional assessment of the Centro de Desarrollo Humano (CDH) and the local affiliate of Freedom from Hunger (FAMA). The Foundation will review the results of the assessment with each PVO to determine their eligibility in the program during the next semester. CDH is a PVO that works in Tegucigalpa and utilizes the individual credit and village banks approach. It currently has over 1,300 active clients with an outstanding loans portfolio of more than L.1.8 million. FAMA works in the Department of Olancho and utilizes only the village bank methodology. It currently has 731 active clients in 42 village banks. Its outstanding loan portfolio is about L.350,000.

Three non-federal audits were completed during the semester. The institutions that were audited were Covelo Foundation, FINCA and ODEF. The audit reports will be presented to the Mission during the month of October.

The Mission contracted the services of a Senior Financial Advisor to assist the Covelo Foundation to expand the financial services of its PVO network. The advisor will design and implement an expansion strategy that will permit the PVO network to increase its coverage among the microenterprises in Honduras.

#### FUNADEH:

During the semester the institutional contractor drafted a credit manual that was approved for implementation by FUNADEH. The manual includes documentation of the loan process, policies and procedures to write off uncollectible debt, and an update of all the financial policies related to FUNADEH's loan program.

In conjunction with the credit manual, FUNADEH reviewed its end-user interest rate policy and adjustments were made based on the inflation rate, internal cost structure and other market conditions.

As planned, FUNADEH disbursed 600 loans for L.10.2 million. Forty eight percent of the borrowers were women while 52% were men. The total outstanding portfolio at the end of August 1994 was L.21.5 million with 1,732 clients. FUNADEH also continued its business training holding 176 workshops and seminars for 2,244 participants.

Mission representatives met with the President and Board of Directors of FUNADEH to discuss ways in which FUNADEH could increase the number of active borrowers. A presentation was made to the Board of Directors explaining the advantages of providing full financial services to microenterprises by allowing the institutions to mobilize savings from the local market to finance their loan portfolios. FUNADEH through its President has informed USAID that it is interested in exploring institutional and program options that will enable it to expand its operational scale and financial services.

The project technical unit prepared a preliminary expansion plan recommending that FUNADEH establish a pilot office that could be replicated in order to increase the volume of clients that it serves. It is expected that such an office will be established during early CY1995.

### D. Problems and Delays

#### ANDI:

Arreages problems continued in IDH and have increased in FINCA. The COVELO Foundation is working with these organizations to institute corrective measures. These indicators must be improved before new COVELO Foundation funds can be provided to the organizations. Boards of Directors and managers of these organizations are fully aware of the problem and are actively seeking its resolution. We expect to see improvement in this indicator over the next reporting period.

#### FUNADEH:

None.

### E. Major activities or corrective actions during the next six months

1. Conduct project evaluation.
2. Continue project redesign activities, including a brainstorming session with microenterprise experts and a visit to Bolivia's BancoSol, the hemisphere's first formal bank for microentrepreneurs. A PP Supplement and Project Agreement Amendment will be prepared during the third quarter of FY1995. The Mission will support the efforts to increase financial services, scale and financial viability of selected PVOs.
3. Draft a Project Assistance Completion Report for the FOPEME component.
4. Provide technical assistance related to arreages problems and assist PVOs in making the necessary methodological adjustments.
5. Draft plans to increase coverage of credit services to microentrepreneurs.
6. Complete non-federal audit for FUNADEH.

Note: The exchange rate as of September 30, 1994 was Lps. 9.10 to \$1.00.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

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

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$20,000,000  
 Amount Obligated: DA/ESF Grant: original \$ 230,000 amended to \$20,000,000  
 Amount Committed: Period: \$ 126,999  
 Cumulative: \$19,999,252  
 Accrued Expenditures: Period - Projected: \$ 316,000  
 Period - Actual: \$ 298,858  
 Cumulative: \$19,982,746  
 Period - Next: \$ 17,254  
 Counterpart Contribution: Planned: \$ 6,500,000  
 Actual: \$ 4,737,000  
 % LOP Elapsed: 100%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 100%  
 % of Total Auth. Exp.: 100%

Date of Last Evaluation: 03/94 Next Evaluation: None planned  
 Planned Number of NFA's: 1 NFAs Contracted/Completed: 0  
 Date of Last Audit: 07/94 Next Audit: N/A

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project supports the Mission's Strategic Objective No. 1 - Enhanced Economic Participation and Increased Incomes of the Poor by supporting adaptive research, informational technological transfer, training (procedures, professionals and students) and publications. FHIA coordinates their activities with other private and public sector organizations in Honduras and the region to reduce overlap.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPS

Progress to Date

- |  |   |
|--|---|
| 1. Internationally recognized research foundation.                           | 1. Recognized as center of excellence in the region and internationally.                            |
| 2. Ongoing research program consistent with the needs of Honduran producers. | 2. Five major programs researching important crops.   |
| 3. Communications network ensuring two-way flow of information.              | 3. All communications and training goals surpassed.   |
| 4. Efficient analytical and laboratory capability.                           | 4. Functional soils, pesticide residue, biotechnology, entomology and plant pathology laboratories. |

B. Major Outputs

	Planned			Accomplished			% of
	LOP	Period	Cum.	Next Period	Cum.	LOP	
1. Research:							
a. Program/Projects	18	1	25	0	1	27	150%
b. Technologies Adapt.	20	1	31	0	0	32	160%
c. Cultivars Adapt.	40	1	89	0	1	95	236%
d. Special Studies	160	5	253	0	10	279	174%
2. Services:							
a. Lab Analyses (000)	150	5.2	115.7	0	5.7	117.8	78%
b. Consultations	95	12	148	0	10	164	173%
3. Communications:							
a. Courses/Seminars	100	11	168	0	13	204	204%
b. Field Days	70	1	104	0	2	97	139%
c. Publications	250	5	311	0	0	323	129%
4. Training	M/F	M/F	M/F	M/F	M/F	M/F	M/F
- Producers	950/50	100/10	2740/199	0	150/16	2637/155	276/310%
- Professionals	240/60	200/15	2094/322	0	123/20	2055/314	856/523%
- Students	320/80	25/10	550/130	0	35/27	654/242	204/301%

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

The Fundación Hondureña de Investigación Agrícola (FHIA) is a non-profit private sector organization created to insulate agricultural research from the political and budgetary fluctuations faced by public sector organizations. During the LOP, FHIA has achieved significant progress, having surpassed all of its LOP goals and objectives with the exception of one related to services. FHIA has successfully established well-balanced and respected research and service operations that respond to the needs of Honduran farmers. Its staff is composed of highly qualified professionals, and FHIA is recognized as a center of excellence in agricultural research in the region and throughout the world. The project emphasizes the significance of the institution building capability of Agency activities. The following highlights some aspects of FHIA's operations during the period.

**Research:** FHIA continues to expand its efforts to obtain funds from diverse sectors. FHIA is progressing on developing and testing new plantain varieties in several locations in Honduras under a contract with the United Nations Development Program. Testing these varieties under different climatic conditions in Honduras will allow for extrapolation to other countries with similar climatic conditions. FHIA has had continued progress testing the fungus *Paschilomyces lilacinus* to control nematodes and has signed two contracts with chemical companies to expand this research.

FHIA continues research on Black Sigatoka and is now leading an interdisciplinary group to determine remedial measures to control the disease. Included in the group are the major exporters of bananas in Central America. FHIA continues to progress with research on the toxin produced by the fungus which translocates in the plant and causes premature fruit ripening. The discovery of this fungus and the toxin opens the possibility of developing an antidote to the toxin, thus reducing or eliminating the need to spray for Black Sigatoka. At present, it costs up to US\$1200 per hectare per year to control Sigatoka in export bananas. Small farmers in Honduras and other countries apply few chemicals to bananas and plantains because of the prohibitive cost. Thus, yields are low or there is no yield at all. This discovery could help small farmers produce a crop to feed their family and generate income.

Interest in FHIA's new banana and plantain varieties continues to increase in different parts of the world. Three contractors are producing tissue cultured plants from FHIA's material. This will provide for a wider distribution of FHIA's varieties and provide funding for on-going research. One company has negotiated a contract to establish a tissue culture laboratory at FHIA, which is now producing plants for Central and South America. It is estimated that by the end of the year more than 20,000 plants will have been produced. Plant patent protection is pending in the United States for the recently released banana variety, "Goldfinger."

The introduction and promotion of new crops generally leads to new research ideas. To support future research efforts, FHIA has presented a proposal to USAID/Honduras to undertake a four year effort to expand FHIA's marketing ability and to bring small farmers into the production and export of new crops.

**Administration:** The project evaluation was completed during this period. The evaluation team found few areas in which changes were recommended. Because of the findings of the evaluation team and its recommendation that FHIA use marketing information in identifying research areas and crops, FHIA was chosen to be the implementing group for a new USAID funded effort to support exports by small farmers in Honduras. Based on the evaluation recommendations, FHIA presented the above mentioned proposal to USAID.

FHIA's new administrative organization is performing well, has resolved constraints, and increased efficiency in its operations. The demand for services is estimated to exceed US\$300,000 in 1994. The more efficient operation and reduction in personnel mean that these services provide more income to FHIA, while providing better service to its clients.

The 1994 Work Plan and Budget are being closely followed. In August actual expenditures were within 3% of planned expenditures.

**Consulting Services:** The joint FHIA, FPK and Fruta del Sol Cooperative onion export project was successful in shipping 16 containers of onions to the United States and Europe during this period. Growers are already discussing plans for the 1994 season which begins in October. Because of unexpected difficulties in the sweet onion market in April 1994, onion production will be reduced in Honduras next year. There

are no US government standards for "sweet onions". This resulted in a number of US and expatriate producers mislabeling non-sweet onions and flooding the market, causing many producers to lose money. If this problem is not resolved, both US and Honduran growers of "sweet onions" will be driven out of the market.

Asparagus trial shipments resulted in several US importers becoming interested in Honduran production as it provides fresh produce during a period when other supplies are very low. The attempts to export at the commercial level from Honduras show promise with acceptable prices to local producers. Additional areas have been planted in the last year with technical assistance from FHIA, and these growers will begin to export in 1994/95.

**Training:** The FHIA communications center was the site for 17 events which were carried out by different organizations. It is seen as a site for educational activities related to agriculture on the north coast of Honduras.

**Laboratory Services:** FHIA has installed \$250,000 in new equipment provided by USAID. This equipment will allow FHIA to conduct testing of pesticide and other chemical residues at a standard comparable to US laboratories. The principal chemist for FHIA was sent to Holland under a grant from the Dutch Government to be trained in the use of this new equipment.

**Gender concerns:** FHIA has reviewed its personnel policies and removed all references and requirements which would disadvantage anyone due to gender. FHIA continues to recruit and hire qualified women for job openings.

**FHIA Endowment:** The GOH, through the Central Bank, has transferred the remaining L.50 million to the FHIA Endowment Fund (EF). There are still difficulties in the actual interest rates paid on bonds issued to the EF. USAID and FHIA are continuing discussions with the Ministry of Finance and Public Credit on this matter.

D. Problems and Delays

1. Discussions with the GOH continue with regard to interest rates on some of the bonds issued to FHIA.

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

1. Close-out of the evaluation recommendations.
2. Review final audit report of the project.
3. Prepare a PACR.

This is the final SAR that will be submitted for this activity.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

Project Title: Small Farmer Organization Strengthening (SFOS)  
 Project Number: 522-0252  
 Date of Authorization: original 09/26/85 Amendment 07/13/92  
 Date of Obligation: original 09/26/85 Amendment 07/13/92  
 PACD: original 09/30/87 Amendment 09/26/95  
 Implementing Agencies: Finance Corporation for Agricultural Cooperatives (FINACOOP)  
 Major Contractors: World Council of Credit Unions (WOCCU) for short-term technical consultancies.  
 Project Managers: Lee Arbuckle  
 Project Support Officer: Liza Valenzuela  
 Status of CPs/Covenants: CPs met.

Date of Last Evaluation: 05/31/92 Final Evaluation: 05/95  
 Planned Number of NFA's: 3 NFAs Contracted/Completed: 1  
 Date of Last Audit: 00/00/00 Next Audit: 10/30/94

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$ 8,500,000 amended to \$ 3,000,000  
 DA/ESF Grant: original \$ 1,400,000 amended to \$14,625,000  
 Amount Obligated: DA Loan: original \$ 8,500,000 amended to \$ 3,000,000  
 DA/ESF Grant: original \$ 1,400,000 amended to \$14,625,000  
 Amount Committed: Period: \$ 157,259  
 Cumulative: \$17,493,618  
 Accrued Expenditures: Period - Projected: \$ 325,000  
 Period - Actual: \$ 370,844  
 Cumulative: \$16,705,941  
 Period - Next: \$ 325,000

Counterpart Contribution: Planned: \$22,465,530  
 Actual: \$21,957,907

% LOP Elapsed: 85%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 95%  
 % of Total Auth. Exp.: 95%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project supports the Mission's Strategic Objective No. 1 - Enhanced Economic Participation and Increased Incomes of the Poor. By improving access to financial services, the project will directly impact Program Output 1.1. Expanded Access and Opportunity through Empowerment of the Disadvantaged.

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

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
<b>1. Institutional Support:</b>							
- Second level	1	0	1	0	0	1	100%
- Organization	37	0	34	0	0	36	97%
- Cooperatives							
<b>2. Orgs. with Computer technology</b>	27	5	17	8	0	17	63%
<b>3. Members (Thousands)</b>	M/F 38 47	M/F 4 6	M/F 33 42	M/F 16 24	M/F 0 0	M/F 34 41	M/F 89% 87%
<b>4. Training</b>	M/F 225/275	M/F 80/120	M/F 400/602	M/F 80/120	M/F 121/98	M/F 490/401	M/F 218%/146%
Administrative Matters	0	24	52	15	12	49	NA
Computing Matters	25	5	25	5	9	29	116%
Paratechnicals							

I III. PROJECT DESCRIPTION

The project was designed to strengthen the administrative, management, planning and capital formation capabilities of the participant agricultural cooperatives and credit unions. For the final three years, 1992 to 1995, this project focuses on credit unions alone. The task of strengthening agricultural cooperatives has been passed to the Finance Corporation for Agricultural Cooperatives (FINACOOP) and is being supported by Project 522-0383. The SFOS project is now limited to strengthening credit unions to become efficient providers of financial services to all their members, with savings services being viewed just as important as credit services. The two components used to effect changes are institutional support and financial stabilization.

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

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

IV. PROJECT STATUS

<u>Planned EOPS</u>	<u>Progress to Date</u>
1. 1 Financial Services Unit (FSU) created.	1. Created by the National Credit Union Federation (FACACH).
2. 1 Federation Strengthened.	2. Strengthening process is underway with FACACH.
3. 37 Credit Unions Strengthened.	3. Strengthening process is underway or completed for 34 credit unions.
4. 27 Credit Unions W/Computer technology.	4. The implementation of computer technology is underway or completed for 17 credit unions.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

The SFOS project focuses on: (1) strengthening open bond credit unions and other credit union system institutions, (2) the legal chartering of the Finance Corporation for Agricultural Cooperatives (FINACOOOP), and (3) establishing a self-sufficient, fee-supported regulatory activity for cooperatives in the Honduran Institute of Cooperatives (IHDECOOP). SFOS SARs since March 1993 cover only those activities.

The Implementing Unit

FINACOOOP is the project's implementing unit. The FINACOOOP Board of Directors decided to separate the organization's operations into two units, the Financial Services Unit (FSU) for credit unions, and the Agribusiness Unit for agricultural service cooperatives. The FSU implements SFOS project administrative and financial restructuring activities.

The FSU will complete operations in May or June of 1995. The FSU's activities will be absorbed by FACACH, other organizations, or be discontinued. Nearly all project objectives will be met. Final decision authority on project implementation actions has been reserved by the FSU, but a steering committee of credit union representatives is guiding the FSU operations to ensure credit union leaders are kept abreast of the techniques and procedures instilled by the project and to decide which activities should be continued by the credit union system after the PACD. This committee is made up of one representative from the credit union federation and seven representatives of member credit unions. Two of the seven representatives are women.

Project Management

The Manager of the FSU, supported by the Credit Union advisor, has been very effective in guiding his team. He reports on activities to project management and the Board of FINACOOOP. The three main FSU activities are (1) organizational development of credit unions, (2) computing, and (3) training. In the course of the past semester, a credit portfolio inspection team has been assembled. Weekly progress reviews by the Manager of the FSU, the Credit Union Advisor and the USAID project manager are sustaining a high level of achievement in the project.

Technical Assistance

The Mission contracted Credit Union Advisor continues to be effective. Six short-term technical assistance tasks were completed by WOCUC for the credit unions and FACACH in the past semester. FACACH and the FSU have been very supportive of the work of the consultants. Technology transfer to credit unions and FACACH is taking place very rapidly in comparison to the project's early years, as evidenced by the adoption of new policies, practices and improvements in the financial and operational indicators.

Credit Union System

An extensive review of the management systems of 29 of the 33 credit unions was completed by a short-term consultant with the purpose of recommending adjustments to the FSU's work program in strengthening credit unions. The principal recommendations of that review are:

- An asset/liability management system appropriate for Honduran credit unions should be developed.
- A credit administration manual detailing sound analyses, and approval, documentation, and collection practices should be developed.
- The methodology for strategic and operational planning should be revised to make it more participative and achieve more commitment.

Credit union financial stabilization agreements continue to be monitored on a quarterly basis using CAMEL derived indicators. The resulting letter grades from A to D are proving to be powerful motivators for corrective actions that lead to greater safety and soundness. During the last reporting period the performance standards were raised for several of the indicators to motivate further change.

The FSU's 1994 work plan is progressing well. Highlights are:

- Administrative restructuring agreements are in place in 34 credit unions.
- Implementation of standard operating and administrative flows and documents is well advanced in 25 credit unions. This follows the Model Organization and Methods manual developed by the FSU.
- Ten credit unions are completing the last steps to graduate from any further computing advice from the FSU by Dec. 31, 1994. After that they will receive support for hardware and software from normal commercial sources. Four other credit unions will graduate in early 1995. Sixteen other credit unions have begun the required steps to qualify to receive computing. We expect ten to fourteen of them will be able to complete the steps for qualification prior to the PACD.
- The training of credit union leaders to serve as trainers in basic courses for a small stipend has permitted the rapid expansion of the training program. Certificates are given to those who complete five basic modules totalling 60 hours of class in Savings Mobilization, Parliamentary Procedure, Use of Credit, and so forth. A second Certificate can be earned for completing intermediate modules in Interpretation of Financial Statements, Functions of the Board of Directors, and so on. The fee-based program is now covering all fixed and variable costs except depreciation of the vehicle assigned part-time to the activity. The costs of the two FSU people who work in the activity are being covered. In the past period 191 people were awarded the basic Certificate (102 women) and 23 received the Intermediate Certificate (17 women). In the upcoming period we project a minimum of 150 and 90 people, respectively, will receive Certificates at the two levels. A Diplomate course in the Financial Management of Credit Unions consisting of two days of class over several weekends is being given by UNITEC University to 80 people.

- Financial stabilization agreements are in place in 29 credit unions.

- Ten Peace Corps Volunteers, all but two of whom have degrees in accounting, finance or economics, are working well with ten of the smaller credit unions, further leveraging FSU's strengthening program.

Strengthening of the Federation

FACACH's Board promoted a dynamic, well-trained person to be General Manager. FACACH is on its way to earnings of over L1,500,000. Net value of a share in FACACH is expected to reach 90% at the end of 1994.

Participation of Women in the Project

Credit unions continue to provide an avenue for the advancement of capable women. Management of credit unions seems to pass from one gender to the other rather easily and in both directions. Over half of all credit union employees are women, and the percentage of women members is also nearly half. The percentage of women managers and board members, however, is about 30%. At this point the project is giving priority to the development and acceptance by the credit unions system of a model personnel policy to assure that both genders have clear and equal rules for selection, compensation, training and promotion. The manual has been partly drafted.

IHDECOOP

The terms of IHDECOOP's restructuring were defined in an Implementation Letter. IHDECOOP's manager has been unwilling or unable to meet those conditions. In fact, IHDECOOP has two managers at this time, one of whom was dismissed and who is suing to be reinstated. With each passing quarter IHDECOOP's budget allocation from the GOH becomes smaller and is accomplishing much of the downsizing which we recommended. The president of the Board of IHDECOOP has advised that he is very interested in the restructuring of IHDECOOP to focus it on registry, statistics, definition of standards and auditing. If there is no decision by year-end 1994, we will reallocate earmarked counterpart funds.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Problems and Delays

1. The non-federal audit of FINACOOP has not yet been delivered by Price Waterhouse.
2. The acceptance by IHDECOOP of a restructuring program is still in doubt.

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

1. Review the final report from the non-federal audit of the project by Price Waterhouse.
2. The agreement between IHDECOOP and FINACOOP will be signed before there is any disbursement of restructuring funds to IHDECOOP.
3. Continue to closely monitor and guide short-term consultants provided by WOCCU.
4. Formalize the establishment of an institution to inspect the financial condition and credit quality of credit unions on a fee-basis. The institution would be similar to the private, self-supporting credit union financial stabilization funds in Canada and the United States, with authorities similar to those of the Comptroller or the FDIC to inspect and regulate banks.
5. FACACH is developing a plan to implement the recommendations of the consultancy on liquidity management in the Credit Union System.
6. The two-person training team of the FSU will transfer to FACACH.
7. Twelve credit unions will graduate from all computer advisory support by the FSU. Twelve others will advance in the process of conversion to computer software for credit union operations.
8. Revised editions of project developed Manuals will be completed and distributed. Five other Manuals will be developed from scratch. This will leave thorough documentation of the project's recommended practices and procedures.

**PROJECT STATUS REPORT**

April 1, 1994 - September 30, 1994

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**I. BACKGROUND DATA**

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

Date of Last Evaluation: 04/29/94 Next Evaluation: N/A  
 No. of Non Federal Audits Planned: 0 Recipient Contracted Audit: 1  
 Date of Last Audit: 00/00/00 Recipient Contracted Audit: 04/30/94

**A. FINANCIAL DATA**

Amount Authorized: DA Grant: original \$ 975,000 amended to \$ 6,325,000  
 Amount Obligated: DA Grant: original \$ 225,000 amended to \$ 6,325,000  
 Amount Committed: Period: 0  
 Cumulative: \$ 6,325,000  
 Accrued Expenditures: Period - Projected: \$ 584,928  
 Period - Actual: \$ 584,928  
 Cumulative: \$ 6,325,000  
 Period - Next: \$ 0  
 Counterpart Contribution: Planned: \$18,909,200 (\$7.8 M/GOH, \$11.1 M/CADERH)  
 Actual: \$19,474,415  
 % LOP Elapsed: 100%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 100%  
 % of Total Auth. Exp.: 100%

**II. PROJECT PURPOSE**

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

**RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

A. SPECIFIC LINKAGE TO S.O.: The project relates directly to Strategic Objective No. 1, Enhanced Economic Participation and Increased Incomes of the Poor; and Output No. 1.3, Expanded Access and Opportunity Through Investment in People. This project provides both job entry and skill upgrading training which have contributed to significantly higher levels of employment and productivity for less privileged sectors of society, with an average annual income increase of about \$1,000 per participant for job entry level graduates. This represents over \$14 million in annual income increases for these vocational training graduates.

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

**III. PROJECT DESCRIPTION**

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

**IV. PROJECT STATUS**

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

**B. Major Outputs**

	Planned			Next Period	Accomplished		
	LOP	Period	Cum.		Period	Cum.	% of LOP
1. CBI Units produced	57,000	0	210,703	N/A	0	210,703	370%
2. Centers Using CBI	25	0	25	N/A	0	25	100%
3. Centers Constructed and equipped	15	0	19	N/A	0	19	127%
4. Instructors Certified	100	27	150	N/A	10	133	133%
	85	12	89	N/A	8	85	100%M
	15	15	61	N/A	2	48	320%F
5. Persons Trained with Skills Upgrading	7,200	78	7,774	N/A	---	7,696	107%
	5,930	78	7,346	N/A	---	7,268	123%M
	1,270	0	428	N/A	---	428	34%F
6. Persons Trained and Employed with Entry Level Skills	7,000	2,050	18,260	N/A	---	16,210	232%
	5,600	1,430	9,794	N/A	---	8,364	149%M
	1,400	620	8,466	N/A	---	7,846	560%F

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

The project reached its PACD during this reporting period; all major project outcomes and goals were met or surpassed; USAID financing was fully expended; and the grantee's counterpart contribution was exceeded. Over 25,000 people received vocational-technical training over the life of the project, in addition to 70,000 poll workers trained by CADERH for the 1993 national elections.

The major activity for this reporting period was to complete USAID financed construction activities for a model vocational training center, which is being jointly funded by USAID and the grantee in San Pedro Sula. Although this activity was affected by national shortages of cement and steel, and energy blackouts, which caused unanticipated delays in the construction of the center, the grantee rescheduled work hours to take advantage of the availability of electricity and worked nights to assure that USAID's financing for the model center was fully expended prior to the PACD, with CADERH completing the center with its own funds. The training center will allow increased access to CADERH's industry specific training opportunities for individuals, rather than limiting this training to the employees of the firms which contract in-plant training from CADERH. The training areas for the center include quality and cost controls, advanced industrial woodworking, advanced metal working and welding (MIG, TIG and plasma), and industrial maintenance. The conceptualization and design of programs of study for this training center are much different than other training centers in Honduras. The center will emulate actual manufacturing conditions to assure higher levels of applicability, relevance and more immediate transfers of skills and knowledge to increase productivity. Private and public sector enthusiasm for the new training facility are very high and the center will begin operation in the coming weeks. A brief summary of the final status of the project follows.

Institutional Assessment: CADERH's institutional capabilities have evolved over the life of the project. The final evaluation of the project concluded that the institution is responsive to recommendations and is capable of accommodating changes. The evaluators noted that the long-term continuity and stability of CADERH's Board of Directors and USAID project management, and clearly articulated policies and objectives, were key elements for the success of the project.

CADERH's financial sustainability is being achieved by marketing training and other services. Activities which are meeting development needs by providing training for increasing employment opportunities, improving private sector productivity, and generating income are in-plant training programs for export oriented businesses (Component II). Other CADERH activities which are contributing to financial sustainability include printing services, audio-visual productions, training programs for other entities and the general public, and similar services.

While CADERH's development activities with PVO and municipal training centers have achieved excellent results, they have very little income generating potential because of the low income clientele served by the centers. Related activities also have limited income generating potential and include the development and administration of trade certification exams, and the development and distribution of vocational training materials for PVO and municipal training centers.

Component I: Sixteen vocational training centers managed by PVO and municipal sponsors, which provide training for unemployed and underemployed youth and adults, were built and remodeled, and personnel from the centers received ongoing training and technical assistance. Competency based instruction (CBI) materials and trade certification exams were developed for 31 trades. Retention rates and job placement rates are very high at 90% and 87%, respectively, and training costs are less than \$0.15 per participant hour of instruction. According to the final evaluation of the project, the CBI materials developed by the project are comparable to the best of other countries and the project's trade certification exams are of high quality, generally easy to use, and with a functional balance of theory and practice.

The final evaluation of the project also concluded that the PVO and municipal training centers were meeting the training needs of some of the least privileged sectors of society, are improving employment opportunities and incomes for lower income sectors, and the project's CBI and trade certification systems serve as quality control mechanisms for the vocational training centers assisted by CADERH.

Component II: CADERH was to become a training broker to meet private sector training needs under the original design of the project. Technical assistance, initial training personnel, materials, technologies and equipment to develop and enhance local in-plant training capabilities were to be financed by the project with various training entities providing industry specific and in-plant training for the private sector. Local training entities, however, did not accept the competency based, criterion-referenced evaluation system CADERH was promoting for the evaluation of training and similar quality control requisites for receiving assistance under the project. Consequently, CADERH assumed direct responsibility for training, with USAID approval, and achieved excellent results.

Over 7,000 people received technical training under this component over the LOP (5,500 with USAID financing). Approximately 80% of the trainees were females, many were single mothers who would have experienced difficulties obtaining gainful employment without this training. The final evaluation of the project concluded that this training had a direct and rapid impact on employment, productivity, and the quality of production.

USAID's participation in this activity, however, was terminated in September of 1992 because of 599/547 legislation and the concerns of the U.S. Congress that successful training programs for export industries could result in a reduction in jobs for U.S. workers. CADERH, however, has continued this activity with no further assistance from USAID and trained over 1,800 additional people since 1992.

Component III: This component provided low-cost instructional materials through printing and distributing CBI and audiovisual materials for vocational instruction. CADERH's Training Materials Bank served as a clearinghouse and source of training materials for firms, individuals and the training centers assisted under the project. Component III achieved its objectives by 1992 and project support for this activity was terminated after more than 200,000 training modules and audiovisual units were reproduced and distributed to training centers, and sold to firms and individuals.

The final evaluation of the project concluded that this component was self-sustainable by selling services and products, while providing a continuing source of CBI and audiovisual training materials for the vocational training programs assisted under the project. The component recorded a net profit of approximately \$15,000 from January through August of this year.

Lessons Learned: The evaluation stated that a decade is a relatively short period of time to establish an institution like CADERH and achieve financial self-sustainability. The Mission, however, does not believe that "time" was the most important factor. An additional five years of traditional donor support would not have a significant effect on CADERH's long-term ability to meet the training needs of lower income, unemployed and underemployed people who cannot afford to pay for CADERH's training services. Continuing GOH or donor support, or a modest endowment strategy, will be required over the longer-term to continue to meet the development needs of lower income groups.

Gender Considerations: The original design of the project anticipated that approximately 20% of the beneficiaries would be females. This low level of female participation was associated with female participation in the labor force of only about 20% and traditional gender biases which discourage females from practicing trades dominated by males. The project, however, increased female participation by promoting new training programs to encourage higher levels of female participation. Approximately 80% of the in-plant training participants were females, for example, and many were single mothers who would have experienced difficulties in obtaining gainful employment without this training.

The first person certified in "flux core, gas metal arc welding" was a female and a project employee who is in charge of CADERH's certification department and serves as advanced welding instructor for both in-plant training in Honduras and welding programs for the general public. The project also promoted training programs in electronics, which encouraged higher levels of female participation in the programs sponsored by PVO and municipal training centers. As a consequence of these efforts, female participation was increased to approximately 35% over the life of the project, 36% of the instructors certified were females, and nearly 50% of the beneficiaries of job entry level training were females.

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D. Problems and Delays

The project had planned on administering trade certification exams for 27 instructors during this reporting period, but only 10 people were certified because training programs for instructors were delayed with the national electrical power outages. The remaining instructors will be certified during October and November of this year. While national electrical blackouts affected the project, the grantee purchased and installed a 50 KW generator for its central offices to compensate for the blackouts during this reporting period and worked nights and weekends to assure that construction activities financed by USAID were completed prior to the PACD as planned.

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

Complete the final liquidation of project expenditures and the project close-out report.

As assistance to CADERH under this project has been completed, this will be the last Semi-Annual Report submitted on it.

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I. BACKGROUND DATA

Project Title: Primary Education Efficiency Project (PEEP)  
 Project Number: 522-0273  
 Date of Authorization: original 08/07/86 Amendment 09/24/91  
 Date of Obligation: original 08/29/86 Amendment 03/29/94  
 PACD: original 07/30/94 Amendment 12/31/95  
 Implementing Agencies: Ministry of Education (MOE)  
 Major Contractors: Academy for Educational Development (AED)  
 Educational Development Center (EDC)  
 Project Managers: Ned Van Steenwyk  
 Project Support Officer: Thomas Johnson  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 10/31/91 Next Evaluation: 06/95  
 No. of NFAs Planned: 1 No. of NFAs Contracted/Completed: 1  
 Date of Last Audit: 11/30/93 Next Audit: 11/30/94

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$ 5,500,000 amended to \$ 3,534,000  
 DA/ESF Grant: original \$ 22,000,000 amended to \$ 23,966,000  
 Amount Obligated: DA Loan: original \$ 600,000 amended to \$ 3,534,000  
 DA/ESF Grant: original \$ 3,000,000 amended to \$ 23,232,586\*  
 Amount Committed: Period: \$ (128,899)  
 Cumulative: \$ 22,151,387\*\*  
 Accrued Expenditures: Period - Projected: \$ 2,637,352  
 Period - Actual: \$ 598,941  
 Cumulative: \$ 20,831,170  
 Period - Next: \$ 1,801,416  
 Counterpart  
 Contribution: Planned: \$ 11,788,000  
 Actual: \$ 10,724,200 (pending)  
 % LOP Elapsed: 87%  
 % of Total Auth. Oblig.: 97%  
 % of Total Oblig. Exp.: 78%  
 % of Total Auth. Exp.: 76%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project relates directly to Strategic Objective No. 1, Enhanced Economic Participation and Increased Incomes of the Poor; Output No. 1.3, Expanded Access and Opportunity Through Investment in People. Correlations between education achievement and subsequent earnings are very high throughout the world. In the case of Honduras, individuals who complete primary school have annual incomes which are \$285 higher than the incomes of individuals who have not attended primary school.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

- |  |  |
|--|--|
| 1. 60% improvement in student achievement.                         | 1. Total aggregate improvement of 184.5% (1990-93)                               |
| 2. 30% reduction in grade repetition rates.                        | 2. 25.8% reduction (1986-93).  |
| 3. 30% reduction in dropout rates.                                 | 3. 32% reduction (1985-86 to 1992-93).   |
| 4. 13% reduction in school years to produce sixth grade graduates. | 4. 15.9% reduction in school years to produce sixth grade graduates (1986-1993). |

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Books written	24	36	60	9	33	57	237%
2. Teacher Guides written	24	0	10	0	5	15	62%
3. Supervisors trained***	181	200	2,519	200	270	2,589	1,430%
M	145	200	2,059	200	200	2,059	1,420%
E	36	40	500	40	70	530	1,472%
4. Teachers trained***	29,202	21,000	195,082	21,000	8,000	182,082	624%
M	7,300	6,000	54,527	6,000	2,200	50,727	695%
E	21,902	15,000	140,555	15,000	5,800	131,355	600%
5. Classrooms built	450	30	578	30	0	561	125%

\* \$93,522 from the AVANCE Component was deobligated during this reporting period.

\*\* \$33,041 from the AVANCE Component was decommitted during this reporting period.

\*\*\* The original project design anticipated providing in-service training for teachers and supervisors, but LOP Major Outputs were not defined to record ongoing training which is executed during each reporting period. As a consequence, planned and accomplished cumulative training for teachers and supervisors far exceed planned LOP training.

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C. Other Accomplishments and Overall Status

The number of children completing the sixth grade has increased by 56% since 1986 when the project began, with significant reductions in dropout and repetition rates as well (32% and 26%, respectively). In addition, the school years of enrollments required to produce a sixth grade graduate were reduced by 15.9 years (from 11.49 years in 1986 to 9.66 years in 1993). Achieving increased numbers of primary school graduates has favored children from lower income sectors, and the projected increases in earnings potential as a consequence of having completed primary school will exceed \$20 million dollars annually for these children as they enter the labor force.

The project suffered delays during the previous reporting period with the change in GOH administrations. During this reporting period new contracts were issued for project personnel and accrued salaries were paid for thirty-one project employees which the Ministry of Education (MOE) agreed to maintain under the project. In addition, approximately fifty new employees were recruited and contracted, and the project has begun to regain the lost time associated with the change in administrations. The current status of individual project components is summarized below.

**Textbooks:** The printing of 2,700,000 first and second grade textbooks and workbooks, and third grade auto-instructional guides is being contracted and this material will be distributed during the next reporting period. Departmental and national maps (30,000), 600,000 first grade workbooks, and 1,600,000 self-paced learning modules for grades 5-6 were distributed during this reporting period. Interactive Radio Instruction (IRI) for out-of-school youth and adults resumed as planned. IRI lessons for levels 1-3 were recorded, scripts for level four were completed, and course outlines for level five and six were completed. The project is currently developing a new textbook and work book to complement IRI lessons on level one; these materials should be completed and printed during the next reporting period.

**Teacher Training:** The results of a study completed during this reporting period on teachers' use of the project's educational materials helped the project redefine teacher training priorities and strategies. Based on the findings and conclusions of the study and numerous interviews with teachers, the project has developed a new teacher training strategy which emphasizes follow-on training with teachers in their respective classrooms to assist teachers in making better use of the project's educational materials and to strengthen the skills of primary education supervisors to assist classroom teachers. Five training modules, which are replacing more traditional teachers' guides (see B.2. above), were developed to provide orientations for teachers in the use of the project's education materials. The Teacher Training Component also completed a survey which involved all of the nation's eighteen departments to determine the condition and availability of the project's educational materials, and this information is being used by the Textbook Component to overcome bottlenecks in the distribution of materials and assure that all schools have access to these materials. Although negotiations with the MOE were not completed for integrating the project's teacher training activities with other MOE teacher training programs, several alternatives are being examined by the MOE and the project, and a consensus on integrated teacher training strategies should be achieved during the next reporting period, with the implementation of these strategies at the beginning of the 1995 school year.

**Research:** Two of the three studies initiated during the previous reporting period were completed. The first study examined teachers' use of the project's education materials. As noted above, the results of the study are being utilized to prioritize teacher training programs and to define new strategies. The second study examined various sources of educational statistics and identified the strengths and weakness of different sources. The results of this study are being used to improve the MOE's education statistics with the implementation of the the MOE's Management Information System (MIS). The third study is examining increased primary school enrollments and graduates over the past decade and implications for the MOE over the next decade. Although this study was not completed during this reporting period, it will be completed in the coming weeks and will be used by the MOE during the next reporting period to identify new priorities for the education sector over the next decade. With the delays in completing the third study, the regional seminars to disseminate the results of these studies were not held, but will be held during the next reporting period. Negotiations, however, were completed with the MOE to identify the topic for the final study that will be executed by the project. This final study will focus on the roles, opportunities and responsibilities of Primary Education

Supervisors to enhance student learning. The study will be initiated during the next reporting period.

**Information:** Local and international technical assistance continued working with the MOE during this reporting period, but the implementation of the system has experienced delays as a consequence of the energy problems discussed below (see "D. Problems and Delays").

**Learning Objectives and Evaluation:** The administration of criterion-referenced standardized tests with a new representative sample of schools was completed during this reporting period. Very few difficulties were experienced by the schools and MOE in administering and grading the tests. The results are being analyzed by the MOE and will be utilized for baseline data on student achievement. The results from the administration of the project's norm referenced tests at the end of the 1993 school year were tabulated and analyzed during this reporting period. Grades 1-4, which have benefitted from the project's educational materials, recorded an average improvement in test scores of about 12% for each grade level, for a total aggregate improvement of 184.5 percentage points since 1990. With the completion of the distribution of texts for grades 5-6 during 1994, similar improvements are anticipated on these grade levels for 1994-95.

**Construction:** School construction activities resumed after the delays caused by the change in GOH administrations and 35 classrooms are under construction. A total of 333 females have been trained for school construction teams. Over 50 representatives from FVOs, the GOH, and the private sector participated in a seminar to promote the project's use of adobe construction techniques. The project also initiated the contracting of technical assistance to provide training for the fabrication of microcement tiles, which the project will use in place of clay tiles to further reduce school construction costs and reduce pressures on the environment by eliminating the use of firewood for baking clay tiles.

**Gender Considerations:** The school construction component continues to build schools with female construction teams. Results from standardized tests administered at the end of the 1993 school year once again confirmed that there are no significant differences in student achievement between genders. Textbooks, IRI lessons and other educational materials are developed to avoid stereotyping genders and to encourage teachers to avoid traditional stereotypes.

**D. Problems and Delays:** The project overcame the delays associated with the change in GOH administration during this reporting period, but suffered under new constraints with electrical energy outages. While some project components were able to partially compensate for these difficulties by rescheduling some activities in accordance with the availability of electricity, other activities could not be rescheduled.

While it was projected that 30 classrooms would be constructed during this reporting period, the delays in resuming construction activities have resulted in having 35 classrooms still under construction by the end of this reporting period. These short-falls were associated with the change in GOH administrations and the project not being able to resume its activities in a normal manner until July of this year.

A total of 21,000 teachers and 240 supervisors were to be trained during this reporting period, but the Teacher Training Component went through a period of reorganization, along with other components, with the change in GOH administrations. Teacher training priorities were reviewed and redefined, and field research was conducted to determine the availability and status of the project's educational materials in the eighteen departments of Honduras. Although these activities resulted in short-falls for the numbers of people trained, the time used for these activities was well invested and should result in enhanced impact for future teacher training activities.

The non-federal audit report was not issued during this reporting period because of delays in the final revision of the report by the Regional Inspector General (RIG). While the project began implementing recommendations from earlier drafts of the report during this reporting period, these recommendations cannot be closed until the final version of the report is issued. With the final report now being issued (late October), the project should be able to complete implementation of the recommendations during the next reporting period.

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One of the activities most affected by energy outages has been the IRI programs under the Textbook Component. IRI programs are experiencing high dropout rates, as both participants and radio stations have suffered from electrical blackouts. The Information Component also had serious difficulties with an average of only 23 hours of electrical energy per week, which has caused delays in implementation of the MOE's new computerized MIS, tabulating and analyzing standardized test results, and related activities. The project is purchasing generators to overcome these problems and should be installed in November of this year.

Actual expenditures were significantly lower than projected expenditures for this period because printing contracts for 2,700,000 textbooks, workbooks and student guides, and additional hardware/software acquisitions for the MIS were delayed as a consequence of the change in GOH administrations during the previous reporting period and energy shortages during this reporting period which have affected all of the project's components. The acquisition of computer equipment, software, and printers should be completed during the next reporting period. Although the project continues with a large pipeline (\$6.6 m), the full amount will be required to complete project activities.

In summary, the project experienced various delays and short-falls during this reporting period, but it should be noted that the primary causes for these delays and short-falls were beyond the control of the project and were associated with the change in GOH administrations, which resulted in the contracting of new project personnel, and the nationwide power blackouts discussed above. To compensate for the time lost over this calendar year, a six month project extension may be considered during the second half of FY95.

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

General:

- Complete the implementation of recommendations from the non-federal audit.
- Install three generators to provide 200 kilowatts of electrical energy to compensate for power outages.

Textbooks:

- Print and distribute first and second grade texts, and third grade auto-instructional guides.
- Review, revise, record and reproduce radio lessons for levels 1-3 (equivalent of grades 1-3 of the formal primary education system).
- Complete the development of textbooks and workbooks for level 1 and print these materials for out-of-school youth and adults.
- Begin developing texts and educational materials for levels 2 and 3.

Teacher Training:

- Complete negotiations for integrating the project's teacher training activities with the MOE's other teacher training programs and implement these new strategies.
- Initiate the final year of teacher training activities under the project with continuing emphasis on follow-on training in teachers' classrooms.

Research:

- Complete the third study currently under execution.
- Initiate and complete the study on the roles, opportunities and responsibilities of Primary School Supervisors to enhance student achievement in primary schools.
- Execute two regional seminars to publicize the results of the studies completed.

Management Information:

- Complete the implementation of the first phase of the MIS.
- Complete the initial training of MOE personnel for using the new MIS.
- Identify additional hardware and software components for the MIS and acquire these additional components.
- Install MIS equipment and train personnel in Departmental Supervisors' offices to initiate the second implementation phase of the MIS.

Evaluation:

- Complete the analysis and tabulation of results from the new criterion-referenced tests which were administered with the new representative sample of schools during this reporting period.
- Administer norm-referenced and criterion-referenced tests at the end of the school year.
- Tabulate and analyze criterion-referenced and norm-referenced test results.

Construction:

- Contract and execute a seminar to train project personnel in the fabrication of microcement tiles and roofing techniques utilizing these tiles.
- Complete the construction of 35 classrooms and initiate construction of 40 additional classrooms.

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**I. BACKGROUND DATA**

Project Title: Privatization of State-Owned Enterprises  
 Project Number: 522-0289  
 Date of Authorization: original 08/29/86  
 Date of Obligation: original 08/29/86 Amended to 03/29/94  
 PACD: original 09/30/89 Amended to 12/31/92  
 Amended to 12/31/95  
 Implementing Agencies: Ministry of Finance and Privatization Commission  
 Major Contractors: N/A  
 Project Managers: Liza Valenzuela/Victor Paz  
 Project Support Officer: Leon waskin  
 Status of Cps/Covenants: Met

Date of Last Evaluation: 09/30/91 Next Evaluation: 06/95  
 Non-Federal Audit Planned: None NFAs contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 08/01/95

**A. FINANCIAL DATA**

Amount Authorized: DA Grant: original \$ 4,000,000 amended to 7,650,000  
 Amount Obligated: DA Grant: original \$ 1,000,000 amended to 5,519,000  
 Amount Committed: Period: \$ 5,676  
 Cumulative: \$ 4,284,262  
 Accrued Expenditures: Period - Projected: \$ 450,000  
 Period - Actual: \$ 69,276  
 Cumulative: \$ 4,061,276  
 Period - Next: \$ 300,000  
 Counterpart Contribution: Planned: \$13,000,000  
 Actual: \$ 7,818,115  
 % LOP Elapsed: 89%  
 % of Total Auth. Oblig.: 72%  
 % of Total Oblig. Exp.: 74%  
 % of Total Auth. Exp.: 53%

**II. PROJECT PURPOSE**

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

**RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

A. SPECIFIC LINKAGE TO S.O.: This project contributes to the achievement of Strategic Objective 1: Enhanced Economic Participation and Increased Incomes of the Poor, under Program Output 1.2 Expanded Access and Opportunity Through Improved Functioning of Markets, by creating new jobs, reducing domestic and foreign debt, increasing foreign exchange inflows, and increasing investment.

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

**B. Major Outputs**

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

**III. PROJECT DESCRIPTION**

The project consists of two main activities: 1) technical assistance to the Government of Honduras to plan and implement privatization actions, including identification of investors; 2) support for actions such as evaluations, title searches, etc., to close the sale of state-owned enterprises. This latter element is funded solely from the GOH contribution to the project.

**IV. PROJECT STATUS**

**A. Planned EOPs (1)**

**Progress to Date**

- |   |   |
|---|---|
| 1. Privatize 55 SOEs                                | 1. To date, 47 SOEs have been privatized.                                 |
| 2. \$48 million in domestic and foreign investment. | 2. \$31 million have been invested in new plant and equipment.            |
| 3. 4,000 new jobs                                   | 3. The project has generated 3,986 new jobs: men 3,188 and women 798. (2) |

(1) EOPS were revised in the June 1993 Project Paper Amendment No. 1.

(2) Jobs were erroneously recorded at 4,551 on the last SAR. The figure should have been 3,986 as per the last annual survey. This figure will be updated in the next annual survey scheduled for January 1995.

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c. Other Accomplishments and Overall Status

The Government of Honduras (GOH) privatized four out of five state-owned enterprises (SOEs) scheduled for privatization during this reporting period. A total of 47 entities have been privatized with USAID support since the GOH began its privatization program in 1986.

The entities privatized during this period were: two grain silos sold for the equivalent of US\$ 970,000; BOBICASA, a manufacturer of cement bags, sold for the equivalent of US\$459,000; and a sugar mill, Azucarera Cantarranas, sold for the equivalent of US\$ 4.0 million. The new owners of the sugar mill paid 20 percent down (the balance is payable over a period of ten years) and have assumed operating control of the company. However, this transaction has a legal problem that could affect the transfer of title. The case is currently in the courts.

Although the Reina Administration has manifested its support for privatization, only six enterprises have been divested since January of this year when this Administration assumed office (the figure should have been at least 12 SOEs). Furthermore, progress on the privatization of HONDUTEL has been particularly slow. However, we are confident that the pace will pick up now that the Honduran Congress has finally approved the economic adjustment program of the Reina Administration. The project experienced similar delays in the first year of the previous administration.

There has been public criticism over the slow pace of privatization in general and HONDUTEL in particular. The Honduran Congress recently mandated that the Executive Branch present to Congress within six months a concrete proposal for the privatization of the telephone company, HONDUTEL. To enable the GOH to continue the HONDUTEL privatization process, a team from Price Waterhouse International has been contracted by USAID to update the evaluation of the company's assets and prepare a tariff study. Their work should be completed before the end of this calendar year.

To allow Hondurans to learn first hand what has been accomplished in Mexico through privatization, and gain support for the privatization of HONDUTEL and other large entities, a delegation will be sent to Mexico City in November of this year. The Technical Working Group (TWG) that assists the GOH in its privatization activities, through the Honduran Council for Private Enterprise (COHEP) has arranged for a Honduran delegation to meet with the Mexican privatization czar, and with members of the labor union of the privatized Mexican telephone company, TELMEX. The Honduran delegation will include members of congress, labor unions, the news media, the economic cabinet and the private sector.

The TWG is working on the privatization of six entities whose assets have an estimated value of US\$11.0 million. We expect that at least four of these enterprises will be privatized before the end of the next reporting period.

Given the nature of this project, whose primary purpose is to privatize SOE's, concerns over how to incorporate women as participants or beneficiaries of the project are not directly relevant. However, women do happen to benefit from increased employment opportunities in privatized firms which tend to experience growth when they are transferred to private hands. According to the last survey, 20% of the new jobs created were filled by women. In theory, women and children also benefit from having a government that is not burdened with managing industries and which is dedicated to providing quality education and health. These are natural effects of the privatization process.

D. Problems and Delays

Although the pace of privatization has not been as rapid as it was expected, there are no serious problems in the implementation of the project. Now that Congress has approved an economic adjustment plan and requested that the Executive Branch present a plan for the privatization of HONDUTEL, we expect the Minister of Finance and the Coordinator of the Economic Cabinet to give more attention to the privatization process.

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

1. Complete the technical work for the privatization of HONDUTEL and initiate the divestiture process that is schedule to be accomplished by December 1995.
2. Initiate the procurement of technical assistance for the privatization of ENEE and the pension funds.
3. Send a delegation to Mexico as part of the public awareness campaign to enlist support for the privatization of HONDUTEL.
4. Conduct another annual survey of the economic and social impact of the project.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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

I. BACKGROUND DATA

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

A. FINANCIAL DATA

Amount Authorized: ESF Grant: original \$ 7,000,000  
 Amount Obligated: ESF Grant: original \$ 3,300,000 amended to \$ 7,000,000  
 Amount Committed: Period: \$ (88,298)  
 Cumulative: \$ 6,842,150  
 Accrued Expenditures: Period - Projected: \$ 450,000  
 Period - Actual: \$ 208,488  
 Cumulative: \$ 5,613,818  
 Period - Next: \$ 300,000  
 Counterpart Contribution: Planned: \$ 2,000,000  
 Actual: \$ 1,463,000

Date of Last Evaluation: 01/31/91 Next Evaluation: 3/31/95  
 Planned No. NFAs: 0 NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 12/30/94

% LOP Elapsed: 71%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 80%  
 % of Total Auth. Exp.: 80%

II. PROJECT PURPOSE

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

I. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project directly supports Mission's S.O. No. 1: Enhanced Economic Participation and Increased Incomes of the poor. Through the provision of TA and training, the Honduran capacity to formulate, analyze and implement macroeconomic policies will be enhanced. Sound macroeconomic policies are requisites for reduction of poverty.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPS

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

Progress to Date

The project has been working mainly with the Policy Analysis Unit, established with project support by the GOH to assist the President's Economic Cabinet in policy decision making and implementation. The project also has a scholarship program. With its last participant graduating in August, 1994, the Master's component of the program was completed. A total of 41 project-financed scholars -- 33 men and 8 women -- received their Master's Degrees in either economics or business administration and are already working in the public and private sectors or have continued their doctoral studies.

B. Major Outputs

	Planned		Next		Accomplished		
	LOP	Period	Cum.	Period	Period	Cum.	% of LOP
1. Technical Assistance (Total Months)							
a. Short term	100	10	189	5	3	111	111%
b. Long term	120	6	42	6	7	33	28%
2. Training (Persons)					M	F	M F MF
a. Long Term Initiated	35	0	47	0	2	0	49 9 165%
b. Short-term Completed	15*	0	146	0	0	0	487 251 *

\* LOP short-term training target in logframe was based on the assumption that the project would fund international short-term training only. However, project management found short-term in-country training to be much more cost-effective and promoted this approach. For this reason, cumulative short-term training figures are so much higher than the target. Given that the training component is practically over, the Mission has determined that modification of the logframe targets is unnecessary.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

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

The new Reina Administration has continued making substantial use of this project's resources in designing and implementing its economic policies. The Policy Unit prepared an economic strategy document for the government which has become the base document for the process of political negotiation of the adjustment measures presently underway.

A final Unit's workplan for CY 1994 was accepted by Mission based on its approval by an inter-ministerial committee. A CY 1995 workplan drafted by the Unit to support its budget is in the process of approval by the corresponding bodies.

In accordance with its workplan, in the six month period covered by this report the Unit has prepared reports on (a) the banana industry, including options for its taxation; (b) monetary and exchange rate policy; (c) the rules governing the auction of loan funds under the proposed IDB Multisectoral Credit; (d) the impact of the energy crisis on the economy; and, (e) a reply to the Economic Intelligence Unit's Country Risk Service, which had published a negative report on Honduras' risk rating. The Unit has also produced two editions of a monthly bulletin on the most important economic developments within the country for the use of the economic cabinet. Studies on the design of a better focused transport subsidy and on an anti-monopoly law are under design. Technical assistance was provided to SECPLAN for its public investment system, and will be supplied to the Directorate of Taxation for a campaign to improve the collection of sales taxes. In addition, the Unit has acted as facilitator for a team from the USAID/Washington Energy Efficiency Project which was brought in to look at the energy crisis. The Unit also cooperated with a team from the IRS which was brought in by the Mission to recommend improvements of internal controls in the GOH Directorate of Taxation. A team from the U.S. Customs Service to be brought by the Mission to assist in improving GOH customs procedures will also be coordinated by the Unit.

The Unit continued its role as the host country counterpart to the International Financial Institutions (IFIs) -- World Bank (WB) and Inter-American Development Bank (IDB). IFI missions on education, reforms to the public sector, water and sanitation, and energy sector, were coordinated by the Unit in the past semester. Meetings with IFIs officers and economists were held to discuss several subjects, including the drafting of the IMF-WB Policy Framework Paper 1994-96. Follow-up activities for compliance with WB and IDB conditionalities in their adjustment programs to speed up disbursements have also been performed by the Unit. The Unit has managed the preparatory phase of the World Bank's proposed sectoral adjustment program for public sector modernization, including a wide range of consultancies to define the conditionality.

The Unit has continued to prepare agenda and supporting materials for the weekly Economic Cabinet meetings and has coordinated GOH participation in meetings of the Central American Economic Cabinets and follow up of their decisions.

To enhance the Unit's effectiveness, USAID is recruiting a second resident advisor for the Unit. The Chief of the Analysis Division was appointed to serve in a senior position in the Economy Ministry. In his place was appointed a woman economist previously employed as a Ministerial advisor in the Planning Ministry with wide experience in development and financial analysis.

The Unit Director carried out the planned internal evaluation of the first year of the Unit's life, which reported progress in key areas of activity.

The economic policy reforms currently being implemented should, over the long term, yield significant improvements in family income and substantially greater employment opportunities for women. Appointment of a woman economist to the highest technical position in the Unit signifies progress in including women as project participants.

D. Problems and Delays

NONE

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

1. Complete approval of the Unit's workplan for CY 1995.
2. Recruit the second long term advisor
3. Assist Honduras' intellectual property rights office and develop a formal system for monitoring and evaluating the economic program.
4. Provide TA for the sales tax campaign, as well as coordinate the U.S. Customs mission.
5. Prepare Scope of Work for and begin evaluation.

**PROJECT STATUS REPORT**  
April 1, 1994 - September 30, 1994

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

**I. BACKGROUND DATA**

Project Title: Policy Analysis and Implementation/COHEP Cooperative Agreement  
 Project Number: 522-0325.01  
 Date of Authorization: original 08/28/87  
 Date of Obligation: original 09/10/87 Amendment 04/12/89  
 PACD: original 09/09/92 Amendment 09/30/95  
 Implementing Agencies: Honduran Council for Private Enterprise (COHEP)  
 Major Contractors: N/A  
 Project Manager: Victor Paz/Liza Valenzuela  
 Project Support Officer: Daniel Martinez  
 Status of Cps/Covenants: All Cps and Covenants met

Date of Last Evaluation: 09/17/90 Next Evaluation: 08/95  
 Planned No. of NFAs: 7 NFAs Contracted/completed: 5  
 Date of Last Audit: 12/31/93 Next Audit: 12/31/94

**A. FINANCIAL DATA**

Amount Authorized: DA Grant: original \$ 5,000,000  
 Amount Obligated: DA Grant: original \$ 200,000 amended to \$5,000,000  
 Amount Committed: Period: \$ (128,177)  
 Cumulative: \$ 4,387,430  
 Accrued Expenditures: Period - Projected: \$ 190,000  
 Period - Actual: \$ 74,669  
 Cumulative: \$ 4,234,343  
 Period - Next: \$ 200,000  
 Counterpart Contribution: Planned: \$ 950,000  
 Actual: \$ 5,897,517  
 % LOP Elapsed: 88%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 85%  
 % of Total Auth. Exp.: 85%

**II. PROJECT PURPOSE**

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

**RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

A. SPECIFIC LINKAGE TO S.O.: This project contributes to the achievement of Strategic Objective 1: Enhanced Economic Participation and Increased Incomes of the Poor, under Program Output 1.2, Expanded Access and Opportunity through Improved Functioning of Markets. COHEP is an advocate of economic and administrative reforms which will increase the efficiency of the Government and the productivity of the private sector, leading to improved prospects for employment.

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

**III. PROJECT DESCRIPTION**

The COHEP Cooperative Agreement will: 1) develop within the private sector, through a stronger, more dynamic COHEP, the capacity to study, analyze and lobby effectively for policy reforms; 2) build understanding and consensus within the private sector on economic reforms needed to encourage increased private investment and employment; and 3) strengthen the financial and technical capacity of COHEP and member associations as a means to accomplish these objectives.

**IV. PROJECT STATUS**

**A. Planned EOPs**

1. Increased membership (baseline: 32).
2. Increased financial support from members.
3. Development of professional economic research capacity.
4. Published information.
5. Seminars/Conferences

**Progress to Date**

1. 45 institutional members.
2. Fund raising drive completed.
3. 50 studies, consumer price index, economic agenda.
4. Monthly bulletins, weekly newspapers, position papers, studies published and weekly radio programs.
5. 95 seminars/conferences/workshops conducted to date.

**B. Major Outputs**

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. 3-4 studies per year	20	2	35	2	6	50	250%
2. Conferences/Seminars	0	10	77	7	11	95	N/A
3. Published reports	0	3	28	3	8	42	N/A
4. Public relations campaign (3 phases)	3	0	3	0	0	3	100%
5. Number of Persons Trained							
Men	0	618	3,101	350	1063	5312	N/A
Women	0	332	1,159	150	494	1987	N/A

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

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

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

During this reporting period, COHEP continued to be the strongest private sector advocate with the new administration, publicly debating and lobbying on issues and policies that affect private sector interests, especially in the areas of the fiscal deficit, new taxes and the Honduran energy crisis. To this end, COHEP consistently maintained a close policy dialogue with the government and presented a series of economic studies and documents that analyze the current economic problems and provide the new government with a series of alternative solutions and reforms.

In the area of consensus building, COHEP presented a series of seminars and conferences to the general public in a continued effort to educate and promote policy dialogue within the private sector and between the GOH. Topics of major importance to private sector interests presented in these events included privatization, Honduran-Mexican free trade negotiations, labor legislation under free trade agreements, Honduran competitiveness, the first 100 days of the new administration, government policy and small business, and private sector participation in the GOH's national ongoing dialogue with representatives of all sectors of the economy.

COHEP continued to represent the private sector in all the government commissions and boards it has created to promote policy reform and sound government administration. Of these, currently the most important is the commission to devise the solutions to the Honduran energy crisis. This crisis was brought about mainly by long periods of drought that have severely hampered hydroelectric power generation and the poor management of this problem by the State Power Company and the central government. COHEP with its leadership role, has been the biggest critic of the slow and costly solutions presented by the GOH. Failure to resolve this problem in a timely manner has damaged the private sector and thus, the Honduran economy.

Regarding its endowment fund, establishment of which will enable COHEP to move toward financial sustainability, to date COHEP has raised L.2.15 million in cash and L.3.25 million in CONADI certificates. During this reporting period, the GOH converted L.1.85 million of these certificates into GOH bonds in the name of COHEP. The balance of L.1.4 million of these certificates will also be converted in GOH bonds early in the next reporting period. Once COHEP presents proof of having raised L.5.4 million in cash and GOH bonds, the GOH will donate a matching amount to establish the endowment fund.

Covenants

Status

- |  |   |
|--|---|
| a. Review and modify by-laws to increase membership. | a. Met.   |
| b. Building consensus on national economic issues.   | b. Permanent on-going activity.   |
| c. Strengthening private sector associations.        | c. Met.   |
| d. Organizational reform.                            | d. Met.   |
| e. Establish a major fund-raising drive.             | e. Met.   |
| f. Significant increase in membership dues.          | f. Modification of statutes to increase dues approved in the October 1991 Extraordinary Assembly.     |
| g. Raise Lps. 2MM for Capital Endowment Fund.        | g. Lps. 2.15MM in cash raised to date, plus L.1.85MM in GOH Bonds and L.1.4MM in CONADI certificates. |

D. Problems and Delays

None

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

1. Continue to promote and lobby for a new Banking Law, Arbitration System, Labor Law, Pension Funds Law and judicial and administrative simplification reforms. Seminars, conferences and workshops will be organized by COHEP to create consensus and policy dialogue on these topics.
2. Carry-out COHEP's Annual General Assembly and President's Assembly and review COHEP's economic and policy dialogue agenda with the GOH.
3. Continue to publish and distribute economic studies, weekly bulletins, quarterly review magazines, and reports/position papers, as needed. Continue its weekly radio program.
4. COHEP formalizes its minimum contribution to the endowment fund early during the next reporting period and formally establishes the COHEP Endowment with the GOH matching contribution of L.5.4 million.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

Project Title: Policy Analysis and Implementation (Agriculture)  
 Project Number: 522-0325.02  
 Date of Authorization: original 03/05/90 Amendment 7/21/92  
 Date of Obligation: original 05/17/89 Amendment 9/27/94  
 PACD: original 08/31/94 Extended 8/27/97  
 Implementing Agencies: Ministry of Natural Resources  
 Agricultural Sectoral Planning Unit (UPSA) and  
 General Directorate of Statistics and Census (DGEC)  
 Major Contractors: Sigma One Corporation, Abt Associates Inc., Ateneo de  
 la Agro Industria (ADAI), Mississippi State University  
 and Chemonics International  
 Project Managers: Michael Wise and Guillermo Alvarado (Liaison Officer)  
 Project Support Officer: Kelly Flowers  
 Status of CPAs/Covenants: Met

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 4,350,000 amended to: \$ 14,350,000  
 Amount Obligated: DA Grant: original \$ 3,000,000 amended to: \$ 9,565,000  
 Amount Committed: Period: \$ 1,184,500  
 Cumulative: \$ 8,264,333  
 Accrued Expenditures: Period - Projected: \$ 1,000,000  
 Period - Actual: \$ 906,934  
 Cumulative: \$ 6,208,167  
 Period - Next: \$ 1,200,000  
 Counterpart Contribution: Planned: \$15,500,000  
 Actual: \$ 5,334,192  
 % LOP Elapsed: 61%  
 % of Total Auth. Oblig.: 67%  
 % of Total Oblig. Exp.: 65%  
 % of Total Auth. Exp.: 43%

Date of Last Evaluation: 00/00/00 Next Evaluation: 1/30/95  
 Planned No. of NFAs: 0 NFAs Contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This component of the PAIP supports Strategic Objective No. 1, Enhanced Economic Participation and Increased Incomes of the Poor by formulating and implementing policy reforms aimed at increasing agricultural investment. The new amendment also supports Strategic Objective No. 2, Effective Stewardship of Key Natural Resources for Sustainable Economic Growth by supporting policy analysis and reforms aimed at improving natural resources management and environmental conservation.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPs

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

Progress to Date

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

B. Major Outputs

	Planned		Next		Accomplished		% of LOP							
	LOP	Period	Cum.	Period	Period	Cum.								
1. Joint policy analysis studies	16	0	18	0	9	41	256%							
2. Reports and Conference Proceedings disseminated	1800	0	2700	0	9	3509	195%							
3. Proposals for Executive Decrees, interministerial agreements	0	0	26	0	1	35	N/A							
4. Legislative reform bills introduced to Congress	0	0	10	0	0	13	N/A							
5. Rural Household Survey	1	0	4	0	0	4	400%							
6. National Agricultural Survey	4	1	4	1	0	2	50%							
7. Agricultural Census	1	0	1	0	1	1	100%							
8. Land Titles Issued	40000	5000	5000	5000	3900	5011	13%							
9. Established Farmer owned financial institutions	4	0	4	0	0	0	N/A							
10. Reorganization of Ag Public Sector Agencies	3	0	1	0	0	1	33%							
11. Environmental Strategy Developed	1	0	0	0	0	0	N/A							
12. Participants attending project sponsored seminars	500	100	200	50	652	88	200	50	525	210	6016	1834	1203%	1834%
13. Training Short-term	80	20	0	0	70	6	0	0	1	0	71	6	89%	30%

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

As the largest employment sector of Honduras, agriculture represents the largest potential source of economic growth. The Agricultural Component of the Mission's Policy Analysis and Implementation project was initiated as a separate project component in March 1990 to respond to a favorable environment for policy change in the agricultural and natural resources sectors. Due to the adoption of substantially improved sectoral policies by the former GOH Administration as a result of project advice, this project component was amended in September of 1992 to extend and increase USAID support to the GOH in the implementation of agricultural and environmental policies. Project activities center on policy analysis and implementation, and planning for reforms in such critical areas as price structures, land and resource base utilization, and access to markets and technology.

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

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

On January 27 a new GOH administration was installed. Since then the TA has been assisting the new GOH administration to understand the Ag Modernization Program and other economic policies. The major efforts to date have been (1) preventing a backslide in the main thrust of the program; and, (2) establishing a relationship of trust between the project TA team, the GOH and private sector supporters of the program.

The project is assisting the GOH to reform the National Agrarian Institute (INA), the Honduran Corporation for Forestry Development (COHDEFOR) and Honduran Institute for Agricultural Marketing (IHMA) to conform with their new roles under the Agricultural Modernization Law. While INA has reduced its personnel by 50%, the current Director General has requested project assistance to further reduce INA's size and to mold it to three basic activities: (1) land titling; (2) monitoring and implementation of campesino land claims; and (3) entrepreneurial development of agrarian reform groups. IHMA has also requested project assistance in the preparation of a work plan for their restructuring. COHDEFOR is receiving assistance in restructuring from other donors, but will almost certainly require additional assistance from the project.

During the reporting period, the project sponsored and conducted a major workshop for the GOH and World Bank/Inter-American Development Bank Ag Sector Loan officers to develop the Logical Framework schedule of activities to guide local institutions in meeting the program conditions. In addition, the National Agricultural Census (NAC), with project local currency financial resources and TA from the U.S Bureau of the Census (BUCEM) provided by the project, completed the processing of data and initiated publishing of results of the National Agricultural Census.

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

D. Problems and Delays

The change in the GOH administration has caused a major delay in implementing the Ag Modernization Program. New actors are going through a new consensus building process. Although it is expected that the GOH will ultimately decide to implement

the program, these delays are impacting negatively on the Honduran agricultural economy and on project implementation.

The project has been slow in the land tenure area. INA has not been fully restructured to do the massive titling required with the expected agility and speed. INA is still defining its overall objectives and the Ministry of Finance and Public Credit has been slow in providing the local currency counterpart funding for the program. The land fund law needs to be revised and the TA team, the private sector and the GOH have been slow in agreeing on the basic concepts and expected role of the land fund. Revision of the law and regulations remains far away. Land invasions still occur and the GOH is slow in taking action to protect private property rights.

The program's marketing and trade policies are controversial. Although the official GOH policy is to have free markets, the GOH is still attempting to regulate the market; domestic coffee prices are determined by the GOH, beans and corn exports are banned, and the Ministry of Economy is proposing a policy of temporary price freezes for selected products. Little has been done to provide adequate information to market agents on market conditions and the free trade rules. The press and many popular organizations argue in favor of market controls such as export bans and price controls. The project needs to launch a major educational campaign on the free trade economy versus the regulated or centrally planned economy.

The agricultural financial sector component of the project has been slow in providing financial alternatives for ag rural businesses. There is no consensus on what role the cajas rurales should play and how they should operate. BANADESA resists restructuring, and the Central Bank continues to heavily distort the ag financial markets due to its contractionary monetary policies and heavy lending to finance the government deficit.

The team leader of the major TA contract has not been able to gain influence with major policy actors to implement decisively the major policy reforms mandated by the Ag Modernization Law. This is also due to the fact that some current government officials attacked the Ag Modernization Law during the last election campaign, and so feel political pressure to continue opposing some aspects of the Law.

Due to the above factors, the project TA team had to work without an approved work plan during most of the reporting period. However, an annual work plan was finally approved at the end of the reporting period.

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

1. The TA team leader and land tenure specialist will be replaced, and the TA team will continue to build consensus among GOH officials on implementing the Ag Modernization Program.
2. Conduct an in-house assessment of progress toward the achievement of the project's benchmarks prior to February, 1995. The emphasis will be on evaluating the commitment of the GOH and new policy agents to the main thrust of the policy reform program, and on how to incorporate gender impact analysis into policy implementation.
3. Based on the results of the assessment, negotiate new benchmarks with the Ministry of Natural Resources, SECPLAN and the MFPC.
4. Arrange for a seed fund and a mechanism for a self-financing, massive titling program.
5. Launch a major effort to consolidate the marketing and tenure components of the Ag Modernization Law, including gender rights.
6. Continue to support publication of the National Agricultural Census, and the national agricultural surveys.
7. Assist the GOH in approving new regulations for the cajas rurales and in revising the current approved cajas rurales law, assist the GOH in revising the "Fondo de Tierras" law.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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

I. BACKGROUND DATA

Project Title: Policy Analysis and Implementation/Financial Sector Development Component  
 Project Number: 522-0325.03  
 Date of Authorization: original 09/24/92  
 Date of Obligation: original 09/29/92 Amendment 09/30/92 Amended to 12/31/95  
 PACD:  
 Implementing Agencies: Central Bank of Honduras (BCH)  
 Major Contractors: N/A  
 Project Managers: Victor Paz/Liza Valenzuela  
 Project Support Officer: Leon Waskin  
 Status of CPs/Covenants: 1. Submission/Passage of Banking Law: Submitted/Not passed  
 2. Submission of BCH Restructuring Plan: Met  
 Date of Last Evaluation: 00/00/00 Next Evaluation: 6/95  
 Planned No. of NFAs: 0 NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: TBD

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 6,000,000  
 Amount Obligated: DA Grant: original \$ 1,900,000 amended to \$2,400,000  
 Amount Committed: Period: \$( 136,470)  
 Cumulative: \$ 809,219  
 Accrued Expenditures: Period - Projected: \$ 200,000  
 Period - Actual: \$ 99,070  
 Cumulative: \$ 779,052  
 Period - Next: \$ 100,000  
 Counterpart Contribution: LOP Planned: \$ 1,140,000  
 Actual: \$  
 % LOP Elapsed: 40%  
 % of Total Auth. Oblig.: 40%  
 % of Total Oblig. Exp.: 32%  
 % of Total Auth. Exp.: 13%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This project component supports Strategic Objective No. 1: Enhanced Economic Participation and Increased Incomes of the Poor, under Program Output 1.2 Expanded Access and Opportunity Through Improved Functioning of Markets.

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

III. PROJECT DESCRIPTION

The Financial Sector Component of the PAIP will improve the regulation/supervision of the financial system in order to increase access.

IV. PROJECT STATUS

A. Planned EOPS \*

Progress to Date

- |   |  |
|---|--|
| 1. New Banking Law passed.  | 1. Expected approval early 1995.   |
| 2. BCH Restructuring Plan implemented.  | 2. Restructuring plan approved and implemented.  |
| 3. Interest rates are market determined.                                      | 3. Interest rates are now market determined.   |
| 4. Strengthen management and information system of BCH.                       | 4. Technical assistance and training for 1994 and 1995 focuses on improving management.                              |
| 5. Improved supervisory inspection procedures and MIS at the Superintendency. | 5. Limited progress to date. Assistance to Superintendency will be a priority once the CP on the banking law is met. |
| 6. Secondary market for BCH bonds established.                                | 6. Secondary market for bonds operational.   |
| 7. Securities Law passed.   | 7. Securities law pending Congressional approval.  |
| 8. Competitive Banking System in Place.                                       | 8. Approval of 4 new banks will increase competition. There are 18 commercial banks now.                             |

B. Major Outputs \*

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Training In-Country	1000	0	0	0	0	0	0%
a. Men	770	0	0	250	249	249	32%
b. Women	230	0	0	75	115	115	50%
2. Training Abroad	40	0	0	12	0	0	0%
a. Men	32	0	0	8	0	0	0%
b. Women	8	0	0	4	0	0	0%

\* Major Outputs were revised under PP Amendment No. 4.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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

C. Other Accomplishments and Overall Status

The authorization and Project Agreement Amendment reflecting the reduced scope, targets and funding for this component of the PAIP project were signed during this reporting period.

The Mission contracted a consulting firm, IMCC, to review the project and provide recommendations on the activities that should be given priority during its remaining life. One consultant analyzed the needs for technical assistance and training of the BCH; another those of the Superintendency, and a third the requirements for commodities for both entities.

The consultant that analyzed the status of the BCH noted two serious problems in the BCH that can be addressed by the project: 1) A lack of coordination between the monetary and fiscal policies; 2) A deficient system of information and analysis. The most salient comments on the review of the Superintendency were: 1) The information provided to the Superintendency is inadequate and not received on a timely manner for the Superintendency to supervise the banking system; 2) the system for the flow of data from the banking system is antiquated and requires that the information be processed manually; 3) the computerized system in place is obsolete and inflexible.

Based on the findings and recommendations of the consultants, the Project Officer and the Central Bank Coordinator have drafted an operating plan that takes into account the priorities identified by the consultants and the time frame to provide the assistance before the 12/31/95 PACD. Basically, the Project will continue to provide training and technical assistance to the BCH but at reduced levels. Funds for commodities to the BCH will be reduced dramatically. Technical assistance to the Superintendency will be continued as per the consultant's recommendations. Training and commodities for the Superintendency are planned but remain contingent upon the enactment of a revised Banking Law by the Honduran National Congress.

A total of 364 employees of the BCH, including 115 women, participated in training seminars during this reporting period. The new operating plan of the BCH and the Superintendency of Banks to be implemented during the 1995 calendar year, will provide training opportunities for women that hold mid-level positions in these entities. Mid-level positions in the BCH total 163 - women hold 38 of those positions; the Superintendency has a total of 22 mid-level positions - women fill 2 of those positions. Presently, there are no women in top-level positions.

Major outputs and EOPs were redefined in light of the reduced funding and scope for this project component. Training is now the only major output for this component and is broken-down into two categories: Training In-Country, and Training Abroad - both categories are segregated by gender. Projected training for this reporting period was 100 persons. However, counterpart funds were used by the BCH to provide training to 249 men and 115 women throughout the bank, thereby exceeding the projections.

The revised major outputs are for 1,000 employees to be trained with USAID and counterpart funds. During the next reporting period 250 men and 75 women are expected to receive training in-country; in addition, 8 men and 4 women in mid-level positions will be scheduled for training abroad.

The Financial Data shows a negative balance of \$136,470 in the "Amount Committed for this period" section. This represents the de-commitment of funds for the contract of the previous project officer.

D. Problems and Delays

The major problem continues to be the delay in enactment by the Honduran Congress of a revised Banking Law. This has prevented the initiation of training and data systems activities with the Superintendency of Banks. Both of these initiatives were identified as critical and of the highest priority for the Superintendency by the IMCC team.

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

- 1) Meet with the Manager of the BCH and the Superintendent of Banks to review and agree on the new operating plan.
- 2) Request one person from each, the BCH and the Superintendency, to be assigned to monitor the implementation of the project.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

Project Title: Rural Roads Maintenance Project  
 Project Number: 522-0334  
 Date of Authorization: original 06/20/90  
 Date of Obligation: original 06/20/90 Amendment 04/27/93  
 PACD: original 06/30/97 Amended to 12/31/94  
 Implementing Agencies: Ministry of Public Works and Transport (SECOPT)  
 Major Contractors: N/A  
 Project Manager: Carlos Flores R.  
 Project Support Officer: Kelly Flowers  
 Status of CPs/Covenants:  
 CP to first disbursement: Met  
 CP to maintenance disbursement: Met  
 CP to construction disbursement: Met  
 CP to Pilot Project: Met  
 CP after second year disbursements: Met  
 Covenants:  
 Ongoing evaluation of progress.  
 Reports on provision of counterpart.

Date of Last Evaluation: 00/00/00 Next Evaluation: N/A  
 Planned No. of NFAs: 1 NFAs contracted/completed: 1  
 Date of Last Audit: 09/94 Next Audit: N/A

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$15,000,000 amended to \$10,681,000  
 Amount Obligated: DA Grant: original \$ 2,500,000 amended to \$10,681,000  
 Amount Committed: Period: \$ 985,093  
 Cumulative: \$ 9,625,313  
 Accrued Expenditures: Period - Projected: \$ 1,500,000  
 Period - Actual: \$ 1,010,963  
 Cumulative: \$ 9,160,204  
 Period - Next: \$ 0,0  
 Counterpart Contribution: Planned: \$ 6,866,000  
 Actual: \$ 6,598,411  
 % LOP Elapsed: 94%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 86%  
 % of Total Auth. Exp.: 86%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVE

A. SPECIFIC LINKAGE TO S.O.: The project supports Mission Strategic Objective No. 1. Enhanced Economic Participation and Increased Incomes of the Poor, by providing better access to markets and other factors of production.

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

III. PROJECT DESCRIPTION

The project consists of three components:

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

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

1. Long-term sustainable rural roads maintenance program in operation. One thousand four hundred thirty nine kilometers (1439) will be receiving, as required, both regular and periodic maintenance by the PACD. 1522 kms.
2. Rehabilitation of 200 km. of roads constructed under Rural Roads I (522-0164). 200 kms.
3. Construction of 157 km. of rural roads. 176 kms.

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Construction of rural roads (kms)	157	24	153	0	43	176	112%
2. Rehabilitation of rural roads (kms)	200	0	200	0	0	200	100%
3. Regular, periodic maint. of rural roads (kms)	1439	238	1330	0	315	1522	106%
4. Peon Caminero maintenance (kms)	3000	0	0	0	0	0	0%
5. DCM Institutional Strengthening							
Privatization of Maintenance Operations (%)	80	0	100	0	0	125	156%
Reduction in Personnel	2,000	N/A	N/A	N/A	N/A	5,250	263%
Road Inventory System	1	N/A	N/A	N/A	N/A	1	100%

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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

C. Other Accomplishments and Overall Status

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

During the reporting period, five (5) rural roads maintenance projects totalling 315 km were completed. In addition, two construction projects totalling 68.2 kms were completed during the period.

A seminar was held in July to train approximately 80 persons from SECOPT, the private sector and other GOH agencies in the utilization of the Environmental Impact Manual developed by BIOCONSULT with Project funding. The Manual will be used by SECOPT to assess environmental impact in the construction of rural roads.

The Non-Federal Audit of the Project was completed in December, 1993. The Regional Inspector General (RIG) Office has formally approved the audit.

The final evaluation of the Project was cancelled because the completion of a Project Activity Completion Report (PACR) was considered sufficient to close out the Project. A consultant was contracted to complete the PACR. The final report is expected to be completed and approved by the Mission during the last week of October, 1994.

A financial close-out audit of Project resources purchased under the Project and managed by SECOPT was carried out by the GOH Controller General's Office in September 1994. The final report will be received in October, 1994. The PACD was extended three months until December 31, 1994 to allow completion of this audit.

D. Problems and Delays

None.

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

1. Completion of the PACR.
2. Formal close-out of the Project.

**PROJECT STATUS REPORT**  
April 1, 1994 - September 30, 1994

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**I. BACKGROUND DATA**

Project Title: Cortés Chamber of Commerce and Industry (CCIC)  
 Project Number: 522-0363  
 Date of Authorization: original 03/08/89  
 Date of Obligation: original 03/08/89 Amendment 03/31/90  
 PACH: original 03/07/92 Amendment 09/30/94  
 Implementing Agencies: Cortés Chamber of Commerce and Industry (CCIC)  
 Major Contractors: N/A  
 Project Manager: Bernai Velarde/Liza Valenzuela  
 Project Support Officer: Leon Waskin  
 Status of Cps/Covenants: N/A

Date of Last Evaluation: 09/94 Next Evaluation: N/A  
 Planned No. of Non Federal Audits: 1 NFAs contracted/completed: 0  
 Date of Last Audit: 07/15/94 Next Audit: N/A

**A. FINANCIAL DATA**

Amount Authorized:	DA Grant: original \$	675,000
Amount Obligated:	DA Grant: original \$	300,000 amended to \$ 675,000
Amount Committed:	Period:	\$ 0
Accrued Expenditures:	Cumulative:	\$ 675,000
	Period - Projected:	\$ 121,000
	Period - Actual:	\$ 121,000
	Cumulative:	\$ 675,000
	Period - Next:	\$ 0
Counterpart	Planned:	\$ 2,140,516
Contribution:	Actual:	\$ 2,718,100

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

**II. PROJECT PURPOSE**

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

**RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

A. SPECIFIC LINKAGE TO S.O. This project is directly related to the Mission's Strategic Objective No. 1, Enhanced Economic Participation and Increased Incomes of the Poor. The project has helped create an attractive investment climate and increase the competitiveness of the export sector, which has led to improved employment opportunities.

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

**III. PROJECT DESCRIPTION**

The project promoted employment generation and increased new private investment, exports and production by supporting the CCIC's activities.

**IV. PROJECT STATUS**

**A. Planned EOPs**

**Progress to Date**

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

**B. Major Outputs**

	Planned		Next		Accomplished		% of
	LOP	Period	Cum.	Period	Cum.	LOP	
1. Major new investments facilitated	4	N/A	16	N/A	N/A	14*	350%
2. New jobs resulting from investments	1000	N/A	3280	N/A	N/A	3030*	300%
3. Policy dialogue actions completed	36	N/A	92	N/A	6	92	256%
4. Investment missions	12	N/A	N/A	N/A	N/A	22*	180%
5. Potential investors hosted	45	N/A	N/A	N/A	N/A	44*	98%

\* These are original outputs of the project. CCIC no longer provides direct support for these activities under the project nor does it report this information to USAID in view of Section 599/547 legislation.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

The Cortés Chamber of Commerce and Industry (CCIC) is the oldest business organization in Honduras and the country's most influential organization in the North Coast region of Honduras. During the implementation of the project, the CCIC contributed substantially to the economic policy dialogue which has improved the investment climate in Honduras.

The CCIC project grant expired on September 30, 1994. The CCIC informed the Mission that all services and procurement were completed by the Grant Expiration Date.

With project funds, Price Waterhouse updated the Export Processing Zone (EPZs) baseline study that was previously undertaken in October 1992. The report assessed the social and economic impact and effects that the EPZs have on workers employed by the firms operating in the industrial parks, their families and the surrounding communities. To update the report the contractor sampled 200 EPZ workers selected randomly from payrolls, spread over the various parks and surveyed 300 households in the areas of influence of the parks. The study revealed that between 1993 and 1994, 23 new firms were established in the parks for a new total of 73 firms. Employment generation by these firms increased by 29% during this period for a total of 28,758 jobs. The sample revealed that 76.5% of the jobs are currently held by women. The wage earned by the employees of the park is considerably higher than the minimum wage established by the Government. On the average, the men earn 85% more than the minimum wage and the women earn 75% more than the minimum wage.

In the area of transport, a study was contracted to determine the feasibility of a privately-run rail transportation and freight service. The report concluded that the National Railroad does not cover its operating cost with the income provided by its services. The conditions of the rail and the equipment are deficient. The maintenance activities are not carried out properly and the equipment in use is obsolete. There are more cost effective transportation alternatives available which service the area of influence of the railroad. At this moment the railroad moves only 21.12% of all the cargo that is transported within its area of influence. The study suggested that another assessment should be made to determine if the railroad operation could be feasible in a larger area of influence that would include the EPZs.

The study of industrial pollution in the Sula Valley region was completed during the semester. The results of the study will assist the private and public sectors to design an appropriate industrial waste treatment system for the region. To encourage private sector treatment of industrial waste, the CCIC will host meetings between the government and the private sector and promote the idea of limited industrial incentives to firms that invest in pollution controls.

The study on industrial pollution concluded that approximately 150 firms out of the 380 businesses produce various levels of contamination. The report indicated that the contamination levels are manageable and may be controlled with primary treatment applications. The study states that the concentration of metal found is relatively low. The solid waste does not appear to represent a problem for the drainage system and is manageable and treatable with biological systems. The concentration of oils and fat are at a low level and may be controlled with primary treatment applications. The report contains a series of recommendations that the CCIC will discuss with the public and private sector in order to implement practical solutions.

The Chamber has continued to promote worker-affordable housing. Chamber representatives reactivated the National Council for Housing with representation from the public and private sectors. It held a meeting with the EPZs to discuss the possible creation of a loan fund to finance low cost housing for its employees, since the EPZs are excluded from the private sector program that contributes funds for housing. In principle they have agreed to create a special fund whereby the employee and employer each contribute 1.5% of employee salary.

In the area of childcare, the CCIC donated plans to build facilities that will benefit between 200 and 300 children of low income parents. The Chamber continues to promote improved medical care, and generally improved conditions for workers in the Sula Valley. The Chamber is also actively participating in the discussion and revision of the Honduran Labor Code. The CCIC has organized meetings between the business owners and trade unions to ensure respect of the legal rights of workers. During the semester the Chamber targeted the Korean firms established within the EPZs to help minimize employer/employee conflicts.

With regards to policy dialogue and international trade issues, the CCIC continued to participate in a series of meetings. It is actively participating in the dialogue that the GOH and the rest of the Central American countries have with Venezuela, Colombia and Mexico. CCIC also sponsored a seminar on the North-American Free Trade Agreement to bring about greater understanding of the Agreement by its members.

In the area of privatization, CCIC continues to support and promote the GOH's privatization program, emphasizing the importance of privatizing the state-owned telephone and electric companies. CCIC sponsored a seminar in San Pedro Sula to discuss the benefits of privatizing public utilities.

As activities supported by this project have now been completed, this is the last SAR that will be submitted for it.

D. Problems and Delays

The CCIC did not conduct the final audit of the project. The Mission will send a letter to CCIC informing it that it will have to finance this activity with its own resources as stipulated in the grant agreement.

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

1. Prepare a Project Assistance Completion Report.
2. Conduct the final audit of the project.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

Project Title: Small Farmer Agribusiness Development  
 Project Number: 522-0383  
 Date of Authorization: original 06/23/92  
 Date of Obligation: original 06/23/92 Amendment 04/26/93  
 PACD: original 02/23/98  
 Implementing Agencies: Finance Corporation for Agricultural Cooperatives (FINACOOP)  
 Major Contractors: Agricultural Cooperative Development International (ACDI), National Cooperative Business Association (NCBA), ATMA  
  
 Project Manager: Lee Arbuckle  
 Project Support Officer: Daniel Martinez  
 Status of CPs/Covenants: CPs: Met  
 Covenants:  
 Counterpart Provision: On-going  
 Evaluations: On-going  
 FDF Information System: Pending  
 Separation FDF/FACACH: Met  
 Removal Fund/BANADESA: Pending  
 Stabilization Support: On-going  
 Inclusion Reform FOBs: On-going  
 IHDECOOP Audit Unit: Pending  
 Pesticide Use/Proc.: On-going  
  
 Date of Last Evaluation: 12/31/93 Next Evaluation: 03/95  
 Planned No. of NFAs: 5 NFAs Contracted/Completed: 1  
 Date of Last Audit: 12/31/93 Next Audit: 12/31/94

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$ 6,500,000  
 Amount Obligated: DA/ESF Grant: original \$ 3,300,000 amended to \$ 5,025,000  
 Amount Committed: Period: \$ (46,512)  
 Cumulative: \$ 3,420,996  
 Accrued Expenditures: Period - Projected: \$ 600,000  
 Period - Actual: \$ 558,648  
 Cumulative: \$ 2,102,916  
 Period - Next: \$ 600,000  
  
 Counterpart Contribution: Planned: \$ 6,560,000  
 Actual: \$ 1,879,283  
  
 % LOP Elapsed: 42%  
 % of Total Auth. Oblig.: 77%  
 % of Total Oblig. Exp.: 42%  
 % of Total Auth. Exp.: 32%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: Project supports the Mission's Strategic Objective No. 1 - Enhanced Economic Participation and Increased Incomes of the Poor. By improving access to financial services, the project will directly impact Program Output 1.1 - Expanded Access and Opportunity through Empowerment of the Disadvantaged.

III. PROJECT DESCRIPTION

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

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

IV. PROJECT STATUS

A. Planned EOPS

Progress to Date

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

B. Major Outputs

	Planned		Next		Accomplished		of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
1. FOBs reviewed:		13	35	10	13	35	
2. FOBs qualified:	0	3	24	10	1	24	
3. FOBs later disqualified:							
4. FOBs restructured:							
Administratively restructured	40	2	10	10	1	10	25%
Financially restructured	40	5	5	6	1	3	8%
5. Orgs. w/ computer technology:							
Equipment Installed	30	4	18	5	3	17	57%
MIS functioning effectively	30	6	6	6	3	3	10%
6. FOBs with good performance:							
- Profitability	36	5	11	5	0	6	11%
- Sales increased by 50%	40	5	5	8	4	4	10%
- ROE increased by 35%	40	5	5	8	4	4	10%
- Equity over 30% of assets	40	5	5	7	5	5	31%
7. FOBs with feasibility studies prepared for new business activities	40	0	0	1	0	0	0%
8. Agribusiness investments being undertaken following feasibility studies	40	0	0	0	0	0	0%

04

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Major Accomplishments and Overall Status:

This project is an important element in the Mission's strategy to improve agricultural production. Planned project interventions with rural agricultural cooperative businesses complement other USAID supported efforts to improve access to information and technology, domestic and export processing, and marketing services for small farmers who are member-owners of farmer-owned businesses (FOBs). Access can only be provided by the FOBs if they have efficient operations and make profitable capital investments that reduce costs, improve quality, and add value to the farmers' product. The project focuses its efforts on those FOBs, and their second level federations that have a proven willingness to make the fundamental changes required to become viable businesses.

The Implementing Unit: The principal implementation unit is the Finance Corporation for Agricultural Cooperatives (FINACCOOP), chartered in late December, 1992. FINACCOOP assumed the implementation responsibilities and assets of the FDP, the implementation entity until that time.

The prior General Manager of FINACCOOP was dismissed by the Board of Directors as of March 1, 1994, because of the Board's concerns with slow implementation of the project. An interim manager, Adán Bonilla, was effective in accelerating project implementation, and he directed a competitive search for a new manager. The new manager, José Antonio Carranza, was selected from three finalists, all satisfactory. He began work on June 1, 1994. Implementation has accelerated as a sense of purpose has been provided by the new Manager. FINACCOOP's 1994 Operating Plan was approved by USAID during the last period and has been actively carried out by FINACCOOP.

All position descriptions have been reviewed and where accordingly modified. FINACCOOP continues to have two "line" departments, "Agribusiness", and "Finance"; and a support department, "Administration". "Agribusiness" has responsibility for the implementation of the SFAD project through the "Project Officers", who are responsible for the development and management of the restructuring agreements with the FOBs. The "Project Officers" are supported by staff specialists in accounting services, training, and computing. The "Agribusiness" department is the most important for project implementation. The other "line" department is "Finance", which is responsible for managing FINACCOOP's own resources as well as a credit line and the project's financial restructuring resources.

For the first time FINACCOOP has a plan for training of coop personnel in certain key technical areas. The plan is implemented by one person who reviews the training requests of the coops and approves support if the activity meets defined criteria to identify if they are supportive of the achievement of project objectives. A plan for the training of FINACCOOP staff is also being carried out.

A plan for the recovery of past due payments was developed and collections begun.

To improve the monitoring and follow up by staff, one person was assigned to monitor the fulfillment of restructuring agreements into which coops have entered.

The ACDI technical assistance team

The team is now seasoned. Members are now effective in their work, but internal dissension continues to reduce the effectiveness of the team. The move of all team members to the new FINACCOOP offices has improved communication and coordination with FINACCOOP. FINACCOOP considers the advice of the TA team for all significant decisions.

The team completed a characterization of the fertilizer and coffee sectors of the country, a study of the regional market for vegetables, and a review of the project implementation program and strategy. The ACDI team has also developed a scope of work for the study of gender in ag cooperatives which they expect will be carried out toward the end of the upcoming reporting period. The SOW is being reviewed in the Mission at this time.

Project Administration: During the interim management period USAID project management developed a Short Term Action Plan to address the issues which had impeded project implementation. The principal issues in the Short Term Action Plan, with the exception of two, noted as Issue #4 and Issue #5 on the past SAR, are being addressed.

The first issue was passage by the Honduran Congress of a decree establishing that the GOH should pay off the loans of seven cooperatives to FINACCOOP. The decree

undermines the commitment of cooperatives to live up the terms of the financial restructuring agreements signed with FINACCOOP. To sustain discipline, FINACCOOP has maintained collateral pending payment from the government. It is highly unlikely that the GOH will make the payment so the businesses are essentially paralyzed. One coop group immediately disavowed the decree and paid off FINACCOOP. Another could repay and may. The other five cases are essentially moribund, yet can not be liquidated pending reversal of the decree by the current government. Nevertheless, the precedent is clear that the effect of non-payment to FINACCOOP is likely to result in the paralysis. FINACCOOP has taken several actions to urge the GOH to reverse the decree, and has taken steps to protect collateral until collection is possible.

The second issue is being resolved, but the actions are not yet complete. The FINACCOOP Board was responsible for approving loan and financial restructuring agreements using project funds. Although the Board had acted professionally, the issue was how to assure that the loan approval process be completely professional and removed from any particular interests on the Board. An independent Committee for the approval of credit and financial restructuring actions using project counterpart funds from the Ministry of Hacienda was to be formed. The Ministry of Hacienda, owner of the funds, will preside over the Committee which is made up of an experienced credit professional, and one representative of the Board of FINACCOOP. The identification of an outside experienced credit professional willing to serve on the Board has taken time.

Strengthening and Growth Component Results:

FINACCOOP's new management set an objective of having 10 profitable coops by year end 1994 and is focusing its support on those ten.

1. **COMARCA:** The Administrative and Financial Restructuring process with the Coffee Cooperative of Marcala (COMARCA) continues to bring in good results. This is important as COMARCA is intended to be the example to other coffee cooperatives of how to function as effective farmer-owned businesses. High coffee prices have only accelerated the positive effects of restructuring that COMARCA is implementing. COMARCA will process and market 50,000 hundred weight of coffee in the 1994-95 coffee year. Net Worth has grown to exceed the project's EOPS standards.

There are still outstanding administrative issues. Accounting and internal controls are being addressed with an accounting system, a cost accounting system, and FASTCAFE, a computerized coffee processing management system. Over the next six months most of the accounting and internal control issues should have been completed. COMARCA sold coffee during the past year at a premium to New York prices, unheard of in Honduras, a payoff from imparting 13 training modules to farmers on how to process coffee on their farms. On farm wet milling is a necessity in the isolated parts of Honduras. COMARCA will invest in improvements in wet milling, drying, and dry milling processes to reduce the costs per hundredweight processed.

The coop has taken several steps to improve coffee marketing using accepted risk management techniques. In the upcoming period, selected managers and leaders from COMARCA and other coops will be taken to Costa Rica by the TA team to receive a coffee marketing course and observe the practices of experienced coffee export cooperatives. Of these, none are women.

The other principal issue is the collection from members who are in arrears to the coop for production and marketing loans. We expect the uncollectible loans will be charged off against this year's profits, thus expelling those members and taking one more step to clean up the coop's balance sheet.

2. **UNIOCCOOP:** UNIOCCOOP is a coop federation that wholesales inputs to affiliated cooperatives. UNIOCCOOP is sustaining profitability and expanding market share due to effective procurement, rapid turnover and competitive pricing. As a result, UNIOCCOOP is having a positive effect on the market prices of fertilizer for all Honduran farmers. UNIOCCOOP has increased inventory turnover from 3 times a year to 4 times a year by improving inventory management techniques. UNIOCCOOP's leadership is now developing a plan to suspend and then disaffiliate inactive coops to improve its governance. FINACCOOP may develop a financial restructuring agreement to cause UNIOCCOOP to develop a capital base sufficient to sustain the sales volume of the business.

3. **COHORSIL, the Vegetable Growers' Cooperative of Siguatepeque, Ltd.:** COHORSIL's return on equity continues at satisfactory levels, even as equity grows. COHORSIL's principal business is the sale of agricultural inputs through stores in three towns

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in central Honduras. It is studying the feasibility of opening stores in three additional towns. FINACOOP and the TA team are emphasizing the use of modern techniques including a computerized inventory management package to manage the 1,100 agricultural supply items COHORSIL sells. COHORSIL intends to provide point of sale receipts from the computerized system as a way of attending to the hundreds of daily sales cost-effectively, and thereby serve small farmers and manage the extensive inventory. Market share has expanded to over 80% in the principal town.

The coop will be the project's first graduate into the growth phase. The new venture in the export of snow peas has produced satisfactory results, taking advantage of Guatemala's disqualification as an exporter by the USDA. Snowpeas are a crop ideally suited to small farmer production.

ACDI completed a study of the market for the principal vegetable crops produced by COHORSIL's members. The Board and management are considering alternatives. They have purchased a lot with highway frontage to eventually build a cold storage facility.

4. **COOPAVIHL:** Members of this poultry cooperative sell eggs to the Tegucigalpa market. They continue to work effectively to meet the targets of their restructuring agreements. Margins have improved, and computer based least cost ration formulation has been implemented to good effect. Financial stabilization funds will be invested over the next year in cost reducing equipment and improvements. Although this coop is less than 6 years old, its rapid growth is drawing other large and small poultry growers to membership. The TA team has provided effective advice to the development and monitoring of the strengthening program.

5. **CARPIHL:** Results are in from the trial of improved practices with good results. In the upcoming period a Sigatoka resistance trial with several farmers will be carried out with three newly released FHIA varieties. Over half of Honduran plantain is grown in the area of CARPIHL. An active export trade to El Salvador already operates despite the damage to the fruit from Sigatoka. FINACOOP has contracted with FHIA to demonstrate varieties of Sigatoka resistant plantain developed by FHIA to CARPIHL's member-growers. Possible increases in yield, improvements in quality, and lowered production costs due to the reduced levels of fungicide are expected.

6. **Maya Occidental:** Maya is a large cooperative in Western Honduras which sells inputs and processes and markets coffee. It had grown through the years, but had failed to develop a capital base large enough to overcome adversity. Adversity materialized in the form of a euphoric manager who expanded operations beyond the capacity of the coop's working capital base. A year ago the manager was dismissed and negotiations began with FINACOOP to amend the workout agreement. An amendment has been agreed to and is expected to be implemented in the upcoming period.

7. **La Proveedora:** This coop input supply business is owned by 23 agrarian reform cooperatives. A FINACOOP proposal to apply project resources to the strengthening of the input sales business was approved during this period.

8. **Triniteca:** This is a coffee cooperative with as much production as COMARCA which is now seeking to participate in the project. The example of COMARCA has been decisive in getting Triniteca to consider accepting the project's conditions for providing support to Triniteca's strengthening. Triniteca's coffee is not all strictly high grown as is COMARCA's, but the processing efficiency of the cooperative and its proximity to the port give it important competitive strengths. About 400 small, medium, and large growers are affiliated.

9. **Recalcitrant participants:**

Three stand out for their unwillingness to meet project conditions on participation. Fruta del Sol is a coop with packing facilities for Oriental Vegetables, credit for rice growing members, and an input store. Having participated in the promotion of the debt writedown decree, they continue to be unwilling to admit to a mistaken decision and operate with difficulty. The solution to the impasse is in the hands of the Board of Directors of the coop.

The second recalcitrant worthy of mention is the Coffee Cooperative of Tutule. Tutule is in an area of strictly high grown coffee. Following FINACOOP's diagnosis a draft agreement was proposed which would have led to the renegotiation of the debts with the principal creditor and their refinancing by FINACOOP in exchange for a pledge of equity investment by the membership. The Board supported the measure, but was denied by the Special Assembly of the membership. The creditor foreclosed and assets are being sold.

A third recalcitrant, Candelaria, had refused to participate in the decree suspending repayment to FINACOOP. This led to the Manager's dismissal and a division in leadership. FINACOOP presented the coop with a workout program, but the division of the membership makes the agreement impossible. This is the saddest example of the decree injuring "innocent bystanders". The development of financial responsibility by ag cooperatives has to overcome a tradition of over 25 years of cheap credit and financial irresponsibility, and there are bound to be cases such as this until people believe in FINACOOP's firmness.

FINACOOP's new management team has disqualified a number of coops as project participants and begun collection actions long awaited by project management. The positive effects on the performance of other coops is being felt.

10. **New participants:**

A dairy cooperative was qualified and began the diagnostic process. A ricegrowers coop and a forestry coop producing resin are among the cooperatives which appear to have promise as possible participants in the project.

D. **Problems and Delays:**

Five issues from the last report remain to be resolved. New FINACOOP management and the TA team are addressing the issues left by prior FINACOOP management, but final resolution has not yet been achieved.

1. The Covenant to the Project Agreement providing that by March 28, 1993 the Model Cooperative Trust Fund would be removed from the National Bank of Agricultural Development (BANADESA), still has not been completed. FINACOOP and the Ministry of Finance and Public Credit need to complete the documentation required for removal of the Model Cooperative Trust Fund from BANADESA. (BANADESA's resistance to pass the balance to FINACOOP has slowed completion of this measure). FINACOOP's Financial Division Chief is assigned this task and perseveres despite the roadblocks thrown up.
2. Implementation of the ACDI project baseline information system continues to be delayed. ACDI is being pressured to complete the system. (Data has been gathered on the 12 active project participants, but a consultant now in country has not yet completed formatting of the system.)
3. ACDI life-of-contract workplans will be approved by FINACOOP and the Mission. (ACDI has failed to provide the plan, but has committed to complete it in the upcoming period.)
4. FINACOOP and the ACDI team didn't complete a plan for the separation of business and associative functions of UNIOCOOP. (FINACOOP is pursuing an alternative plan to advise UNIOCOOP on the suspension and eventual expulsion of affiliates who are in arrears on purchases of fertilizer.)
5. The decree instructing MHCP to pay off the debts of 7 FOBs to FINACOOP blocked FINACOOP's collection actions with five of them and the ongoing relationship with the other two. (As noted, the situation has been resolved with only one of the seven. The prospects of the GOH reversing the decree diminish as time passes.)
6. Contracting of the first project interim evaluation was deferred until early 1995 to allow time for the new Manager of FINACOOP to have an effect.

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

1. Constitute a credit committee for FINACOOP to approve disbursement of financial restructuring loans. The committee will be made up of the GOH, through the Ministry of Hacienda as owner of the funds, a banker, a financially strong member of FINACOOP's Board, and FINACOOP's manager.
2. Analyze, draft, and approve a financial restructuring agreement with UNIOCOOP.
3. Amend the financial restructuring agreement with Fruta del Sol if the coop decides to come to terms.
4. Get the Ministry of Finance and Public Credit to remove the Model Cooperative credit line from BANADESA and place it in FINACOOP.
5. Qualify a large milk and veterinary supply coop to participate in the project.
6. Contract for the first project evaluation by March 31, 1995.
7. Preparation and approval of the 1995 FINACOOP budget and workplan.
8. ACDI will prepare a revised life of contract workplan.
9. ACDI expects to carry out a study of gender related issues for the consideration of the farmer-owned businesses. Based on the finding of the ACDI study, FINACOOP management intends to design a training program on gender related issues for its staff and for the ag cooperatives participating in the project.

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I. BACKGROUND DATA

Program Title: Structural Adjustment Program (SAP) II  
 Program Number: 522-0396  
 Date of Authorization: original 09/30/93  
 Date of Obligation: original 09/30/93  
 PACD: original 09/30/94, extended to 12/31/94  
 Implementing Agencies: Ministry of Finance and Public Credit and Central Bank of Honduras  
 Major Contractors: None  
 Program Managers: Don Harrison, Leon Waskin (Local Currency)  
 CPs/Covenants: Please see below -- Progress to Date.

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

\*To be conducted at a later date by the country's Office of the Controller General.

II. PROGRAM PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. The SAP directly supports S.O. No. 1 (Enhanced Economic Participation and Increased Incomes of the Poor) by conditioning funds disbursement to specific policy improvements that are essential for the reduction of poverty.

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

III. PROGRAM DESCRIPTION

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

IV. PROGRAM STATUSA. Planned EOPS

The \$5 million SAP II program was to have been disbursed in one tranche prior to September 30, 1994, upon satisfaction of three conditions precedent (CPs): (1) approval by the Honduran Congress of a new banking system law, (2) privatization of three parastatals after September 30, 1993, and (3) satisfactory progress in (a) eliminating import and export quotas in the agricultural sector, (b) implementing the Agricultural Modernization Law (AML), (c) employing market-based pricing in the agricultural sector, and (d) adhering to the stabilization program.

B. Progress to Date

The centerpiece of the reform package is Congressional approval of a new banking system law. As part of conditionality for the disbursement of the second tranche of \$12.5 million under the predecessor SAP I program, the Callejas administration in May 1993 submitted to Congress a new banking system law. The law, however, failed to receive Congressional approval owing to differences between the GOH and the commercial banks. Those differences revolved around two issues: insider lending provisions and the degree of the autonomy of the Superintendency of Banks -- the entity which would provide oversight of the banks under the new law. The banks wanted (a) no insider lending prohibitions which would have restricted their ability to lend to traditional customers and (b) a Superintendency that would not report to the Central Bank but rather would be autonomous. When the Reina administration took power this January, the new banking system law was withdrawn from Congress. A revised law has been prepared, but has yet to be submitted to Congress.

Another difficulty is the reimposition of price controls by Congress in October on some 20 essential items, including a number of agricultural goods. The price

A. FINANCIAL DATA

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

The GOH has satisfied the remainder of the conditionality.

-- The GOH has privatized three parastatals after September 30, 1993. A tomato processing plant was privatized in October 1993; a granary, in December 1993; and a sugar mill, this past January.

-- The GOH has eliminated import and export quotas in the agricultural sector. It also has indicated that it will not use animal health and phytosanitary requirements as "de facto" import quotas.

-- The GOH is making progress in implementing the AML. The two major themes of the AML are (a) land titling with the anticipation that such titling will lead to higher smallholder output and (b) conservation of Honduras' increasingly scarce timber resources. The GOH is implementing a massive land titling program; since March 1992, over 4,600 titles have been given to smallholders. In the forestry area, forestry management plans are now being produced; the GOH is using auctions to allocate timber lands; the GOH is no longer involved in the production and marketing of timber; and the forestry parastatal has ceded management and utilization of private lands to private owners.

-- With respect to stabilization, an appropriate fiscal adjustment package was submitted to Congress August 31, receiving Congressional approval in mid-October with some modifications. Based on the passage of the fiscal adjustment package, discussions continue with the IMF. The expectation is that a letter of intent will be signed in the latter part of November with Board approval as early as the last half of December. Board approval would provide for a Second Year Program under the \$53 million ESAF arrangement.

C. Other Accomplishments and Overall Status

Honduras already is reaping benefits from the positive economic policy environment established in the agricultural sector.

-- Overall agricultural production grew 5.4 percent over 1991-93, compared to 2.2% in the seven years prior to reforms.

-- Rural households whose primary economic activity is agriculture increased their incomes by 14.7% in real terms.

-- Reforms have provided the stimulus to 10% per annum growth in basic grains production over 1991-93.

-- Over the same period, agricultural investment has increased 20% in real terms.

As for the privatizations, they should produce economic benefits including higher employment and investment, fiscal savings, and reductions in external debt, while an approved IMF program should help reduce the country's 30% rate of inflation -- the poor's number one enemy.

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USAID believes that the economic growth reflected by these accomplishments will redound to the benefit of both men and women. Indeed, there is already evidence that women are taking proportionately greater advantage than are men of the increased formal sector employment opportunities that have stemmed, in part, from the policy reforms supported by SAP II and predecessor ESF programs. For example, employment of women in the agricultural, industrial, and service sectors rose by 21% from 1990 to 1992, whereas male employment in the same sectors actually declined by 2%. We expect that female employment in these sectors will have risen by 86% by 1997; the corresponding increase in male employment in these sectors is expected to be only 4.5%. The Mission will continue to track these figures as a principal indicator of progress toward our Strategic Objective No. 1.

D. Problems and Delays

The key issue remains the inability to secure Congressional approval of the new banking system law. We remain confident that the law will eventually be approved. Based on that confidence, we requested and secured approval from the AA/LAC to extend the terminal date for fulfillment of CPs from September 30, 1994 to December 31, 1994. At the time that we were considering the request for extension, we held discussions with the Central Bank President. He assured us that the law would be presented to Congress in September with passage expected in November. New information suggests that the law's submission to Congress will be delayed owing to President Reina's desire to review in greater depth the constitutionality of the draft legislation, and Congress likely will not put the legislation on this year's docket owing to the lack of time to give it proper consideration. Consequently, we will be requesting another extension of the terminal date for meeting CPs, if the GOH requests us to do so.

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

We are deferring to the IDB which is the key outside entity involved in encouraging passage of the banking system law. Passage of the law is the primary CP for signature of its \$60 million multi-sector credit. The IDB has extended the terminal date for signature of the accord from September 2, 1994 to May 2, 1995.

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A X B \_\_\_ C \_\_\_I. BACKGROUND DATAA. FINANCIAL DATA: (in Lempiras)

## ACTIVE MONETIZED FOOD AID AGREEMENTS:

<u>PROGRAM</u>	<u>AGREEMENT AMOUNT (Dollars)</u>
Title III (FY82-94)	\$ 68,500,000

<u>Program</u>	<u>Agreement Amount</u>	<u>Generations</u>	<u>Programmed Local Cur.</u>	<u>Total Disbursed</u>
Title III (FY82)	25,000,000	26,630,988	26,630,988	26,630,988
Title III (FY91)	74,200,000	73,633,978	73,633,978	73,633,978
Title III (FY92)	75,600,000	74,037,999	70,356,136	70,002,848
Title III (FY93)	87,100,000	93,317,459	88,782,580	30,801,370
Title III (FY94)	99,000,000	- 0 -	- 0 -	- 0 -
Total Title III	360,900,000	267,620,424	259,403,682	201,069,184

Implementing Agency: Ministry of Finance and Public Credit (MPPC) and the Ministry of Natural Resources (MNR)  
 Major Contractors: N/A  
 Project Managers: Michael Wise/Armando Busmail  
 Project Support Officer: Thomas Johnson

Date of Last Evaluation: 09/94 Next Evaluation: N/A  
 Planned No. of NFAs: N/A NFAs contracted/completed: N/A  
 Date of Last Audit: 10/31/92 Next Audit: 10-11/94

II. PROGRAM PURPOSE

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

RELATIONSHIP TO MISSION STRATEGY OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. Nos. 1 and 2: Enhanced Economic Participation and Effective Stewardship of Key Natural Resources, respectively. This program has contributed towards these strategic objectives by allocating local currency generations to finance counterpart requirements of the Mission projects that support these objectives. Enactment of the Agricultural Modernization Law, improved land tenure security and liberalization of agricultural trade (Title III SHMs) will spur increased production and exports.

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

III. PROGRAM STATUSA. SELF HELP MEASURES AND PROGRAM EVALUATION

During the reporting period, the self help measures contained in the three year (1992-1994) Title III Agreement continued to be closely monitored for implementation and compliance. The FY94 Title III Agreement Amendment was signed on June 21, 1994. Under this amendment the Government of Honduras (GOH) agreed that if it becomes necessary to create a strategic reserve for basic grains, it will be limited to a physical reserve for beans and a financial reserve for corn. The GOH completed and presented a set of regulations for the operation and management of these reserves in August, 1994. The status of other self help measures has not changed (refer to Spring 1994 SAR for details). USAID/Honduras undertook an evaluation of the 1992-94 PL-480 Title III Program during the Summer of 1994, prior to submitting a proposal for a follow-on program.

The evaluation found that the FY92-94 Title III program has been successful in improving food security for the most vulnerable population in Honduras. Despite an overall increase in poverty during the program period, the standard of living among the target population - poor rural families - increased due to policy reforms and specific local currency funded activities.

The evaluation found that as a result of Title III program policy reforms: a) the real producer price index (prices paid to farmers adjusted for inflation) rose 38 percent in the first year of economic reforms, after a decade long decline; b) by 1993, agricultural producer prices as a whole, as well as for basic grains and traditional exports, were substantially higher than those received by producers during the 1980s; c) the area planted in basic grains increased 13 percent and the area planted in the leading non-traditional crop, melons, increased 200 percent in the first year of the reforms; d) agricultural production (measured by 25 crop and livestock products) increased 6.9 percent in the first year of reform and has increased by an annual average of 2.7 percent during the program period; e) the

quantity of basic grains, produced largely by poor rural families on parcels of less than five hectares, increased 10 percent during the first two years of the reforms; f) rural households in the bottom 20 percent of income distribution declined by 12.8 percent from 1989 to 1993, faster than any other segment of the population; and g) the proportion of poor in rural areas was 23 percent lower in 1993 than in 1991.

As a result of Title III local currency funded activities which improve household access to food, the evaluation found that: a) one project assisted the creation of 42,000 jobs, 70 percent of which went to women, and over \$500 million in foreign exchange was earned; b) in 1993 alone, locally owned credit unions assisted by the Small Farmer Organization Strengthening Project (SFOS) made over \$28 million available to small farmers in 45,600 production loans; c) approximately 1,200 households now produce 150,000 metric tons of food annually on 160 small irrigation systems covering 5,258 hectares; d) about 8,344 small farm families have improved management practices on 10,000 hectares of marginal hillside land (7,863 are male and 481 are female), increasing production by 50 percent and incomes even more; e) a targeted food coupon program benefited over 600,000 poor children and almost 70,000 poor, pregnant or lactating mothers through 1993; f) benefits of a Title III financed agricultural research program produced over \$8.3 million in foreign exchange and created 6,375 jobs in 1993 alone; and g) 10,000 farm families using improved production technology have increased incomes by more than 25 percent.

These are only some of the impacts of the Title III policy reforms and local currency financed activities. The expected and actual impacts are explained in more detail in the evaluation document that was submitted to USAID/W in September, 1994.

The evaluation also found that, to a considerable extent, the primary benefits derived from the initial reforms and activities financed under the FY92-94 program have run their course. While these reforms must be kept in place, additional ones are needed to ensure that the growth path is maintained and benefits are distributed to the poorest of the poor.

The evaluation concludes that Title III-supported policy reforms and local currency funded activities resulted in significant and measurable impacts on availability and access to food within Honduras, especially among the rural poor. It also concludes that continued reform is necessary, as is effective implementation of the reforms. In some cases, reforms have been only partially implemented, reducing their impacts or preventing them from reaching all intended beneficiaries. Institutions in the midst of reform will need continued local currency support to maintain their momentum of change. In a few cases, the evaluation documented backsliding on reforms by the GOH which, unless checked, threatens the increased food security and household incomes achieved so far under the program.

The evaluation notes that Honduras is at a watershed in the process of institutionalizing economic and social change. The GOH faces an unprecedented foreign exchange crisis, a drought that threatens agricultural growth and food supplies, and a chronic energy shortage that eliminates off-farm job opportunities daily. Difficult policy measures must be taken to restore the conditions for economic growth.

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The evaluation recommends that a subsequent Title III program be developed to continue the progress made under the FY92-94 program. Like the present program, it should continue efforts to increase food availability and improve food access by the poor, as well as contribute to effective food utilization. In the face of a critical economic and social situation within Honduras, the GOH is under pressure to revert to the statist "solutions" of the past. The reforms and local currency activities attainable through a subsequent Title III program will ensure that prior reforms are maintained and that additional reforms broaden benefits. The policy dialogue made possible by a subsequent Title III program will ensure that measures taken by the GOH to confront the current crisis are supportive of a sustainable growth model. The program will continue to leverage other donor assistance.

4. Coordinate delivery of wheat under the FY 1994 Program.
5. Prepare an Evaluation Summary.

**B. ECONOMIC GROWTH**

Regarding the second area by which USAID measures performance of this Program, broad-based economic growth, the Mission is helping the GOH to design and execute a series of surveys. These started with an agricultural census in May, 1993. Preliminary data was available in January, 1994, and the data refinement process continued through June. The Census is scheduled to be published in December, 1994. Periodic surveys to gauge the impact of policy reforms on household well-being will follow.

Available data suggest that production of basic grains was negatively affected by a severe drought throughout the country. The GOH has projected economic growth, if any, at a minimum in 1994, the principal reason being electricity rationing. Annualized inflation is estimated in the range of 25% - 30%. In spite of these conditions, the high prices for coffee prevailing in the international market will to some extent alleviate the economy during the latter part of 1994 and 1995. Details of the country's economic performance will be reported in the next period.

**C. INCOME AND NUTRITION STATUS**

In the final area in which USAID measures program performance, income and nutrition status, the Mission is committed to support periodic household surveys to assess food security by determining caloric consumption patterns. A local agricultural economics consulting firm, ADAL, will present, during the next reporting period, the results of a continuous nutrition survey covering both rural and urban areas of Honduras. The implementation of this activity started in September, 1993 and covers a sample of 2,800 households focusing on education, health, caloric consumption, household income (including farm income), expenditure and employment information, household composition and gender, and child anthropometric data.

**D. LOCAL CURRENCY USES:**

The current PL-480 Title III FY92-FY94 Agreement was for a total of \$38.0 million, with which approximately 212,000 metric tons of wheat were procured. The FY94 Title III Agreement Amendment was signed on June 21, 1994, providing \$11 million to finance the importation of approximately 59,757 metric tons of wheat. The first wheat shipment arrived during the reporting period and generated 12.6 million Lempiras.

Local currency proceeds will be programmed for disbursement in CY 1995 to directly support GOH activities in the agricultural sector, aid programs to the poorest sectors of the economy (such as the Family Food Coupon Program), and to finance counterpart requirements of the Mission's DA projects with the public and private sectors, including the Forestry Development Project, Land Use and Productivity Enhancement Project, the Honduran Environmental Protection Fund, Small Farmer Organizational Strengthening Project, and the agriculture component of the Policy Analysis and Implementation Project.

**E. PROBLEMS AND DELAYS**

No major problems or delays were observed during the reporting period. A minor delay occurred with the execution of the PL-480 Title III audit, which did not begin until September, 1994.

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

1. Submit to USAID/W the Mission's proposal for a FY 1995-97 PL 480 Title III Program.
2. Initiate negotiations of the proposed Title III Program with the GOH.
3. Complete of the Nutrition Survey and Agricultural Census.

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I. BACKGROUND DATA

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

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

A. FINANCIAL DATA

Amount Authorized: DA Loan: original \$12,000,000 amended to \$4,041,000  
 DA Grant: original \$8,000,000 amended to \$15,959,000  
 Amount Obligated: DA Loan: original \$1,000,000 amended to \$4,041,000  
 DA Grant: original \$1,500,000 amended to \$11,978,600  
 Amount Committed: Period: \$ (218,825)  
 Cumulative: \$12,784,118  
 Accrued Expenditures: Period - Projected: \$1,225,000  
 Period - Actual: \$974,687  
 Cumulative: \$11,227,772  
 Period - Next: (Oct-Dec) \$250,000  
 Counterpart Contribution: Planned: \$11,687,700  
 Actual: \$11,723,628  
 % LOP Elapsed: 96%  
 % of Total Auth. Oblig.: 80%  
 % of Total Oblig. Exp.: 70%  
 % of Total Auth. Exp.: 56%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project addresses one of the most critical problems facing the Honduran agricultural sector, the rapid depletion of the forest resources. By promoting and implementing efficient and rational pine forest management, the project will contribute to the Mission's S.O. of Effective Stewardship of Key Natural Resources for Sustainable Economic Growth.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

- |   |   |
|---|---|
| 1. CONDEFOR has relinquished all industrial operations.   | 1. CONDEFOR has relinquished all operations. Since 1992, by law, only the private sector can have forest industries.  |
| 2. CONDEFOR's financial situation stabilized, income covers cost.                                   | 2. By law, CONDEFOR should be centrally funded, and all forest incomes should go to the Treasury. The GOH has not implemented this law or approved its regulations. |
| 3. All timber transactions carried out based on rational forest management.                         | 3. An improved timber sales system is being used in 100% of all timber transactions nationwide.   |
| 4. Forest utilization carried out in accordance with allowable cut.                                 | 4. The project's pilot unit being managed accordingly. Slowly, steps are being taken to execute this practice in several national and private forests.              |
| 5. Acceptable level of regeneration, environmentally sound logging and forest management practices. | 5. The project's pilot unit being managed accordingly.  |
| 6. Industry utilizing profitably a wider range of resources.  | 6. In progress. Industry expanding into new products and markets.   |

B. Major Outputs 1/

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
<b>Timber Sales</b>							
1. Standing timber sales system (%)	100	0	100	0	0	100	100%
2. Sound timber valuation (%)	100	100	100	0	0	50	50%
<b>Forest Mgmt - La Union</b>							
1. Vol. harvest (MM3)	350	30	366	30	14	350	100%
2. Seed trees marked (Ha)	5,500	300	4,494	100	232	4,426	80%
3. Nursery plants	85,000	25,000	170,766	0	0	145,766	171%
4. Intensive fire protection (Ha)	18,000	25,970	25,970	0	25,970	25,970	144%
5. Control burns (Ha)	12,000	0	1,620	0	117	1,737	14%
6. Maintenance of forest roads (Kms)	500	0	230	20	17	247	49%
7. Extension in agric. rural dev. (persons)	1,200	100	2,141	0	0	2,041	170%
8. Income from forest activ. (persons)	600	100	2,000	0	0	1,900	316%
9. Soil conservation activities (Ha)	900	30	401	0	0	371	41%
10. Grants Rural Dev.	100	10	59	0	0	49	49%
	2,400	100	355	10	36	291	12%
	1,000	50	1,117	0	384	1,451	145%
<b>Training (Per/Months)</b>							
1. Long-term	1,200	250	1,594	117	240	1,584	132%
	245	80	497	27	56	473	193%
2. Short-term	962	100	1,174	30	75	1,149	119%
	150	50	408	20	27	385	256%

1/ Cumulative data corrected according to project review.

## PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

### C. Other Accomplishments and Overall Status

#### 1. Institutional Support

During its nearly seven year life, the project has achieved notable success in improving the management and utilization of Honduras pine forests, including activities associated with privatization; implementing a new timber sales and valuation system; and the institutional reorientation of COHDEFOR. The planned three year no-cost PACD extension will phase out the activities related to supporting the private sector forest industry and strengthening COHDEFOR's administrative systems while increasing the project's emphasis on the management of Honduran pine forests and protected areas.

Specifically, one of the major project accomplishments to date has been the nationwide implementation of a new timber sales system which sets the basis for sustainable forest management through technical preparation and administration of the sales. In contrast with the previous practice, which basically consisted of measuring the logs after being extracted, trees are now measured prior to harvest and improved logging, road building and harvesting techniques are enforced to mitigate environmental impacts and foster forest regeneration. The project continues providing assistance to COHDEFOR in this area by improving field work and manuals, developing a quality control system, and preparing local volume tables.

The project is assisting COHDEFOR in developing a timber auction system for all timber sales from national or public forests. During this semester, a U.S. Forest Service technician made her third short-term consultancy on timber auctions. Her analysis and recommendations should be a major contribution to the development of an appropriate auction system. Although the requirement for a timber auction system was included in the Regulations of the 1992 Agriculture Modernization Law (AML), COHDEFOR's implementation of the system is proceeding at a slow pace. The GOH's lack of commitment to timber auctions is due to the donor-driven origin of the system and to political pressures from the private industry to return to direct negotiations. The January 1994 concessions, illegally awarded without using the auction system, have been canceled. However, during this calendar year COHDEFOR has not made any timber auctions. As a result there has been a marked decrease in timber supply.

COHDEFOR's administrative controls and procedures have been improved as a result of project assistance. For example, the project financed a Local Area Network computer system to replace COHDEFOR's out-dated mainframe computer. Also, the project has financed a computer specialist that has provided technical assistance for nearly three years. As a result, COHDEFOR has made significant improvements in its information systems. During this semester, other project-supported administrative activities included the initiation of COHDEFOR's technical library, a centralized filing system, and an inventory of COHDEFOR's assets. Additionally, the project is helping COHDEFOR to develop an efficient motor pool system.

The project has continued to provide modest funds for technical assistance to the Honduras lumbermen's association, AMADHO, to support the participation of the private sector in the development of proper forest policies and practices.

During this reporting period, USAID approved the use of the lempira equivalent of \$2.9 million, from terminated credit lines originally funded with ESF local currency, to support the GOH's Forestry Action Plan. This plan includes all forestry sector actions required to meet World Bank/IDB conditionalities for a major loan. The development and implementation of improved forest management plans and the management of protected areas are among the major aspects of that plan.

#### 2. Pilot Unit

Another major project accomplishment has been the development and implementation of a multiple use forest management plan in the project's model unit, La Unión-Salamá, which contains 56,000 hectares (Ha.) of public forest in an area of 200,000 Ha. This unit provides over 10% of the country's timber harvest. The management plan emphasizes natural regeneration, forest protection, silvicultural treatments, environmental mitigation practices and rational utilization techniques. The management plan determined an annual allowable cut of 63,000 cubic meters of public forest. At present, 45,000 cubic meters of standing timber have been marked and inventoried and are ready to be auctioned. Besides managing the public forest areas, the COHDEFOR technicians monitor and review the management plans and harvesting operations in private forest areas.

Fifty COHDEFOR employees and members of five communities participated actively in the prevention and control of forest fires in the pilot unit. Of the 62 forest fires taken care of during this semester only 523 hectares were burned. This has been the lowest amount of burnt area in the past five years. The production target of 50,000 seedlings was reduced to 20,000 due to poor germination and damping-off. The

seedlings produced will be used to reforest ten hectares (instead of the 50 hectares originally planned) and to initiate an analysis of the costs and results of artificial reforestation.

Due to the lack of delimitation of public and private properties, land tenure has become an important issue in many areas with mature timber. The project has been helping COHDEFOR to make preliminary delimitation of potential conflict areas.

The perimeter of the protected area, La Muralla, is being marked and redefined taking into account the present location of the local residents to reduce potential conflicts and to increase their cooperation in protecting the area. A short trail for visitors was built and the other trails have been rerouted to start at the visitors' center.

The project continues to promote soil conservation and environmental improvements with the aid of incentives for health, education, agriculture and water systems. By improving stability of the agriculture-forestry interface, this activity is reducing the pressures to deforest more land. To this date, individual benefits have been provided to 847 men and 572 women. To improve the project's impact in the community, gender issues are considered in the selection of programs and extensionists. The extension team consists of 6 men and 7 women. Project experience has determined that female extensionists adapt easier to working with both genders.

#### 3. Training

A total of 398 person/months of training were provided during this period. Eight participants are now receiving long-term training in forestry at U.S. universities and another 40 are enrolled in the three-year program at Honduras' National Forestry Science School (ESNACIFOR). Local short-term training was provided to 546 men and 158 women during this semester. As a result of project affirmative actions in the involvement of women in training programs, 22% of the person months provided this semester were to female participants.

#### 4. Lighthawk

The LightHawk Mosquitia project, funded by the LAC Bureau in Washington and by funds from this project, is being managed through the FDP. The main objectives are to produce resource inventories and vegetation maps of the Mosquitia area using satellite imagery, and to organize local communities around conservation issues. In the first year of the 2-year activities, two workshops have been held, a Regional Commission on conservation has been established, and the mapping technology has been developed.

#### D. Problems and Delays

The project continues being classified as a "C" project due to its planned three year PACD extension and its low expenditure level. The Mission has initiated actions to amend the project through a no-cost PACD extension to December 31, 1997. Design efforts have been slow due to the major personnel changes that have been occurring in COHDEFOR, but the process should be completed by December 1994. The planned project extension will include a revised implementation plan and budget which contemplates the use of the \$5 million pipeline and the remaining mortgage during the next three years. Outputs and targets will be revised to reflect the changes in Honduran forestry laws and the land tenure situation in the pilot unit.

The GOH has not taken the necessary steps to make COHDEFOR a centrally funded institution and COHDEFOR continues collecting forestry-derived revenues. Also, a major rift is developing between COHDEFOR and the private industry due to the GOH's inability to provide alternatives to supply the industries' timber requirements.

During this past semester, COHDEFOR's General Manager was removed from office and a new person, Lic. Rigoberto Sandoval, was chosen to lead the institution. He has made several changes to improve COHDEFOR's performance, but due to inadequate funding, many important forest management actions continue to be improperly executed.

#### E. Major Activities or Corrective Actions During the Next Three Months

1. Finalize PP supplement and Project Agreement amendment to approve a no-cost PACD extension to December 31, 1997.
2. Prepare PIO/Ts for long-term technical assistance for the project's extension.
3. Fully implement a timber auction process in all national forest timber sales.
4. Plant 20,000 seedlings in ten hectares of the pilot unit.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

A X B C

I. BACKGROUND DATA

Project Title: Land Use and Productivity Enhancement (LUPE)  
 Project Number: 522-0292  
 Date of Authorization: original 02/08/89 Amendment 01/26/94  
 Date of Obligation: original 02/09/89 Amendment 03/29/94  
 PACD: original 02/08/97  
 Implementing Agency: Ministry of Natural Resources (MNR)  
 Major Contractor: Associates in Rural Development (ARD)  
 Project Manager: Peter Hearne  
 Project Support Officer: Marcela Moya  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 03/15/93 Next Evaluation: 8/96  
 Planned No. of Non Federal Audits: 4 NFAs completed: 1  
 Date of Last Audit: 03/15/92 Next Audit: 12/15/94

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$36,000,000  
 amended to \$18,000,000  
 Amount Obligated: DA Grant: original \$4,000,000  
 amended to \$14,940,401  
 Amount Committed: Period: \$350,456  
 Cumulative: \$12,319,973  
 Accrued Expenditures: Period - Projected: \$1,200,000  
 Period - Actual: \$1,030,958  
 Cumulative: \$10,237,246  
 Period - Next: \$1,100,000  
 Counterpart Contribution: Planned (LOP): L28,000,000 (\$14,000,000)  
 Actual Cumulative: L13,834,798 (\$6,917,399)  
 % LOP Elapsed: 71%  
 % of Total Auth. Oblig.: 83%  
 % of Total Oblig. Exp.: 69%  
 % of Total Auth. Exp.: 57%

II. PROJECT PURPOSE

To increase hillside agricultural production and productivity on a sustainable basis, in central and southern Honduras, including improved management of natural resources on which productivity depends.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The Project addresses the critical problem of the rapid deterioration of Honduras' fragile hillside lands resulting in a decrease in agricultural production and productivity. By promoting and implementing efficient hillside agriculture technologies, the project will contribute to the Mission's S.O. of Effective Stewardship of Key Natural Resources for Sustainable Economic Growth.

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

III. PROJECT DESCRIPTION

The project will directly benefit twenty-five thousand hillside farm families through activities in (1) hillside production technologies (sustainable production, soil enhancing practices, pasture management, vegetable gardens and small animal husbandry); (2) agricultural extension (training and use of local community contact farmers for technology transfer); (3) environmental management and awareness (micro-watershed management and environmental education); and (4) post-harvest interventions (basic grain storage, processing of fruits and vegetables, and community marketing).

IV. PROJECT STATUS

A. Planned EOPs

1. Twenty-five thousand hillside farm families will enjoy an increase of 30% productivity on farmland brought under sustainable agricultural practices.

2. Twenty-five thousand hectares of fragile hillside lands in four major watersheds will be placed under improved natural resource management and will have a significant reduction in soil erosion rates.

Progress to Date

8,344 farm families have adopted project-promoted sustainable in agricultural practices and are benefiting from increases in crop productivity levels, but actual percentages will be determined from the impact monitoring survey.

11,972 hectares of hillside farmlands in the four major watersheds have been brought under improved soil/water/forest management, and soil erosion rates measured on trial plots have been reduced approx. 90%.

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP	Period	Cum.	Period	Period	Cum.	
1. Hillside land w/ impr. soil/wat/for mgmt. (Ha)	23,000	2,110	11,758	383	1,951	11,599	50% F
2. Land under silvo-pastoral tech. (Ha.)	2,000	184	537	8	20	373	19% F
3. Agroforestry pract. established (lin. km.)	1,250	138	723	28	146	731	58% M
4. Home and school gardens established	-	-	-	-	-	-	- F
5. Fruit trees prod. and planted (X 1,000)	2,400	164	845	7	122	803	33% M
6. Families w/ crop diversification	200	10	31	1	0	21	11% F
7. Families w/ improved small animal husb.	-	-	-	-	-	-	- M
8. Fam. adopted at least 2 sust. agric. pract.	8,200	1,001	4,828	69	1,014	4,841	59% F
9. Contact farmers trained in 18 technologies	190	50	147	2	23	120	63% M
10. Microwatersheds under spec. mgmt. plan	60	16	48	0	0	32	53% F
11. Primary school children w/ pos. envir. attitude	4,600	316	1,418	58	260	1,362	30% M
12. Storage capacity for basic grains (mt)	400	28	163	3	0	135	34% F
13. Fam. processing fruits/vegetables	-	-	-	-	-	-	- M
14. Training (persons) Long-term (US/Honduras)	7,000	312	4,039	489	357	4,084	58% F
Short-term (US/Regional)	23,000	3,434	8,428	1,259	2,869	7,863	34% M
	2,000	183	530	68	134	481	24% F
	1,000	0	0	0	0	0	0% M
	500	0	0	0	0	0	0% F
	110	11	42	8	16	47	43%
	5,000	331	5,413	0	0	5,082	102% M
	5,000	271	4,464	0	0	4,193	84% F
	3,000	64	2,231	378	185	2,352	78% M
	-	-	-	-	-	-	- F
	-	-	-	-	-	-	- M
	600	403	919	0	0	516	86% F
	18	0	11	7	0	11	61% M
	2	0	2	0	0	2	100% F
	300	10	245	10	42	277	92% M
	130	4	114	4	7	117	90% F

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

The LUPE-CARE/NGO extension program continued to be the main thrust of the project's outreach to beneficiary farm families. The utilization under this program of collaborating contact farmers (CCFs), who are local community leaders, brought about significant advances in the project, such as over 3,000 new participating farm families reported during the period. The CCFs have been receiving intensive technical training at the hands of the project extension agents, although none has yet completed the two-year 18-module training plan. This extension program is successfully overcoming the traditional drawback of converting local farmers to promoters, by maintaining the CCFs as active farmers in their community and not accepting them as employees, but rather offering them a part-time stipend. The program also sponsored nine contact farmer encounter meetings, during which the CCFs demonstrated their keen leadership and resourcefulness through experience interchanges.

In addition to the number of participating farm families, several other indicators have demonstrated excellent achievements, including several activities carried out by women and another in basic grain storage. Current achievements of selected indicators still remain low for women because these activities are not traditionally carried out by women, and until recently, the project's outreach tended to be gender-segregated toward more traditional roles. Nevertheless, a new gender-integrated outreach approach is now in place, in which men and women project extensionists are now working with both men and women beneficiaries. The work of project extension agents is now concentrated on training CCFs (nearly half of whom are women) and technical monitoring of their outreach work.

Furthermore, the project has not been reporting part of the work carried out by women in hillside land management (Indicator No. 1) and agroforestry (No. 3), to avoid an apparent duplicity in reporting, because these practices have been implemented within the confines of the vegetable gardens. These additional achievements have been determined to not constitute a reporting duplicity, and will be reported during the next period.

No new accomplishments were reported under children with an increased positive attitude in environmental issues (Indicator No. 11), because the project is currently preparing the publication of a new set of innovative practical classroom materials on environmental education at the elementary school level, and is also negotiating an agreement with the GOH Ministry of Education for dissemination of the materials. Similarly, the number of families processing fruits and vegetables (Indicator No. 13) was reported as zero, because the criteria for this indicator are being reviewed within the project for possible modification.

7 of the 11 open recommendations from the project's midterm external evaluation, including the final three pertaining to gender issues, were closed. The remaining four open recommendations pertain to a benefit-cost study, an extension phaseout strategy, and the development of community and farmer associations.

The baseline and impact monitoring survey was successfully carried out utilizing the detailed area-sampling methodology developed specifically by the project. A total of 3,937 questionnaires were circulated among the target population by local secondary students. Results are currently being analyzed.

Project employees received salary raises during the period, based on a local market study, and as a result the number of trained employees leaving the project continues to drop. 24 new agronomists were hired by the project as extension agents, five of whom are women, in accordance with the newly adopted gender-integrated outreach approach mentioned above. A woman was also hired as a specialist to oversee the increasing emphasis in environmental education.

Ten project technicians participated in an observational tour of farming in the Tucson, Arizona area, offered by Santa Cruz Institute. Additionally, attendance at a course in Costa Rica on radio transmission for rural development has helped two project extension specialists to develop two dynamic and widely-disseminated promotional radio programs for beneficiary farm families.

Institutional contractor Associates in Rural Development (ARD) provided two highly-useful consultancies in the areas of environmental education and micro-watershed management. ARD was also responsible for the acquisition from Malaysia of a unique variety of vetiver grass for soil conservation, which is superior to traditional varieties in livestock palatability and resistance to drought.

A memorandum of understanding was signed between the project and the Honduran Foundation for Agricultural Research (FHIA), for the provision of improved varieties of vegetative material and assistance in small farmer extension.

D. Problems and Delays

1. Enrollment of seven project technicians in a local Masters Degree Program in Environment and Development was not possible since no acceptable offers were received during the bidding process.
2. The vehicle spare parts procurement was not executed due to slow communications in obtaining parts listings.
3. Conclusion of a recipient-contracted audit being performed by the GOH Comptroller General's Office has been delayed.
4. A severe drought in central and southern Honduras caused significant crop production losses to the majority of the participating farm families during the first crop season (May-August).
5. Acute electricity rationing significantly affected inter-office communication and production of reports.
6. The project has a pipeline of over \$4 million because initial obligations were made according to the original authorized Grant, and implementation has now been significantly cut back. The Project Agreement Amendment included a revised implementation plan and budget which contemplates the use of this pipeline and the remaining mortgage during the life of project.

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

1. The remaining four open recommendations to the project's midterm evaluation will be closed.
2. Vehicle spare parts for an estimated amount of \$225,000 will be procured.
3. Results from the baseline study and first impact monitoring survey will be analyzed and will provide information regarding on-farm productivity increases.
4. The project will amend the Memorandum of Understanding with FHIA to increase coordination in the area of assistance to small vegetable and fruit producers.
5. The recipient-contracted audit will be concluded, a report will be issued, and any necessary corrective action will begin to be taken.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

Project Title: Honduran Environmental Protection Fund (HEPF)  
 Project Number: 522-0385  
 Date of Authorization: Original 07/02/93  
 Date of Obligation: Original 07/02/93  
 PACD: Original 07/01/00  
 Implementing Agencies: Fundación Hondureña de Ambiente y Desarrollo (VIDA)  
 (Honduran Environmental and Development Foundation)  
 Major Contractors: (1) Planning Assistance/CHEMONICS  
 (2) Biodiversity Support Program (BSP)  
 Project Managers: John P. Warren  
 (Liaison: Margaret Harritt/Armando Busmail)  
 Project Support Officer: Thomas Johnson  
 Status of Cps/Covenants: Met

Date of Last Evaluation: 00/00/00      Next Evaluation: 09/96  
 Planned No. of NFAs: 4      NFAs Contracted: N/A  
 Date of Last Audit: 00/00/00      Next Audit: 12/95

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,000,000  
 Amount Obligated: DA Grant: original \$ 2,102,000 Amended to \$ 3,102,000  
 Amount Committed: Period: \$ 1,620,873  
 Cumulative: \$ 2,100,642  
 Accrued Expenditures: Period - Projected: \$ 300,000  
 Period - Actual: \$ 311,389  
 Cumulative: \$ 368,741  
 Period - Next: \$ 300,000  
 Counterpart Contribution: Planned: \$ 6,228,889  
 Actual: \$ 209,550  
 % LOP Elapsed: 17.9%  
 % of Total Auth. Oblig.: 31.0%  
 % of Total Oblig. Exp.: 11.9%  
 % of Total Auth. Exp.: 3.7%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. No. 2: Effective Stewardship of Key Natural Resources. The Project is largely responsible for Program Output No. 2.3, "Improved Management of Protected Areas/Watersheds." Project funded training, technical assistance, and grants to local and international NGOs through Fundación VIDA will result in long-term sustainable management of critical resources and local environments.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPs

Progress to Date

1. Substantial majority (75% or more) of funded sub-projects showing measurable positive impact upon the environment.  
 2. Environmental degradation significantly reduced in areas covered by sub-projects.

1. N/A  
 2. N/A

B. Major Outputs

	<u>Planned</u>		<u>Next</u>		<u>Accomplished</u>		<u>% of LOP</u>
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Period</u>	<u>Period</u>	<u>Cum.</u>	
1. Percentage of population aware of environmental issues (Baseline and targets to be determined CY94)							
2. VIDA generating additional outside funding (Baseline and targets to be determined CY95)							
3. Short-Term Training (Participants)	50	2	2	1	0	0	0% M
	50	2	2	1	0	0	0% F
4. Seminars or Observational Tours (Participants)	20	1	1	3	0	0	0% M
	20	1	1	2	0	0	0% F
5. NGO Sub-Projects Approved	20	2	2	4	1	1	5%
6. Sub-Projects Completed by NGO's	15	0	0	0	0	0	N/A

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

C. Other Accomplishments and Overall Status

VIDA completed recruitment of its technical staff to execute grants and monitor grantee performance, and was certified as a registered indigenous Private Voluntary Organization (PVO) by USAID/Washington.

During the reporting period, achievements toward meeting projected outputs under the USAID/Honduras Cooperative Agreement include the design of VIDA's operating plan and budget for CY94, approval of the first environmental sub-project, receipt of the first USAID cash advance of \$300,000, and the successful completion of the procurement of technical assistance (TA) for VIDA in June, 1994. The TA contract was awarded to Planning Assistance. The team arrived in country in late August.

VIDA has begun to work on a three year rolling plan which will contain activity levels for sub-project grants, training and technical assistance to environmental NGOs. Implementation of this plan will begin in CY95.

Technical assistance continued to be provided through the Biodiversity Support Program (BSP) in the areas of project analysis and evaluation, and institutional strengthening. Specific assistance was provided by Volunteers in Overseas Cooperative Assistance (VOCA) and BSP to improve the quality of the "Herencia Verde" project proposal submitted by ODEF/KATALYSIS; and to develop an outline for AMITIGRA's project proposal.

Training was provided to a group of 24 private consultants (29% female) that centered on techniques for evaluating environmental projects.

Under its institutional development program for NGOs, VIDA financially supported 28 small projects that directly benefitted approximately 2,645 persons of which 661 were women.

D. Problems and Delays

Overall Project expenditures have continued to be less than expected, due primarily to VIDA's lack of NGO clients and delays in approving NGO sub-project proposals. The major causes of these delays include poor communication between VIDA and NGOs developing proposals, a proposal review process which all agree needs improvement, and the technical weakness of a the majority of the proposals. Although the first environmental sub-project was approved by VIDA during this reporting period, another problem has delayed VIDA's disbursement of funds to NGOs: the lack of a sub-grant agreement format acceptable to USAID's Offices of the Controller and Contract Management.

Difficulties were encountered with the proper application by VIDA of the required environmental assessment of proposed projects. Both the proposals submitted to date and their review by VIDA have tended to underemphasize the sub-project's social soundness and the need to prepare an appropriate monitoring and evaluation program.

A potentially serious problem which has surfaced at times is what appears to be a questionable commitment to the partnership concept under which U.S. and Honduran NGOs develop and implement sub-projects. For example, VIDA has not been promoting partnerships between Honduran NGOs, having ambitious plans but little experience, and U.S. NGOs. There also is a sense, at least among some members of VIDA's Board, that the involvement of U.S. NGOs carries with it high costs, e.g., significant indirect cost rates, and little corresponding benefit to the Honduran partner.

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

1. The Mission, including the Offices of the Controller and Contract Management, will work closely with VIDA during the beginning of the next period to finalize the sub-grant agreement model, thus permitting disbursement by VIDA of project funding.
2. VIDA disburses project grant funds for the first sub-grant, and approves four additional sub-projects, signs their sub-grant agreements and disburses project funds for their implementation.
3. VIDA, with assistance from the TA team, completes and initiates implementation of a 3-year rolling operating plan and budget that includes specific activity levels for sub-project grants, expenditures, training and technical assistance to environmental NGOs for CY95.
4. The project TA team designs and initiates implementation of a training plan.
5. The TA team works closely with selected Honduran NGOs and their U.S. partners, if any, to improve the quality of their submitted proposals.

6. The TA team dedicate significant time to working with VIDA's technical staff to improve the project review and approval process, and to the development of Honduran/U.S. NGO partnerships.

7. VIDA begins to utilize the design grant mechanism.

PROJECT STATUS REPORT

April 1, 1994 - September 31, 1994

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I. BACKGROUND DATA

Project Title: Health Sector II  
 Project Number: 522-0216  
 Date of Authorization: original 05/25/88  
 Date of Obligation: original 06/30/88 Amendment 09/26/94  
 PACD: original 10/01/95 Amended to 09/30/96  
 Implementing Agencies: Ministry of Health (MOH), National Autonomous Water and Sewerage Authority (SANAA), and various PVOs.  
 Major Contractors: Management Sciences for Health (MSH) and the Academy for Educational Development (AED).  
 Project Manager: David Losk  
 Project Support Officer: Thomas Johnson  
 Status of CPs/Covenants: All of the original CPs and Covenants have been met. The MOH is in the process of meeting two new covenants related to use, control and maintenance of project vehicles (see section C, part 6 below), and one related to achieving and reporting on project implementation benchmarks.

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$57,300,000  
 Amount Obligated: DA Grant: original \$ 7,110,000 amended to \$54,159,000  
 Amount Committed: Period: \$ 5,083,436  
 Cumulative: \$48,680,047  
 Accrued Expenditures: Period - Projected: \$ 3,434,200  
 Period - Actual: \$ 2,815,089  
 Cumulative: \$44,127,106  
 Period - Next: \$ 4,155,000  
 Counterpart  
 Contribution: Planned: \$26,016,500  
 Actual: \$20,193,991  
 % LOP Elapsed: 75%  
 % of Total Auth. Oblig.: 95%  
 % of Total Oblig. Exp.: 82%  
 % of Total Auth. Exp.: 77%

Date of Last Evaluation: 09/02/91 Next Evaluation: 3/95  
 Planned No. of NFAs: 4 NFAs Contracted/Completed: 1  
 Date of Last Audit: 04/01/91 Next Audit: 11/07/94

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION'S STRATEGIC OBJECTIVES

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

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPs

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

Progress to Date

- Implementing in all regions.
- Approx. 276,954 people have been served.
- Participation: CS: 10 (111%); RW&S: 6 (200%).
- Community distribution of Oral Rehydration Salts implemented. Revised clinical norms for diarrheal disease and Acute Respiratory Infection (ARI) implemented. Communications strategy being implemented.
- National breastfeeding promotional program being implemented.

B. Major Outputs

	Planned		Next		Accomplished									
	LOP	Period	Cum.	Period	Period	Cum.	% of LOP							
1. Rural Health Posts:														
-Renovated/Repaired	426	20	604	20	0	584	137%							
-Supply System (No.)	693	20	740	20	0	720	104%							
-Contraceptives (%)														
Condoms														
-in posts with MD	90	90	N/A	90	90	N/A	100%							
-in posts with nurse	90	90	N/A	90	76	N/A	84%							
Pills														
-in posts with MD	90	90	N/A	90	90	N/A	100%							
-in posts with nurse	90	90	N/A	90	88	N/A	97%							
-ORS (%)	90	90	N/A	90	100	N/A	111%							
-Cold Chain (%)	80	84	N/A	84	91	N/A	113%							
2. % Children <1 Year														
-Measles Vaccinated	70	85	N/A	85	96	N/A	131%							
3. Vaporizers in:														
-Cesamos (No.)	103	0	144	0	0	144	140%							
-Cesares (No.)	267	0	61	0	0	61	23%							
4. Water Systems (No.)														
-Aqueducts	730	45	533	45	75	563	77%							
-Wells	1000	50	791	50	116	857	86%							
-Latrines (000)	77.0	5.65	74.53	5.65	9.36	78.24	102%							
-Septic Tanks	73	7	68	7	11	72	99%							
-Women Ages 10-44 with domestic access to safe water (000)	84	6.00	72.28	6.00	11.27	77.55	92%							
5. PVOs Participating														
-CS (No.)	9	1	10	0	0	10	111%							
-RW&S (No.)	3	0	6	0	0	6	200%							
6. Area Warehouses	24	5	20	0	0	15	63%							
7. Regional Health Centers	3	1	3	0	1	3	100%							
8. Training (Persons)														
-Long-term	24	26	2	3	14	14	3	1	4	2	16	13	66%	50%
-Short-term (x10)	320	745	0	0	855	1857	0	0	0	855	1857	267%	249%	

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C. Other Accomplishments and Overall Status

This institution-building project is the mainstay of the Mission's strategy to improve the health of the Honduran population, particularly children under the age of five years and fertile age women. The project increases decentralization and the capacity of the regions and subregions of the MOH to program, execute, supervise and evaluate the delivery of primary health care and rural water and sanitation services.

In spite of the continued achievements of the project, it was down-graded from a 'A' to a 'C' one year ago because of concern over the MOH's lack of commitment to support and maintain the administrative systems supporting its technical programs. Accordingly, the Mission's major focus over the past year has been the development, negotiation and execution of a "sustainable support systems" policy dialogue. During the first half of the year, the Mission developed and negotiated a policy agenda with the new MOH authorities. Over the second half of the year, the Mission's health office personnel and their MOH counterparts prepared, agreed to by means of an amendment to the Project Agreement, and began the execution of revised technical assistance (TA) and MOH project work plans. These revised implementation plans were based on the policy agenda, and required the reprogramming of the project's LOP budget. The prominent features of these revised plans are presented below. The 'B' classification of this SAR is based on the successful negotiation of the policy agenda with the MOH and the formal agreement to proceed with revised work plans.

1. Sustainable Support Systems

This component focuses on enhancing the effectiveness of health service support systems at the operational level of the MOH. The purpose of these support systems is to provide MOH staff, particularly at the health center level, with the physical, financial, promotional and technical resources needed to provide good quality health care in rural areas. The revised project implementation plans for Sustainable Support Systems, which resulted from the policy dialogue, are discussed below.

Policy dialogue for the Local Programming Project Element focused on three issues: 1) the formal institutionalization of an MOH policy on local level administration; 2) consistent and sustained supervision at the regional, area and health center levels; and 3) developing and sustaining a trained human resource base for executing local programming. The revised implementation plan for addressing these three issues includes a buy-in to the Data for Decision Making contract with the U.S. Center for Disease Control and funding for MOH efforts directed at training local and area level health service and support personnel. The technical/administrative effort required to acquire the TA and execute the MOH work plans began during this reporting period, and implementation of these activities will begin during the next period.

Policy dialogue under the Logistics/Administration Project Element focused on the need for an efficient and transparent system of procurement/distribution of materials and supplies. The revised implementation plan for addressing this issue includes the acquisition of TA and computer equipment to install an integrated and automated financial administration information system (see Management Information Systems, below) and to develop a logistics monitoring system. Acquisition of the TA and computer equipment began during this period, and implementation of these activities will begin during the next reporting period. Ongoing activities include the construction of 25 area level warehouses to improve the MOH's supply and distribution of medicines and medical equipment, and of three regional administrative and training centers (two of which will also have laboratory facilities) to improve working conditions and facilitate the continuing education of regional personnel. During the period, construction of the regional center in Santa Rosa de Copán was completed.

Under the Maintenance Systems Project Element, policy dialogue focused on realistic MOH budgeting, GOH approval of equipment and building maintenance line items in the national budget, and usage controls and preventative maintenance for project-funded vehicles. The PROAG Amendment which resulted contains a new covenant with sanctions for enforcing project-funded vehicle usage control and preventative maintenance. The 1995 local cost budget PIL will ensure that sufficient GOH counterpart is budgeted for the maintenance of rural health centers and project vehicles.

The focus of policy dialogue under the MIS Project Element was the installation of a transparent accounting system for controlling expenditures and producing useful and timely information for management decision making. The revised implementation plans for addressing this issue include the acquisition of TA and computer equipment to install an integrated and automated financial administration information system. The initial TA, including a TDY from IRM of USAID/W, to develop this system is scheduled to begin in November. The revised implementation plans also include TA for improving

the analysis and use of health service information at the regional, area and local levels (see Data for Decision Making under Local Programming, above, and Human Resources Development, below).

Policy dialogue under the Human Resources Development Project Element focused on the reorientation of the MOH Human Resources Division to support more strongly MOH priorities in the area of local programming (see Local Programming, above for information on the corresponding implementation plans).

Policy dialogue under the Health Finances Project Element included the accounting system described above under the MIS Project Element, the need to strengthen the financial reporting system and legal status of the local retention of health fees, (see Special Covenants, below), and the desire to explore alternative sources of financing for pharmaceuticals used by health center clients. Revised implementation plans for addressing the latter two issues include local cost funding for MOH training of regional, area and local level employees to operate the financial reporting system and to promote and organize community pharmacies. Pilot training activities and the technical/administrative efforts required to establish the implementation mechanisms for expanding coverage will begin during the next period.

Under the Educational/Promotional Programs Project Element policy dialogue focused on establishing a clearly defined MOH policy on the role and methodology of Social Communication for health. The revised implementation plan includes a buy-in to the USAID/W BASICS projects. Acquisition of TA began during this reporting period, and implementation of this activity will begin during the next period.

2. Health Technologies

This component supports child survival and maternal health interventions, and prevention and control programs for tuberculosis and AIDS. In general, LOP project objectives are being exceeded in the area of child survival. For example, the LOP target of polio eradication has been achieved, and there have been no measles fatalities for three years. The sustainability of these accomplishments was addressed in the policy dialogue and revised implementation plans discussed above. During the reporting period, the Mission continued to coordinate with USAID/W in providing the MOH and SANAA with emergency resources to prevent the relatively recent arrival of cholera in Honduras from eroding past gains in diarrheal disease control. The Mission also continued to focus its technical interventions in the areas of infant nutrition, maternal/ reproductive health and AIDS control and prevention.

Birthspacing, as a means to reduce the high levels of maternal/child mortality and to contribute to the sustainability of the public health system is part of the Mission's policy dialogue with the MOH. The revised implementation plan includes an add-on to the Association for Voluntary Surgical Contraception Cooperative Agreement for developing a protocol for post-partum and post-abortion IUD insertion in all MOH hospitals, and modification of the University curricula in the area of reproductive health. In addition, the MOH and the Mission agreed to acquire TA to establish a monitoring system for tracking the quantities and geographical locations of contraceptives. These efforts will begin during the next period.

The MOH continued field testing and revision of IEC materials for reproductive health. The field testing and revisions included gender sensitive screening.

The project achieved a number of accomplishments under the Birthspacing Project Element during the reporting period. A RAPIDS computer-based slide show presentation was made to GOH policymakers. The RAPID Model for Honduras combines a review of current demographic projections of future population growth under alternative fertility scenarios and assessments of the implications of population growth on key development sectors, such as education, health, employment and agriculture. In addition, the project sponsored an intersectoral team to visit the Cairo Conference on Population and Development and the formation of a working group to provide follow-up to the results of the conference and continue disseminating the RAPIDS model. The Mission, in conjunction with technical personnel from the MOH, also updated the Contraceptive Prevalency Tables (CPTs) for Honduras. These tables had not been updated in more than three years. The updating of the CPTs will contribute to improvements in the availability of contraceptives nationwide.

Improved infant nutrition, as a means to strengthen the project's target population against opportunistic diseases (and thereby contribute to the sustainability of the Honduran public health system) is a part of the policy agenda. Project interventions and policy dialogue focus on breastfeeding, although the project also collaborates

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with USAID/W in the area of micronutrients. During the reporting period, the project sent the Head of the MCH Division for training at Wellstart in California and the MOH has shown renewed enthusiasm and commitment to promoting breastfeeding at all levels of the health system as part of an interagency initiative (USAID, the World Bank, PAHO and UNICEF). The community counselor in breastfeeding activity executed by the Honduran La Leche League affiliate continues to work in coordination with the MOH.

Recent surveys indicate that approximately 2/3 of the Honduran households have adequately fortified salt (with iodine). Domestic access to adequately fortified sugar (vitamin A) continues to lag; however, the sugar producers recently agreed to dramatically increase the amount of the harvest they will fortify (from approximately 1.2 million quintales to 1.7 million quintales) and will improve their distribution and marketing of the fortified sugar for domestic consumption with assistance from a USAID-supported social marketing campaign.

Given the projections of the staggering impact of future HIV/AIDS infections on the Honduran public health system, AIDS control and prevention is a critical element of the policy agenda. During the reporting period, the Mission completed agreement with the MOH and the AIDSCAP project on a Detailed Implementation Plan (DIP) to make Honduras an AIDSCAP priority country. The DIP formed the basis for a PIO/T which is circulating within the Mission for a \$900,000/year buy-in to the USAID/W AIDSCAP project. Meanwhile, the National AIDS Control Program (NACP) continues to present the results of the LAC/AIDSCAP sponsored socioeconomic impact study and pretested a video presentation of the same with the cooperation of the Health Education Division.

In the area of Acute Respiratory Infections (ARIs), the Mission completed a TA plan with the MOH and the BASICS project to continue supporting the institutional and community-based treatment of pneumonias and is preparing a list of equipment to reduce pneumonia-related mortality in the area hospitals, the first level of referral in the PHC system. In addition, the MCH and Health Education Divisions finished the art work for the Information, Education and Communication materials.

3. Rural Water and Sanitation

This component focuses on providing RW&S services to rural inhabitants among whom are found the highest rates of infant mortality due to water-borne diseases. Major accomplishments during the past six months include (1) Operation and Maintenance Technicians (TOMs): An evaluation of the work of the new SANAA TOMs has been conducted and it is clear that the pilot program is a success. SANAA management now intends to replicate the experience in the other SANAA regional offices. (2) SANAA has hired a full-time health education specialist to support the activities of the water and sanitation technicians (TASes) in the field. (3) SANAA has now completed a health education package consisting of six modules which will be used by the TASes in their field work. This effort is intended to assure that villagers change bad habits which affect their health. (4) SANAA graduated 27 new TASes who will work with SANAA and with PVOs in water and sanitation. (5) A course in "Solar Applications to Pumping Water" was held to provide SANAA and PVO engineers with the information needed to design such systems. (6) Scopes of work and other pertinent information have been developed with the new MOH Environmental Health Division to procure TA services. (7) The Mission continued dialogue with the new SANAA officials on streamlining operations to achieve greater efficiency and on obtaining funding from other donors for expanding RW&S coverage in rural areas. The Mission has also continued dialogue with MOH officials to develop more efficient institutional structures to accomplish environmental health activities.

4. Private Sector

The project supports six PVOs implementing activities to provide sustainable domestic access to safe water for rural communities not served by the MOH or SANAA, and ten PVOs conducting child survival activities in remote communities not adequately served by the MOH. Currently, these PVOs are providing basic health care services to approximately 150,000 people in 18 communities and sustainable domestic access to safe water to 132,600 people in 365 communities who would not have had these services in the absence of project's support for the PVOs. During the past six months, an agreement was signed with Catholic Relief Services (CRS) to serve an additional 15,000 people with RW&S services in 40 exceptionally needy communities.

5. Gender Considerations

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

training courses financed by the project. Under "Health Technologies," the goal of reducing maternal mortality rates by improving the health of women and extending the interval between pregnancies ensures that women are direct beneficiaries of the health services supported by the project. Under RW&S, the project has provided easy access to safe water to a total of over 77,500 rural women who have traditionally hauled water (of dubious quality) from distant sources.

6. Special Covenants

Currently, GOH compliance with the Special Covenant on the retention and spending of revenues at the local level must be monitored annually because the corresponding GOH regulatory mechanism is only valid for one fiscal period. Permanent compliance with this covenant was a part of the policy dialogue between the Mission and the new GOH, and led to two new covenants in the PROAG Amendment: (1) sustaining the management systems for project vehicle use, control and maintenance, developed in response to a Mission FARS Report; and (2) achieving and reporting on implementation benchmarks. Compliance with these new covenants will be initiated through PILs during the next reporting period. All other Special Covenants have been fully implemented.

7. RIG and FARS Audits and Analyses

The final two recommendations from the Mission's FARS analysis of the use and control of project vehicles were closed during the reporting period.

Earlier this year, FARS completed an analysis of the Project Coordination Unit's (PCU's) Internal Control Structure. During this period, a local audit firm was contracted and began TA to the PCU in accordance with the FARS report. The firm will adequately fortify the Internal Control Structure of the PCU during the next period.

The Non-Federal Audits (NFAs) listed in Section I are actually recipient-contracted project audits. The use of recipient-contracted audits has been approved by the RIG.

D. Problems and Delays

Release of project funding was curtailed during the policy dialogue with the MOH; as a result, few inputs were provided or outputs achieved outside the RW&S component. In addition, a major delay in the delivery of PVC pipe severely slowed down the construction of rural water systems and latrines.

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

1. Continue dialogue on the Sustainable Support Systems policy agenda with the GOH; complete administrative tasks to initiate provision of TA under the TA plan.
2. Continue discussions with the MOH and SANAA on new directions for RW&S programs.
3. Initiate the AIDSCAP TA effort.
4. Execute PILs to establish specific targets and achievement schedules for the two new covenants.
5. Initiate the BASICS TA effort (evaluation of community distribution of ORS, IEC program to promote adult use of ORS, MOH IEC policy workshop, Country Activity Profile, etc.).
6. Develop a DIP for the Data for Decision Making TA effort.
7. Sustain the corrective actions to increase contraceptive availability in MOH health centers.
8. Continue working with the MOH to increase the effectiveness of its cholera prevention and treatment efforts.
9. Continue dialogue with the MOH on the transfer of responsibility for operation and maintenance of the heavy equipment purchased for Vector Control to CARE.
10. Monitor the execution of TA to improve the internal control structure of the PCU.
11. Continue monitoring progress of the TOM pilot program.
12. Develop Scope of Work for and begin evaluation.
13. Review and negotiate any needed changes in the MOH IEC materials for reproductive health, including gender issues.

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I. BACKGROUND DATA

Project Title: Private Sector Population II  
 Project Number: 522-0369  
 Date of Authorization: original 06/29/89  
 Date of Obligation: original 07/21/89 Amendment 09/27/94  
 PACD: original 06/30/94 Amendment 06/30/95  
 Implementing Agencies: Asociación Hondureña de Planificación de Familia (ASHONPLAFA)/ Foster Parents Plan (Plan en Honduras)  
 Major Contractors: The Population Council  
 Project Manager: David Losk  
 Project Support Officer: Thomas Johnson  
 Status of Cps/Covenants: All have been met

Date of Last Evaluation: 04/10/92 Next Evaluation: 09/94  
 No. of NFAs planned: 0 NFAs contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$16,000,000  
 Amount Obligated: DA/ESF Grant: original \$ 957,000 amended to \$15,230,681  
 OYB transfer (contraceptives): \$ 675,000  
 TOTAL OBLIGATED \$15,905,681  
 Amount Committed: Period: \$ (12,701) (AID/W)  
 Cumulative: \$11,431,323 \$12,106,323 (TOT.+OYB)  
 Accrued Expenditures: Period - Projected: \$ 1,400,000  
 Period - Actual: \$ 1,107,584 (AID/W)  
 Cumulative: \$ 9,869,884 \$10,544,884 (TOT+OYB)  
 Period - Next: \$ 1,400,000  
 Counterpart Contribution: LOP Planned: \$ 9,072,905  
 Actual: \$13,757,006  
 % LOP Elapsed: 88%  
 % of Total Auth. Oblig.: 99%  
 % of Total Oblig. Exp.: 66%  
 % of Total Auth. Exp.: 66%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVE:

A. SPECIFIC LINKAGE TO S.O.: The project relates directly to Strategic Objective No. 3, Improved Family Health, by reducing reproductive related risk for women and children. The project is solely responsible for program output 3.1, increased percentage of Hondurans who practice family planning.

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

A. Planned EOPs

- |  |   |
|--|---|
| 1. Expansion of Community Distribution of contraceptives to 1,760 posts. | 1. Accomplished and surpassed. The number of distribution posts has increased from 1,450 at project onset to 1,938 to date.                                   |
| 2. Reorganize and expand Contraceptive Social Marketing Program.         | 2. Accomplished. Products are now in nearly 100% of pharmacies.   |
| 3. ASHONPLAFA clinical services available at five regional centers.      | 3. Accomplished. All five centers are fully operational.  |
| 4. Expand the Information, Education, and Communication Program.         | 4. Communication strategy has been implemented. ASHONPLAFA's communication strategy stresses that both men and women share responsibility in family planning. |

B. Major Outputs

	Planned		Next		Accomplished		% of
	LOP	Period	Cum.	Period	Period	Cum.	
<b>ASHONPLAFA</b>							
1. a) Voluntary Surgical Contraception (new users)							
Total	74,000*	7,275	55,027	7,450	5,989	53,742	74%
Women	73,300*	7,185	54,419	7,360	5,931	53,166	73%
Men	700*	90	608	90	58	576	82%
b) Temp. Methods(CYP)**	66,500	13,000	42,676	15,750	10,489	29,676	44%
CYP= Couple Years Protection							
2. <u>Contraceptive Social Marketing (CSM) Sales (000s)</u>							
Pills (PERLA)	870*	70	753	80	74	757	87%
Pills (LD)	825	60	520	65	58	518	63%
Condoms	4,495*	425	3,830	450	403	3,808	85%
LD=Low Dose							
3. <u>Community Services (000s)</u>							
Pills	3,900*	386	3,319	400	367	3,300	85%
Condoms	2,755*	207	2,295	270	252	2,340	85%
Fqam Tab.	***	***	***	***	***	***	***

FOSTER PARENTS PLAN

1. <u>Referrals</u>	2,400	540	1646	550	919	2,025	84%
2. <u>Training</u>	M F	M F	M F	M F	M F	M F	M F
Short Term	384/1536	00/00	409/1,893	85/341	93/370	680/2718#	177%

\*Life of Project major outputs have been changed due to extension of PACD from 6/30/94 to 6/30/95.

\*\*This indicator has been adjusted to reflect only IUD Couple Years Protection as of January, 1993.

\*\*\* Foaming tablets will no longer be counted since USAID no longer provides them to ASHONPLAFA and their use and effectiveness is too low to have significant impact.  
 # Foster Parents Plan did not report to USAID training efforts during the previous semester. Cumulative accomplished training has been adjusted accordingly.

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C. Other Accomplishments and Overall Status

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

During this semester, the centrally funded Social Contraceptive Marketing (SOMARC) project facilitated a three-day workshop for high and mid-level ASHONPLAFA management. Of principle importance, the workshop delineated different marketing strategies that the Social Marketing Program must consider to ensure continued market dominance of ASHONPLAFA products when it replaces USAID donations with its own contraceptives. The workshop also outlined key marketing concepts useful to ASHONPLAFA in the social marketing of all services at the six regional clinics. Elective procedures, such as ultrasound, cytology and colposcopy received special attention as these procedures represent potential avenues for income generation.

ASHONPLAFA also continued to receive technical assistance from the centrally funded project, Family Planning Management and Development (FPMD) Project. FPMD developed and facilitated an interactive workshop on "Strategic Planning for the Year 2000." ASHONPLAFA has since produced a "Strategic Plan" that details institutional goals and corresponding activities for the next six years. One goal on which ASHONPLAFA has chosen to focus is cost recovery. As a result ASHONPLAFA, with technical assistance from FPMD, has already begun to integrate a cost module into its computer operating system. The module will synthesize information from other modules and determine actual internal costs of all services and products offered in the different ASHONPLAFA programs. With this cost module, ASHONPLAFA will be able to carefully monitor progress in institutional efficiency and cost-recovery.

ASHONPLAFA and The Population Council presented a proposal for an operations research study comparing the cost-effectiveness and client satisfaction of "traveling" nurses and physicians. The proposal has been approved by ASHONPLAFA high-level management and contracting of nurses and physicians will begin in October.

ASHONPLAFA hosted the "International Week of the Family" seminar in San Pedro Sula in conjunction with the Cancer League, the Honduran Social Security Institute and the Ministry of Health. ASHONPLAFA also sponsored and facilitated "International Week of the Family" seminars in Santa Rosa de Copán, Choluteca, Juticalpa, and La Ceiba. The six seminars covered issues such as reproductive health/cancer, family planning, women's rights, violence against women and children, and breastfeeding.

Additionally, ASHONPLAFA and the Ministries of Health, Planning, Natural Resources, and Environment completed the RAPID model for Honduras this semester. In two one-week workshops all participating agencies reviewed and corrected data used in the RAPID model and learned how to operate the software packages. The Ministries of Planning and Health, and ASHONPLAFA, also hosted preliminary presentations of the model for high-level officials within the three agencies.

Finally, the Final Evaluation of the Project began in September. The preliminary results suggest that men should be a more important group of beneficiaries for the next project.

In the Social Marketing Program (commercial retail sales of contraceptives), sales picked up as expected due to stabilization of institutional price increases during the previous semester. Oral contraceptive sales for the main brand Perla were 106% of the target. Sales for the low dose pills, Norminest and Lo-rondal, met 97% of target, while condom (brand names Guardian and Protektor) sales met 95% of target. Finally, the results of the first 1994 pharmacy survey showed that Perla and Norminest continue to claim almost 70% of all oral contraceptive sales in pharmacies.

The Medical/Clinical Program met 82% of its target for voluntary surgical contraception (VSC) this period. Discussions with ASHONPLAFA showed that the power outage problem was the principal cause of the shortfall in provision of VSC. ASHONPLAFA has recently purchased six generators for the six regional clinics and has since dramatically improved VSC targets. During this period, the Medical Clinical Program began an IUD sales campaign in which an ASHONPLAFA physician regularly visits health professionals in 17 cities to promote both the use and the sales of IUDs

nationally. Since April, the campaign has sold a total of 2,000 IUDs. In addition, three ASHONPLAFA physicians received a six week training in ultrasound and colposcopy in Mexico. Finally, the Puerto Cortés temporary methods clinic, opened just seven months ago, covered operating costs with income generated from service fees during the last two months of this semester.

The Community Services Program distributes contraceptives through neighborhood volunteers, who receive a percentage of the sales revenues. During this period, the program met close to 100% of its sales goals in oral contraceptives, met 122% of its sales goals in condoms, provided a total of 60,000 couple years of protection, reached a total of 1,401 new family planning acceptors, and opened 31 new community distribution posts. The Community Services Program also continued to work with Private Voluntary Organizations, such as World Vision, Save the Children and Foster Parents Plan, to identify under-served communities, select and train new distributors, and establish additional distribution posts. Finally, the Community Services Program began to provide training to 200 members of the National Union of Farmers (UCN).

Foster Parents Plan International (PLAN) is a major grantee under this project. A five-year operational program grant of \$355,700 was awarded to PLAN to permit it to integrate family planning activities into its regular program. Activities include training, education and referral. During this period, PLAN continued to present family planning educational sessions to 3,276 fertile aged women (15-45) and 646 men. In addition, PLAN met 170% of target for voluntary surgical sterilization and intrauterine device (IUD) referrals during the semester. Finally, PLAN employed a medical physician to train rural physicians and nurses in cytology and IUD insertion. During the period, the physician trained 28 rural physicians and 57 nurses.

The Population Council, a U.S. organization, approves and manages small grants to local PVOs for family planning activities. During this period, it provided technical assistance to CARE in the latter's end-of-subgrant household survey. The survey showed that the CARE subgrant increased contraceptive prevalence from 15.4% at baseline to 42.1% at the end of the project. Of particular interest, IUDs and tubal ligation dramatically increased while use of oral contraceptives and condoms decreased. Further, CARE's efforts to involve men in educational activities appears to have been effective. The percentage of women who stated that their husbands supported their decision to use a family planning method increased from 42% at baseline to 62% at the end of the project.

The Population Council also provided technical assistance to the AHLACMA end-of-subgrant evaluation that determined the impact of an umbrella PVO as a training entity. Before receiving training from AHLACMA, only one of the twelve organizations provided family planning information while after training, all twelve organizations provided it.

D. Problems and Delays

1. Due to delays at Family Health International, technical assistance from Family Health International in pricing strategies was not initiated.
2. During this period, Pro-Vida developed a strong campaign against the International Conference on Population and Development held in Cairo this June.

E. Major Activities or Corrective Actions During Next Six Months

1. Hold two high-level seminars of the updated RAPID model (Resources and Awareness of Population Impact on Development).
2. Continue technical assistance from FPMD to improve ASHONPLAFA administration and self-sufficiency.
3. Open an ASHONPLAFA temporary methods clinic in Tocoa.
4. Initiate technical assistance from Family Health International to create a new pricing strategy that will allow ASHONPLAFA to better recover costs.
5. Complete the final evaluation of project.
6. Contract for a design of follow on-project to begin O/A 2/95.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

PROGRAM TITLE: PL480 Title II - Monetized Activities

Program Manager: Emily Leonard  
Marta Larios

Program Support Officer: Thomas Johnson

ACTIVE MONETIZED FOOD AID AGREEMENTS:

RESOURCES	CARE-GOH AGREEMENTS DATE	AMOUNT IN EQUIVALENT US\$
FY91 Title II (Monetized)	June 10, 1991	1,250,656
FY92 Title II (Monetized)	Pending	1,491,408
FY93 Title II (Monetized)	No GOH monetization	824,912 *
FY94 Title II (Monetized)	No GOH monetization	1,352,960 **

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

Major Contractors: CARE  
CHF

Date of Last Evaluation: 00/00/00  
Planned No. of NFAs: 1  
Date of Last Audit: 10/93

Next Evaluation: 00/00/00  
NFAs Contracted/Completed: 1  
Next Audit: 10/94

A. FINANCIAL DATA: (in Lempiras)

Program	Proposed Amount	Sales Generations	Programmed Local Cur.	Total Disbursed	Semester Disbursed
<b>Title II 1991</b>					
CARE Managed:					
Sub-Total	4,186,229		3,696,047	3,696,047	0
GOH:					
MOE	200,000		1,185,430	748,414	0
MOH	250,000		517,000	517,000	0
JNBS	600,000		1,100,000	209,000	0
Committee	0		130,000	41,039	0
Sub-Total	1,050,000		2,932,430	1,515,453	0
<b>TOTAL</b>	<b>5,236,229</b>	<b>6,628,477</b>	<b>6,628,477</b>	<b>5,211,500</b>	<b>0</b>
<b>Title II 1992</b>					
CARE Managed:					
MCH/SF	2,819,745		3,009,800	3,009,800	0
MITA	1,077,104		1,077,104	1,077,104	0
Sub- Total	3,896,849		4,086,904	4,086,904	0
GOH:					
MOE	1,500,000		889,621	0	0
MOH	960,000		410,500	410,500	410,500
JNBS	1,300,000		298,361	0	0
Sub-Total	3,760,000		1,598,482	410,500	410,500
Operating Reserve	382,842		2,368,216	0	0
<b>TOTAL</b>	<b>8,039,691</b>	<b>8,053,602</b>	<b>8,053,602</b>	<b>4,497,404</b>	<b>410,500</b>
<b>Title II 1993</b>					
CARE Managed:					
MCH/SF	2,561,091		2,755,734	2,657,569	1,256,588
MITA	810,454		2,029,840	1,939,170	1,196,937
<b>TOTAL</b>	<b>3,371,545</b>	<b>4,785,574</b>	<b>4,785,574</b>	<b>4,596,739</b>	<b>2,453,525</b>
<b>Title II 1994</b>					
CARE Managed:					
MCH/SF	4,332,721	4,205,409			
MITA	2,933,424	2,970,691			
Sub-Total	7,266,145	7,176,100			
CHF:	3,606,431	3,376,988	3,376,988	3,376,988	3,376,988
<b>TOTAL</b>	<b>10,872,576</b>	<b>10,553,088</b>			
FY91	Amount of food authorized for monetization:		8,670.0	metric tons	
	Amount received as of 02/19/91:		8,670.0	metric tons	
	Amount sold as of 02/19/91:		8,670.0	metric tons	
FY92	Amount of food authorized for monetization:		8,500.0	metric tons	
	Amount received as of 02/27/92:		8,499.0	metric tons	
	Amount sold as of 02/27/92:		8,499.0	metric tons	
FY93	Amount of food authorized for monetization:		4,730.0	metric tons	
	Amount received as of 03/31/93:		4,730.0	metric tons	
	Amount sold as of 03/31/93:		4,730.0	metric tons	
FY94	Amount of food authorized for monetization:		10,570.0	metric tons	
	Amount received as of 04/30/94:		10,570.0	metric tons	
	Amount sold as of 04/30/94:		10,570.0	metric tons	

\* Includes only monetization for CARE's Program operational costs.

\*\* Includes monetization for CARE's Program operational costs and CHF's Program.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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II. PROGRAM PURPOSE

The purpose of activities implemented by CARE is to support the operation, strengthening, and follow-up of the Maternal Child Health (MCH), School Feeding (SF) (including the School Breakfast project), and Urban Food for Work/MTA programs, through monetization proceeds. Funds are used to cover budget shortfalls of the feeding programs operated by the GOH and CARE and critical activities of the MTA project (see separate Project Status Report for Non-Monetized Title II Program).

The purpose of the activities implemented by CHF is to improve sanitation practices among the target population through the provision of credit for construction of an appropriate low-cost package of sanitation improvements. Health education and training in the use and maintenance of the facilities is also provided.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This program contributes to the Mission's Strategic Objectives No. 1 Enhanced Economic Participation and Increased Incomes of the Poor, No. 3 Improved Family Health, and No.4 More Responsive Democratic Processes with Greater Citizen Participation by increasing coverage of health services, improving nutritional status of beneficiaries, promoting increased school attendance and improving infrastructure services, and municipal and community capacities.

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

III. PROGRAM DESCRIPTION

This program uses proceeds from the sale of the Title II commodities to fund projects and/or activities described below.

IV. PROGRAM STATUS

A. Local Currency Uses:

CARE:

- a) Strengthen the logistical and institutional capacity of the MOE, MOH, and JNBS to assume responsibilities for the implementation of the MCH and SF Programs.
- b) Fund budget deficits that might occur with respect to inland commodity transportation costs, handling, storage of regular food aid program and other administration costs that cannot be covered with ESF local currency funds.
- c) Productive and complementary projects oriented to improve the diet and basic health of program beneficiaries.
- d) Community development projects that strengthen the MCH and SF Programs, such as the School Breakfast pilot project.
- e) MTA project staff salaries and benefits, travel, per diem, project materials, equipment and participant training, project vehicle and office operations.
- f) Evaluations to measure progress or impact of program interventions.
- g) Develop an Action Plan to incorporate gender in the redesign of the Title II Program.

CHF:

- a) To provide market rate credit to local non-governmental organizations (NGOs) which on-lend to households located in poor urban neighborhoods in the form of loans for sanitation improvements consisting of a latrine, combined washing tub and lavatory, and shower stall.
- b) To provide health education and training in the use and maintenance of the sanitation improvements provided through a series of visits to households by health promoters employed by the NGOs.
- c) To establish and implement a comprehensive monitoring and evaluation system of project impacts.
- d) To provide technical assistance and training to the NGOs designed to improve project implementation and enhance its health impacts.
- e) To fund CHF administrative costs in implementing the project.

B. Local Currency Management:

CARE is responsible for negotiating cash sales contracts with the private sector for Title II commodities. Proceeds from the sale of donated commodities are deposited

in local bank accounts managed by CARE and CHF. Any interest earned on the account is kept in the same account and used for the same purposes for which the program is intended.

Monetization proceeds have become essential in maintaining the operation of CARE's feeding programs. During FY94 CARE financed 72% of the SF and MCH program operations with monetization funds. The CHF program is entirely funded by monetization proceeds.

During the reporting period, USAID and CARE worked closely with the GOH counterparts in the reprogramming of remaining balance of FY91 and FY92 funds. Available funds were programmed to maintain counterpart basic and critical operations (e.g. salaries, distribution, supervision) until the reorientation and refocusing of CARE's Title II program is defined.

An exit conference on the Mission non-Federal contracted audit of FY90 monetization funds was held with CARE and the three GOH counterparts, and individual meetings were held to review the findings contained in the draft report.

Using monetization funds, CARE contracted a local firm to conduct an audit of the FY91 and FY92 programs. The Mission worked closely with CARE in developing the terms of reference and reviewing the service contract.

The FY94 monetization program imported 10,570 metric tons of corn. The corn arrived in Honduras on April 22, 1994. The total proceeds of this sale was L.10,553,088.00. Of this total 68% or L. 7,176,100.00 will be used by CARE for the Title II programs, and 32% or L.3,376,988.00 for the CHF program in Honduras.

A FY95 MYOP Update was submitted by CARE in May, 1994. A total of 16,483 metric tons of commodities was requested as follows: 8,180 MT. for direct distribution, and 8,303 MT. for monetization.

At the end of May 1994, CHF received its monetization funds from CARE. Program activities included a revision of the health education and training program, and the development of a plan for the monitoring and evaluation of the sanitation loan program's impact.

C. Problems and Delays

The rate of project implementation by GOH counterparts under CARE's program, in the past has been very slow. This is the reason for the overall program's 'C' categorization. As noted above, the Mission's response was to reprogram undisbursed balances. During this reporting period, GOH counterparts started to use newly programmed funds.

A delay has been experienced in the distribution to CARE and GOH counterparts of the final report of the Mission non-federal audit. Price Waterhouse, the local firm contracted for this audit, has not yet presented the report.

Given the Agency's new Food Aid and Food Security Policy that focuses Title II resources on the most food insecure countries and on those interventions that most directly and measurably impact on household food security and food production, BHR/FFP has very carefully reviewed Title II proposals. To date, it has not approved CARE's FY95 monetization proposal.

The disbursement of CHF loan funds to local NGOs was delayed due to the need to adjust program terms and conditions to improve the long-term effectiveness of the program. CHF expects to return to the MYOP's schedule of loan disbursements by the third quarter of the program (January to March 1995).

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

1. Monitor the rate of execution of reprogrammed funds by GOH counterparts.
2. Finalize CARE's contracted audit for FY91 and FY92 monetization funds.
3. Follow-up on approval of CARE's FY95 monetization proposal.
4. Disburse loan funds to five (5) local NGOs (CHF).
5. Reprogram monetization funds according to the redesign of the Title II Program.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

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

Program Amount: 9,100 MT \*  
 Value of Commodities: \$3,665,600  
 Transportation Costs: \$ 918,611  
 Total Value Approved Program: \$4,584,211

Date of Last Evaluation: 09/18/87 Next Evaluation: 05/94  
 Planned No. of NFAs: 0 NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: 00/00/00

\* The program amount authorized was reduced by AID/W by 500 MT (operating reserve). Title II resources, worldwide, were shifted to meet emergencies in Africa.

FINANCIAL DATA

STATUS OF FOOD PROGRAMMED FOR FY94

Authorized Amount: 9,100 MT  
 Amount received in Honduras: 6,212 MT as of September 30  
 Balance to be received: 2,888 MT\*

QUARTER CALL FORWARD	CF DATE	PROGRAMS	AMOUNT REQUESTED (MT)	AMOUNT RECEIVED AS OF SEPT. 30 (MT)
3rd. Quarter	March 1994	MITA Project	450	450
3rd. Quarter	Dec. 1993	SF/MCH Program	2,760	2,751
1st. Quarter	Aug. 1994	SF/MCH Program	2,885	0

STATUS OF FOOD DISTRIBUTION FOR FY94

Distributed amount: 7,867 MT  
 Amount available to be distributed: 3,054 MT  
 Total amount: 10,921 MT

The difference between the tonnage authorized (9,100 MT) and the total amount available for distribution (10,921 MT) is because the second FY93 distribution took place in October 1994 (FY94).

II. PROGRAM PURPOSE

The program purposes are: (1) School Feeding (SF): to increase school enrollment and attendance of low income children; (2) Maternal Child Health (MCH): to improve nutritional status of both children under six and pregnant and nursing women, and increase coverage of Ministry of Health services for these beneficiaries; and (3) Municipal Infrastructure and Technical Assistance (MITA): to improve municipal infrastructure services, generate employment in selected municipalities and to improve the capacity of the municipal authorities and local district councils to initiate and implement further community-based development programs on their own.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: This program contributes to the Mission's Strategic Objectives No. 1 Enhanced Economic Participation and Increased Incomes of the Poor, No. 3 Improved Family Health, and No.4 More Responsive Democratic Processes with Greater Citizen Participation by increasing coverage of health services, improving nutritional status of beneficiaries, promoting increased school attendance and improving infrastructure services and municipal and community capacities.

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

III. PROGRAM DESCRIPTION

The SF and MCH Programs are implemented by CARE in coordination with the JNBS, the MOE and the MOH. CARE manages the inflows of Title II commodities into the country and supervises their distribution through schools, health centers, and JNBS feeding centers.

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

The MITA Program is managed by CARE through Food For Work (FFW) sub-project agreements with municipalities such as El Progreso, Choloma, Villanueva, San Antonio, and La Lima.

This program provides food rations in return for work on water distribution systems, sewage and rain water drainage, street improvement, and retaining walls. Communities benefit from improved environmental conditions. Planned outputs for FY94 are 146,973 person days of employment.

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

IV. PROGRAM STATUS

A. Planned EOPS

Progress to Date

- |   |  |
|---|--|
| 1. All food for three distributions for SF and MCH Programs arrived Honduras by September 30, 1994. | 66% accomplished. See Financial Data above.  |
| 2. Counterpart funds fully disbursed by December 31, 1994.  | 53% of counterpart funds disbursed as of September 30, 1994.                                       |
| 3. MCH commodities delivered in three distributions to 116,500 malnourished beneficiaries in CY94.  | 66% of commodities distributed to approximately 94,967 beneficiaries. One distribution is pending. |
| 4. SF commodities delivered in two distributions to 300,000 pre-school children in FY94.            | SF commodities distributed to 293,108 children.  |
| 5. 146,973 person days of work generated under MITA Program by September 30.                        | 134,083 person days of work generated as of September 30.  |

B. Other Accomplishments and Overall Status

A USAID-CARE-GOH seminar was held in April to discuss the principles for the future operation of the Title II program. The objective is to improve food security and sustainable development at the household level. This implies redesigning program

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interventions, retargeting beneficiary populations, pulling-out of urban areas and focusing primarily on the extremely poor and ignored indigenous groups. This orientation complies with the Agency's new food security policy, and one of the GOH's priorities. The seminar was a success in terms of reaching an agreement on "the principles" among all parties.

During the reporting period, CARE conducted a Rapid Food Security Assessment (RFSAs). The purpose of this assessment was to obtain an understanding of the specific livelihood, food and nutrition security conditions in an area in order to identify appropriate types of programs for that area. RFSAs has helped identify: 1) the characteristics of the most food insecure groups in the selected area; 2) the causes of the food insecurity situation; 3) the potential location-specific indicators for food security monitoring; and 4) the range of appropriate interventions for alleviating the food deficit problem. RFSAs will help provide an in-depth understanding of the food security context of the selected area. This assessment approach also allows for collaboration between sectors and agencies, and can lead to improved articulation of roles between the various actors involved.

According to poverty maps and other official secondary data, the most food vulnerable and food insecure population in Honduras lives in the western region of the country, which was therefore selected as the focus of the RFSAs. The team composition was multidisciplinary, including expertise in agriculture/natural resources, health, social sciences and nutrition.

The preliminary results identified the vulnerable groups in the region as single women-head of households, children under 5 years of age, and landless farmers or farmers with limited access to land. The results also identified possible interventions to enhance household food security focused towards achieving the following objectives: 1) ensure access to factors of production (land, technology, capital); 2) invest in human capital (training/education); 3) preserve and rehabilitate the natural resource base; 4) improve household access to adequate primary and reproductive health; 5) enhance local economic opportunities and encourage market integration; and 6) promote community organization to encourage greater participation in solving local problems. The final report is expected to be ready by the end of November, 1994. Based on the results, the next step is the redesign of the Title II program by February, 1995.

In another effort to enhance the Title II program, CARE initiated a series of conferences on gender issues. The first conference took place in June, and its objective was to define a theoretical framework for considering gender in the program. As a result of this activity, an Action Plan to incorporate gender in the Title II program was developed by CARE. The objectives of this plan are: 1) create awareness among all personnel of the importance of gender issues in development; and 2) incorporate the concept and analysis of gender in the redesign of the Title II program. According to the plan, the incorporation of gender in the redesign of the program will include all levels and stages of the projects, i.e. GOH counterparts, communities, beneficiaries. Monitoring and evaluation instruments will also be developed to measure the progress made with regard to benefit and participation by women and men.

The cost-effectiveness study of food distribution programs vs. food coupon programs is in the data collection stage. All activities, with the exception of the FFW data collection, are on schedule. It was decided at the beginning of the study that it was not appropriate to include CARE's FFW projects in the study since the region where MITA initiated operations now has a high employment rate, and it is considered an economic growth area. Therefore, other FFW projects in low employment/high malnutrition areas were identified. These were implemented by the World Food Program (WFP) in the western area of the country, and were to be included as part of the study. However, the WFP stopped those activities and will reinstate them in October, 1994. That implies that the FFW data collection will be delayed two months. The preliminary results are expected by February, 1995.

The "School Breakfasts" pilot project mid-term evaluation to identify the project's strengths and weaknesses was completed. Although this was not an impact evaluation, a positive impact was measured as a result of the project in school enrollment and performance, desertion, absenteeism, and repetition. With respect to the different components of the project (level of knowledge, training, community participation and organization, food and nutritional education) the findings and conclusions indicate that the project is achieving its objectives. This information will be useful for the redesign of the Title II program.

During this period MITA contracted independent consultants to conduct a final project evaluation. This evaluation focused on MITA's achievements against its goals and compared MITA with a similar Government of Honduras program (FHIS). The main findings and recommendations of the evaluation were:

Findings:

- Accomplishment of MITA's objectives and goals are very satisfactory: 114% of the infrastructure goals were accomplished; job opportunities were increased by 75%; and 82% of the targeted beneficiary families were reached.
- The infrastructure installed by both the FHIS and MITA projects is of acceptable quality.
- The preparation of projects in both institutions does not attach sufficient importance to an environmental impact evaluation.
- Both institutions' projects are able to significantly reduce labor disability in adults caused by illness, by improving health environment conditions.
- Municipal personnel's low qualification and labor instability impair institutional consolidation and stability.

Recommendations:

- Revise the strategy on the basis of a deeper analysis of the country's urban development, giving preference to those intermediate cities located within the so-called economic development corridor.
- Support initiatives oriented to create small businesses in poor population areas, supervised by its social organizations.
- Convert part of the food into local currency to create a rotating fund in the Municipalities.

The evaluation found that for MITA projects illness was reduced; labor productivity increased; school attendance increased; property values increased; and incomes increased. However, given that the region where MITA initiated operations now has a high employment rate and is considered an economic growth area, the evaluation found that MITA has had to increasingly rely on cash supplements to attract workers. Therefore, the program was terminated in the north coast of Honduras and the continuation of new FFW activities will be subject to the final results and recommendations of the Food Security Assessment.

In its last six months of operations, the MITA project finished 26 projects: 13 sanitary sewage, 9 potable water, and 4 rain water drainage. Over the semester MITA provided 79,090 person days of work for day laborers of which 16,283 were undertaken by women.

A FY95 MYOP Update was submitted in May, 1994. A total of 16,483 metric tons of commodities was requested as follows: 8,180 MT. for direct distribution, and 8,303 MT. for monetization.

C. PROBLEMS AND DELAYS

The program is categorized as a 'C' due to GOH implementation problems and the current need for significant Mission management attention. One of these problems is the poor implementation record and slow rate of execution of funds by the JNBS. Another concern involves the questionable targeting of its feeding centers. Currently, the JNBS is undergoing through an institutional restructuring, and the new administration recently conducted an evaluation of all the institution's interventions to prioritize projects and resources. CARE will keep the Mission informed of the evolution of this process. The continuation of the JNBS in the redesigned Title II program will be subject to various factors.

Given the Agency's new Food Aid and Food Security Policy that focuses Title II resources on the most food insecure countries and on those interventions that most directly and measurably impact on household food security and food production, BHR/FFP has very carefully reviewed Title II proposals, and to date has not approved CARE's FY95 MYOP update.

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

1. Participate with CARE and the GOH in the redesign of the program.
2. Follow-up on the approval of the FY95 Title II program.
3. Complete the Evaluation Summary of the MITA/FFW evaluation.
4. Conduct the second series of conferences on gender.

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I. BACKGROUND DATA

Project Title: Strengthening Democratic Institutions (SDI)  
 Project Number: 522-0296  
 Date of Authorization: original 08/10/87 Amendment 9/29/92  
 Date of Obligation: original 08/12/87 Amendment 9/30/93  
 FACD: original 08/31/91 Amended to 08/31/95  
 Implementing Agencies: Supreme Court of Justice of Honduras  
 Honduran National Congress  
 National Elections Tribunal (TNE)  
 Georgetown University (GU)  
 Dual & Associates  
 American Institute for Free Labor  
 Development (AIFLD)  
 Ronald L. Glass  
 Kelly Flowers  
 Status of CPs/Covenants: Initial project and interim disbursement CPs met.  
 Date of Last Evaluation: 10/90 Next Evaluation: 2/95  
 Planned Number NFAs: 1 No. NFAs Contracted/Completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: TBD

A. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original \$ 7,500,000 amended to \$21,800,000  
 Amount Obligated: DA/ESF Grant: original \$ 3,400,000 amended to \$20,400,000  
 OYB Transfer (DUAL): \$ 500,000  
 Total Obligated: \$20,900,000  
 Amount Committed: Period: \$ 374,091  
 Cumulative: \$16,166,667 \$16,666,667 (TOTAL)  
 Accrued Expenditures: Period - Projected: \$ 900,000  
 Period - Actual: \$ 251,956  
 Cumulative: \$15,816,233 \$16,316,233 (TOTAL)  
 Period - Next: \$ 900,000  
 Counterpart Contribution: Planned: \$18,906,000  
 Actual: 12,241,200  
 % LOP Elapsed: 79%  
 % of Total Auth. Oblig.: 96%  
 % of Total Oblig. Exp.: 78%  
 % of Total Auth. Exp.: 75%

II. PROJECT PURPOSE

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

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: More Responsive Democratic Processes with Greater Citizen Participation. Activities focus on the accountability, transparency, and accessibility of government institutions; on a strengthened justice system based on rule of law; on respect for human rights; on citizen internalization of democratic values and participation in democratic processes, and on the strengthening of the citizenry's "right to petition" grievances vis-a-vis government, at the national and local levels.

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

III. PROJECT DESCRIPTION

The project aims to strengthen democracy in Honduras by: a) making the prosecutorial and court systems more efficient and their officials more competent and independent; b) improving the analytical capability and efficiency of the Congress; c) empowering the citizenry by strengthening public interest advocacy PVOs/NGOs to promote public awareness and informed non-partisan debate supporting meaningful democratic processes and outcomes.

IV. PROJECT STATUS

A. Planned EOPs

- 70% of public believes the 1993 elections were free, fair, and open.
- Increased public confidence in judicial system.

Progress to Date

- Opinion polls following 1993 national elections showed that the LOP goal has been exceeded with 81% (41% men & 40% women) of the Honduran public believing the elections were free, fair and open.
- As of the end of September, 1994, 18% (8.7% men and 9.3% women), believed that judges are honest, representing a decrease in confidence from both the 28% of the last report and the baseline of 34%. The decrease is attributed to the highly publicized investigations carried out by the Public Ministry, in conjunction with the Court's IG Office, and the subsequent suspensions and removals from office of officials accused of corruption.

B. Major Outputs

	Planned		Next		Accomplished		% of LOP	
	LOP	Period	Cum.	Period	Period	Cum.		
<u>NATIONAL ELECTIONS TRIBUNAL</u>	100%	.5%	100%	.5%	0%	91.5%	91.5%	
1. Electoral Registry (% of Registry total achieved).								
<u>CONGRESS</u>								
2. Requests for reports from CIEL by Congress.	160	40	145	20	54	127	79.3%	
<u>ADMINISTRATION OF JUSTICE</u>								
3a. Personnel grievances adjudicated by Judicial Career Council (JCL).	100	10	20	50	204	204	204%	
b. Personnel grievances submitted to JCL Council.	100	20	120	20	174	258	258%	
4a. Court IG cases closed by Pleno within 3 months.	20	20	51	20	30	76	150%	
b. Court IG investigations completed.	100	90	288	100	173	351	351%	
5. Qualified experimental Justice professionals (JOPs, JSs, Public Defenders & Prosecutors).	299	44	159	60	159	271	90%	
6. Projects of Judicial Reform Commission.	30	5	33	5	9	40	133%	
7a. Bar Assoc ethics cases closed.	60	10	23	5	0	7	12%	
b. Bar Assoc. ethics cases investigated.	60	10	30	10	20	33	55%	
8. Judicial budget as % of total government budget per annum.	3.0%	1.6%	N/A	1.6%	0%	N/A	53%	
9. Training (Persons)	M	F	M	F	M	F	M	F
Long-term	5	1	0	0	3	0	0	0
Short-term (000s)	88	37	47	31	81.47	56.31	6	5
					.135	.115	87.13	49.11
					99%	133%		

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994 A B C X

C. Accomplishments and Overall Status

**COURT:** The Court has begun to make progress on activities delayed under prior Court administrations. During the period, the Court expanded the Public Defender program, doubling it in size to 104 defenders providing service to the Honduran poor; committed itself in writing to ensuring strict adherence to recruitment and retention of employees of the Courts of 1st Instance (Letrados); required competitive exams, interviews, and background checks for judges and Court clerks in all major Courts; named new members for a new Court Judicial Career [Grievance] Council, laying the groundwork for the first concerted effort to reduce the backlog of over 250 grievance cases filed before the Council since 1989; approved and tracked increases in financial support for the Inspector General of Tribunals Office, expanding the office from 5 to 10 inspectors; continued the decentralization of administrative responsibilities which had previously resided only with the President of the Court; and assigned oversight responsibilities to Magistrates for major Court programs.

The Court's Data Processing Center (DPC), while having lost key personnel to the Public Ministry DPC, continues to provide training and technical assistance to the offices of the Supreme Court Magistrates in order to facilitate the implementation of the FOLIO system (which provides computerized access to Supreme and Appellate Court decisions). The system is connected to a local area network (LAN) system which provides service to 4 Tegucigalpa Appellate Courts and 11 First Instance Courts. The DPC also is providing technical support and training to Court offices and personnel in the computerized accounting and budget system (MUNIS) developed in Phase I. A USAID financed diagnostic of the Court's use of MUNIS and FOLIO was completed this period and is being used to make adjustments to both systems.

The Court has doubled the size of the experimental Public Defender program to 104 Public Defenders, including a full time national Director and Deputy Directors, 4 regional directors and 98 public defenders. The auxiliary judges have been built up in strength again to a total of 17 currently under contract to help relieve backlogged cases. The Court and the Public Ministry have shifted from a strategy of "adjudicating cases" (cleaning up the remaining estimated thirty five thousand backlogged case files which have been gathering dust in Honduran courts, some for well over ten years) to an emphasis on "adjudicating people" (i.e. in the interest of improving Honduras' much criticized violation of speedy process for incarcerated suspects) and are conducting an inventory of prisoners without sentences and assigning Court public defenders and Public Ministry prosecutors to adjudicate their cases as quickly as possible. With the creation of the Public Ministry, the Court ESF financed prosecutor program has been phased out and the program transferred to the Public Ministry.

USAID policy dialogue has resulted in the new Court leadership providing impetus to the requirements for a fully implemented Judicial Career Law and the strengthening of the Court's Inspector General Office. The Court has officially committed itself to ensuring that 75% of all Court officials in the Jueces Letrados are hired and named under the Career Law and unofficially has committed itself to a 100% Career Law application in these Courts. In addition, the Justice of the Peace Court has committed itself to slowly phasing out the empirical practice, wherein the vast majority of justices of the peace are politically named and not usually professionally qualified to carry out their functions.

In the Court Inspector General activity, some 173 investigations were completed and submitted to the Plenum of Supreme Court Magistrates during this period and an additional 147 investigations are in process. As a result of IG investigative activity since 1992, 23 judges, 1 public defender, and 12 other Court officers have been permanently discharged from their posts and arrest orders have been issued against 6 judges accused of corruption. This period an additional 30 cases involving Court functionaries have been submitted to the Public Ministry for prosecution.

The project financed three different ethics publications during the period: 1) A booklet of Court and HBA Ethics Codes, which will be made available for distribution to Court employees and legal professionals; 2) Copies of the Judicial Career Law with the Court Ethics Code included, which will be distributed to Court employees in the next reporting period; and 3) The results/findings of a USAID financed 1993 seminar on criminal procedures and inter-agency judicial/police coordination, which will be distributed to seminar participants and appropriate organizations.

A USAID financed "Land Registry System diagnostic/evaluation" to define the actual situation and options for technical implementation of a modernized "Folio Real" real property registry system was completed this period and is being studied by three USAID technical offices representing projects which include land titling/land registry/cadastral activities. The Mission has formed an inter-project committee to integrate and coordinate the strategy for land registry/titling activities funded by USAID/Honduras and other international organizations, to determine if the considerable financial investment for the SDI registry activity is still warranted.

**PUBLIC MINISTRY:** The Fiscal General (Attorney General) of the Public Ministry has requested that USAID finance transitional support for the newly created Public Ministry in 5 major areas: 1) Logistical and administrative support to partially meet the initial requirements for commodities for the offices of Forensic Medicine, Prosecutors and Administration while providing systems and training to improve accounting, budget, personnel and other administrative functions; 2) Support the Public Ministry's efforts to develop draft bill proposals to bring existing laws and codes into conformity with the operational requirements of the new organization; 3) Strengthen Prosecutor and Forensic Medicine Directorates; 4) Public Awareness Campaigns (gender sensitive) in the areas of public access to justice, knowledge of reforms by legal professionals, and encouragement of the passage of necessary reforms to the laws affecting successful operations of the Public Ministry; 5) Development of a 1995 Action Plan for Criminal Prosecutions to assess the prioritization of types of cases (not specific cases) of national impact to be prosecuted.

During this period, the Public Ministry began organization of its own Information Systems Department, drawing heavily on former Court employees already knowledgeable in MUNIS, which will also be installed and operated at the Public Ministry. The Public Ministry has competitively hired 75 prosecutors under the merit selection system. A Career Statute and Reglamento were drafted and are in the process of approval. To date, all Public Ministry personnel below the level of Directors have been selected through open competition, testing, and background checks.

**HONDURAN BAR ASSOCIATION (HBA):** As a result of USAID policy dialogue, the HBA's Honor Tribunal investigated 20 additional cases of alleged ethics violations, of which 6 were dismissed, 9 require additional coordination or information, and 5 are expected to be heard and closed in the next reporting period.

Congress

A new CIEL Director assumed duties in early April 1994. Since its inauguration, 127 major reports have been developed at the Congress' request and provided to legislators and/or Congressional Committees during the period with another 5 reports in preparation at the end of the period. As a result of a 1994 initiative of the Congress of Presidents of Central American Congresses in Managua, the CIEL was identified as the leading candidate to be the Central American Institute for Legislative Studies (Instituto Centro Americano de Estudios Legislativos - ICAEL).

TNE/RFP

This activity was completed in the last reporting period. TNE activities concluded when the 1993 election process was completed, leaving only a few commodities, not related to the elections, to be transferred to the TNE.

Democratic Leadership

**HUMAN RIGHTS COMMISSIONER'S OFFICE (HRC):** The HRC unexpectedly submitted a revised proposal in July 1994 that included a change in focus from the expansion of the HRC's "watchdog" function, in particular its ability to fortify NGO organizational capabilities in the area of strengthening the citizen's "Right of Petition" vis-a-vis the government and the right of citizens to seek redress from the government, to a public/civic education proposal not directly serving the priority objectives of the SDI Project. Based on project management review of the HRC proposal and similar public/civic education activities that will be carried out by the Public Ministry, it was determined that no direct project support will be provided to the HRC.

**AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT:** A no-cost extension and modified scope of work is in process to include an analysis of the revisions to the Honduran Labor Code and two fora to present findings to labor representatives. No further activities with AIFLD are planned after Nov. 30, 1994.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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**EDUCATIONAL DEVELOPMENT CENTER (EDC):** The requirements contract with EDC expired September, 18, 1994. No further activities are planned. A contract close-out report has been drafted and is now in the clearance process. This year's radio transmission of the civic education lessons started on May 4, 1994 due to delays precipitated by the change in the GOH and the substandard quality of script content. The latter problem was addressed by the third-tier subcontractor (COEDUCA) and high-quality, sharply motivational scripts were rapidly developed by the newly-assigned scriptwriters, approved by USAID/Ministry of Education and produced. Radio lessons will continue to air until November 16, 1994.

**FOUNDATION FOR DEMOCRACY AND DEVELOPMENT OF HONDURAS (FDDH):** In late June, a one year Cooperative Agreement between USAID and the FDDH was signed, providing support to the FDDH's program of research, information dissemination and reform efforts aimed at improving democratic institutions and processes, and to assist the FDDH in carrying out a public interest advocacy, "watchdog" function on major public policy issues. Planned activities under the C.A. include research, conferences and public opinion polls on electoral and judicial reform, corruption, and democratic values.

Subsequent to the signing of the C.A., the FDDH met all conditions to the first disbursement, including the contracting of a full-time Executive Director, the adoption of a conflict of interest policy, and the implementation and approval by the Board of Directors of accounting, administrative and managerial systems satisfactory to USAID. The first advance under the C.A. was processed in early September.

Democracy-related activities carried out during the period include: (1) a conference on the effects of corruption in a democracy; and, (2) a conference on "Relations between Civilians and the Military in Central America Today". In addition, the FDDH Board of Directors carried out several meetings during the period to discuss and further refine the democracy-related portion of their program.

**D. Problems and Delays**

Expenditures have been slower than expected, due to the change in GOH governments. USAID expects the project's pipeline to be significantly reduced in the next period.

Agreement with the new GOH administration on the re-design of the project was delayed this period as a result of two factors: 1) the need to assess the viability of the new Public Ministry within the context of a major restructuring of the justice system, and 2) the related need for the SDI project committee to complete a comprehensive strategy reassessment shifting significant project resources to the Public Ministry and reorienting activities supporting judicial procedural reforms.

**Court**

1. The Court has never received the Constitutionally mandated 3% of the net national budget annually for its operations. The situation may further be exacerbated by the reallocation of a portion of ESP counterpart funding from the Court to the Public Ministry, which severely limits the Court's ability to carry out the Project's newly expanded experimental judicial programs. The Court's ability to expand access and improve the quality of justice in a time of budgetary constriction will hinge on the Congress passing a budget approximating the 3% level.

2. The Judicial Career Law is in place and the new Judicial Career Council (grievance board) named in late March 1994 has begun to meet to review cases. While the Court has publicly announced scheduled open competition exams, evaluations, and interviews for most Court employees, including judges, political pressure from Congress and other quarters to name party activists and friends without regard to professional qualifications continues to be brought to bear.

3. While the Supreme Court has now approved all related administrative procedures and regulations for the MUNIS system, full implementation continues to be delayed due to the need to train new Court personnel in the system and ensure that new Department managers have mechanisms in place to check and ensure disciplined adherence to published procedures. A new competitively selected Director of Administration is expected to be in place by November to assist in getting MUNIS fully operational.

**Congress**

1. Under the Congressional law forming the CIEL, the Special Administrative Commission (SAC) is to provide oversight functions and support. Yet this Commission has never met. The result has been a CIEL which has provided important services

under excellent leadership of the Director but without any support by Congressional leadership. The Director will be hard pressed to finance improvements in the Center over the remainder of this year given the SAC's abandonment of its responsibilities.

**TNE/ESP**

To date, the TNE has yet to comply with USAID's requirement for proper storage of plastic laminate and adequate space for the operation of laminating and die cutting machines; therefore, USAID has not yet delivered these materials and equipment to the TNE. The project will assess the ability of the TNE to meet these conditions in the next period and develop a plan for final disposition of the remaining commodities.

**CONCLUSIONS**

The project continues to promote the active involvement of women in project activities. Recent progress includes: (1) the creation of a separate department within the Public Ministry for women's rights, the Fiscalía Especial de la Mujer; (2) the large number of female professional staff in the Public Ministry and the Court, including Prosecutors, Public Defenders, Investigators, Judges and administrative personnel; (3) a meeting between COEDUCA and USAID/DP staff to discuss gender issues related to the development of the civic education lessons. As a result, in terms of gender the lessons reflect adequate focus and use of language.

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

1. **Cross-Cutting Actions**

- a. Approval of the revised ROJ strategy setting priorities for project interventions on the "supply" and "demand" sides of the sector.
- b. Project Paper and ProAg Amendments completed reflecting revised strategy.
- c. Secure short-term non-PSC technical assistance in support of ROJ activities.

2. **Supply Side**

a. **Court**

- (1) Carry out an assessment of the experimental programs.
- (2) PIL reflecting negotiated benchmarks signed.
- (3) Supreme Court is actively involved in supporting legislative changes to the CPC and has ratified the version to be forwarded by the Attorney General to the Honduran Congress for its passage into law.

b. **Congress**

Support groups within the Congress have been identified which are promoting legislation, to include constitutional changes, which promote required reforms in the justice sector and are acting as the linkage with agents of change in the Judicial system and with NGO agents of change.

c. **Other Organizations**

Consultation process with other donors and reform entities (e.g. Comisión de Modernización del Estado) has been established, with strong advocacy by these organizations for legislative and constitutional reforms.

3. **Demand Side**

- a. Public Ministry MOU signed and Achievement Targets for the first six months met.
- b. Agents of change have been identified and are supporting the constitutional amendment for the selection of the Supreme Court Magistrates and the revised CPC.
- c. Indirect linkages have been established with vested interest groups seeking redress via the Public Ministry on cases of special significance for the political, social and economic development of Honduras.

**PROJECT STATUS REPORT**

April 1, 1994 - September 30, 1994

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**I. BACKGROUND DATA**

Project Title: Honduras Peace Scholarship I (HOPS I)  
 Project Number: 597-0001 and 522-0329  
 Date of Authorization: original 02/06/85  
 Date of Obligation: original 03/25/85 Amendment 04/25/90  
 PACD: original 11/30/93 Amendment 09/30/94

Implementing Agencies: N/A  
 Major Contractors: Academy for Educational Development (AED)  
 National Association of Partners of the Americas (NAPA)  
 Project Manager: Ned van Steenwyk/Jeff Lansdale  
 Project Support Officer: Daniel Martinez  
 Status of CPs/Covenants: Met

Date of Last Evaluation: 09/93 Next Evaluation: N/A  
 Planned No. of Non Federal Audits: 0 Non Federal Audits contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: TBD

**A. FINANCIAL DATA**

Amount Authorized: DA/ESF Grant: original \$27,550,000 amended to \$31,980,000\*  
 Amount Obligated: DA/ESF Grant: original \$2,000,000 amended to \$31,379,317  
 Amount Committed: Period: \$ 380,667  
 Cumulative: \$31,379,317  
 Accrued Expenditures: Period - Projected: \$ 1,245,429  
 Period - Actual: \$ 1,211,028  
 Cumulative: \$31,344,916  
 Period - Next: \$ N/A

Counterpart Contribution: Planned: N/A  
 Actual: N/A

% LOP Elapsed: 100%  
 % of Total Auth. Oblig.: 100%  
 % of Total Oblig. Exp.: 99.9%  
 % of Total Auth. Exp.: 99.9%

**II. PROJECT PURPOSE**

To increase the number of U.S. trained public and private sector individuals at the planning, implementation, technical, managerial and administrative levels.

**RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

A. SPECIFIC LINKAGE TO S.O.: The project addresses the need to improve the ability of individuals to participate fully in society and the economic life of Honduras. By training leaders and potential leaders in technical and academic fields, the project will contribute to Mission's S.O. No. 4 of More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation.

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

**III. PROJECT DESCRIPTION**

The project will increase the number of U.S. trained public and private sector individuals at the planning, implementation, technical, managerial and administrative levels. This will be achieved by providing U.S. training to individuals who are working in agriculture and rural development, health and nutrition, human resources, population, energy and environment, science and technology, planning and institutional development.

**IV. PROJECT STATUS**

**A. Planned EOPs**

**Progress to Date**

- |   |  |
|---|--|
| <p>1. Provide long-term scholarships for U.S. training for 475 people.</p> <p>2. Provide 1,435 short-term technical scholarships for training in the U.S.</p> | <p>1. 478 long-term scholarships have been awarded for academic training in the U.S.</p> <p>2. 1,912 short-term scholars have been sent to the U.S. for short-term technical training.</p> |
|---|--|

**B. Major Outputs**

	Planned			Next Period	Accomplished		
	LOP	Period	Cum.		Period	Cum.	% of LOP
1. Long-term	475	0	478	N/A	0	478	101%
Male	285	0	287	N/A	0	287	101% M
Female	190	0	191	N/A	0	191	100% F
2. Short-term	1,435	0	1,833	N/A	79	1,912	133%
Male	860	0	1,109	N/A	40	1,149	134% M
Female	575	0	724	N/A	39	763	133% F

\* The difference between the amount authorized and the amount obligated was obligated in AID/W at the beginning of the project.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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C. Other Accomplishments and Overall Status

The Central American Peace Scholarship (CAPS) Project was authorized on February 6, 1985 under the Caribbean and Latin America Scholarship Program (CLASP I). In FY 1987, CAPS I funding was moved from CA regional accounts to Mission bilateral accounts, thus creating the HOPS I Project under the regional authorization.

The CAPS Project reached its PACD during this reporting period after having awarded a total of 2,390 scholarships for long-term academic and short-term technical studies in the U.S. The Project Agreement was amended during a previous reporting period to provide an extension of the PACD through September 30, 1994. As a result of this amendment, 370 additional short-term scholarships were awarded. This has helped compensate for lower than anticipated numbers of short-term scholarships under HOPS II which has had budget reductions and has allowed the Mission to recruit an increased number of females for short-term scholarships to improve gender balances for scholarship recipients (see B.2. above); thereby increasing female participation among scholarship recipients from 37% in September of 1993 to 39.9% by the end of the project.

Short-term HOPS I scholarship areas for 79 additional scholarships were defined during this reporting period based on the Mission's Strategic Objectives, and in sectors which provide opportunities for more appropriate gender balance among scholarship recipients. Preselection seminars were conducted for approximately 250 candidates in the areas of environmental education and communication and primary education. Scholarships were awarded to 79 people who participated in the preselection seminars. Applicants who were not selected will be involved in follow-on activities with scholarship recipients under the HOPS II Project, now that they have returned from their training programs in the U.S., thereby providing a multiplier effect for scholarships.

All of the CAPS I long-term academic trainees are employed. Follow-on activities with returned CAPS I scholarship recipients continue to be financed and executed under the HOPS II project (see the HOPS II SAR for further information on follow-on activities with HOPS I scholarship recipients). During this reporting period, of the 79 additional scholarships awarded, 49% were females. Roughly 50% of the short-term trainees who have travelled to the U.S. during the last three reporting periods have been women, thereby increasing overall female participation to 39.9%.

The CAPS Project has been an ambitious training program which has affected the lives and aspirations of a wide array of Honduran citizens in distinct professional fields throughout the country and has affected the lives of hundreds of thousands of Hondurans.

The basic themes of the training program, besides technical and academic training, have stressed a spirit of cooperation and volunteer work. With new skills and a positive attitude toward problem-solving and community development, returned Peace Scholars have joined forces with other groups such as NGOs and Peace Corps volunteers to ensure higher impact through follow-on activities. The following examples attest to the important contributions this Project has made in grass roots development efforts in Honduras.

181 primary school teachers, representing 15 departments, received specialized training in improved educational methodologies (cooperative learning, thematic learning, integrated language, community mobilization, school government, and leadership) through 6-8 week training programs in the U.S. After implementing these skills and methodologies in their classrooms and schools, the teachers organized seminars through which they shared these new strategies and their personal experiences with other teachers. By the end of this school year, the multiplier effect from these 181 teachers will have been shared with 3,500 teachers, affecting more than 140,000 students and 35,000 parents. The 181 teachers aspire to train 20,000 teachers (of the 27,000 nationwide) and improve educational opportunities for nearly a million children in primary schools.

The impact at the community level has also been significant. Student absentee rates have dropped, parents are more involved in school activities, student test scores demonstrate measurable scholastic improvement, and teachers are more interested in and challenged by their work. A visitor to two primary schools, one without the impact of the CAPS training, and the other with a returned Peace Scholar, can simply hear the difference: in the former school the voice of the teacher dictating the lessons; in the latter the voices of the students in active, participatory, student centered learning.

CAPS has also provided trained human resources for ambitious follow-on activities in other priority development areas in Honduras. Peace Scholars with B.S. and M.S. degrees are joining forces with those with technical training to support efforts in environmental conservation, education and communication through local, regional and national networks. For example, a former Peace Scholar who received his masters degree in International Community Development at New Hampshire College in Manchester, New Hampshire, is presently the executive director of MOPAWI, an NGO dedicated to development work in the Mosquitia. In this Peace Scholar's words, "I have not only learned to plan my work in a better organized manner, but I am always looking for ways to help others attain their potential in leadership and community work."

Another long-term academic Peace Scholar who completed her masters degree in education at Ball State University in Indiana, returned to Juticalpa, Olancho, to found a bilingual elementary school and skills training center for single mothers (like herself). Her biggest problem with the school at the present time is her inability to respond to the increasing demand due to the lack of space and equipment. The adult women who learn various trades at her school also receive courses in nutrition, hygiene, and cooking, and prepare the lunches for the full-time students. Having attained her goal faster than anticipated, Blanca has already made plans to expand the program to the high school level, and aspires to establish a community college in Juticalpa which she expects may evolve into a complete university program.

Another Peace Scholar born in the Mosquitia obtained a B.S. degree in civil engineering from the Honduran National University in Tegucigalpa in 1981, and after working in her field for several years was awarded a CAPS scholarship for a masters degree in engineering at Arizona State University, where she graduated with honors. Back in Honduras, she managed a project sponsored jointly by the municipality of Tegucigalpa, the Ministry of Water Services, and UNICEF, dedicated to providing potable water for the poorer neighborhoods of Tegucigalpa. In 1993 she represented Honduras at an international conference in Holland focused on "Water for Human Consumption" and in 1994 she was hired by UNICEF to manage a national Water Services Project.

While coping with these professional pressures, this Peace Scholar never desisted from supporting activities related to the CAPS scholarship project. She was one of the founders of the Association of Peace Scholars for the Development of Honduras, and served as its first treasurer. In 1992 she was chosen by her peers to travel to Washington, D.C., and participate in the reentry seminar for Honduran Peace Scholars nearing the end of their academic careers and preparing to return to Honduras.

In Summary, CAPS Peace Scholars can be found throughout Honduras, in leadership positions in public and private sectors, in the fields of education, engineering, business administration, information systems management, health, agriculture, municipal, community, and integrated development as managers of NGO's and international agencies. An official of an educational institution which prides itself in hiring its own graduates, recently acknowledged that they have begun to hire non-graduates "as long as they have been affiliated with the CAPS Scholarship Program". What is especially meaningful about the impact the CAPS Project has had on Honduran development is that a visit to the home of a returned Peace Scholar, regardless of his/her actual professional success, is almost invariably an experience which attests to the humble origins of a person who is presently a leader in Honduran society.

D. Problems and Delays

1. The Project's Institutional Contractor was not able to utilize \$90,000 in project funds prior to the PACD due to inadequate financial projections.

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

1. Prepare Evaluation Summary report.

2. Prepare Close-out report.

As assistance under this project has been completed, this will be the last Semi-Annual Report submitted on it.

PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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I. BACKGROUND DATA

Project Title: Municipal Development  
 Project Number: S22-0340  
 Date of Authorization: original 06/29/90  
 Date of Obligation: original 06/29/90 Amendment 07/14/92  
 PACD: original 06/28/97  
 Implementing Agencies: Ministry of Finance (MFPC), Municipalities of Honduras, Ministry of Government, SANAA  
 Project Manager: Sigifredo Ramirez  
 Project Support Officer: Kelly Flowers  
 Status of CPs/Covenants: CPs for First Disbursement - all met.

FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,000,000  
 Amount Obligated: DA Grant: original \$ 1,000,000 amended to \$9,344,000  
 Amount Committed: Period: \$ 275,739  
 Cumulative: \$ 6,186,143  
 Accrued Expenditures: Period - Projected: \$ 713,600 as revised on 6/20/94  
 Period - Actual: \$ 558,741  
 Cumulative: \$ 5,398,721  
 Period - Next: \$ 600,000  
 Counterpart Contribution: Planned: \$15,000,000  
 Actual: \$ 2,149,422

Date of Last Evaluation: 09/23/94 Next Evaluation: 06/96  
 Planned No. of Non Federal Audits: 3 NFAs contracted/completed: 2  
 Date of Last Audit: N/A Next Audit: TBD

% LOP Elapsed: 60%  
 % of Total Auth. Oblig.: 93%  
 % of Total Oblig. Exp.: 57%  
 % of Total Auth. Exp.: 54%

II. PROJECT PURPOSE

To enhance the participation of the Honduran populace in the local democratic process and improve the operational capacity of municipalities to respond to the land, infrastructure and public service needs of their constituents.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O. The project contributes to S.O. No. 4 - More Responsive Democratic Processes, with Greater Citizen Participation. The project is responsible for Program Output 4.2 - More Responsive and Effective Municipal Governments.

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

III. PROJECT DESCRIPTION

The project consists of a multifaceted initiative to increase citizen participation in decisions related to the allocation of land and public service facilities by municipal governments, and to improve the effectiveness of municipal government in responding to citizens' needs for land, public services and infrastructure. The project is being implemented by key municipalities, selected Central Government Agencies and NGOs and the Ministry of Finance and Public Credit.

IV. PROJECT STATUS

A. Planned EOPs

1. Active involvement of patronatos and community groups in local government dialogue.

2. Municipalities are analyzing, anticipating needs, and planning solutions with citizen input.

3. The public looks to the municipality to meet its basic urban service needs.

4. Greater municipal responsibility and authority for delivery of public services.

Progress to Date

1. The municipalities and the communities are attaching increasing importance to participation in local development activities. During the period, 8 municipalities organized 20 "cabildos abiertos" to resolve community problems. Community participation is expected to increase substantially after FUNDEMUN starts providing TA in this area in FY95.

2. In 16 MDP municipalities 1995 budgets and investment plans have been prepared after consulting with the communities. Investment plans respond to community priorities.

3. Municipalities, in agreement with their communities, have given basic sanitation projects first priority. For this first time, local governments have made water, sewerage and sanitation projects their priority in investment plans.

4. The decentralization process continues at a steady pace. Not only the central government but also the municipalities have realized that democracy starts at the local level.

B. Major Outputs

	Planned			Accomplished		% of LOP
	LOP	Period	Next Period	Period	Cumulative	
1.- Average attendance per town meeting	200	140	150	144 <sup>(1)</sup>	144	72%
2.- Proportion of municipal budgets going to capital projects	60%	40%	40%	32.4%	32.4%	54%
3.- Percent coverage: provision of water, sewerage and refuse collection services	30%	24%	29%	28.8%	28.8%	96%
4.- Number of persons attending training events <sup>(2)</sup>	2040	557	360	947	3643	178%

(1) Of the 144 average participants, 53.8% or 77 persons are male and 46.2% or 67 persons are female.

(2) Of the LOP 2040 trainees, 1632 are male and 408 female. Of the 947 trainees in the period, 568 were males and 379 were females.

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PROJECT STATUS REPORT

April 1, 1994 - September 30, 1994

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**C. Other Accomplishments and Overall Status**

The project seeks to change the manner in which municipalities approach and react to the concerns of their communities. The project implementation strategy seeks to address a number of different constraints to decentralization and municipal autonomy both at the national and at the local level. At the national level, change will be addressed with the central government and selected ministries or autonomous agencies which play a role in the municipal operations. At the local level the project will work with selected economically significant municipalities to improve the planning and operational capacities to better respond to their citizenry. On a less intensive basis, the project will work with other municipalities in specific areas of technical assistance and training.

The following is the status of major activities programmed for the period:

1. The mid-term project evaluation conducted by Management Systems International (MSI) has been completed by the consultants. Project management is in the process of discussing evaluation findings and recommendations to prepare the Evaluation Summary (ES) and initiate implementation of recommended actions.
2. A ProAg Amendment reallocating the GOH counterpart contribution to the project has been completed and sent to the GOH for approval.
3. FUNDEMUN was evaluated and the main recommendations were used as the basis for the second year Cooperative Agreement Amendment. This Amendment was signed on 9/30/94. FUNDEMUN and AMHON were audited by external audit firms and the respective recommendations are in the process of being closed out.
4. As planned, three infrastructure projects were approved: a sewerage project for Catacamas, which is well underway; a water project for Villanueva, also very advanced; and a sewerage project in El Progreso, where the municipality has already begun the off-site infrastructure construction.
5. UNITEC and USPS completed a training program in municipal finance, accounting and administration funded out of counterpart resources. After analyzing the results, USPS is not interested in continuing in the program. UNITEC is negotiating a Cooperative Agreement which will provide short-term courses and scholarships to participating municipalities.
6. Project management decided to proceed with the implementation of the community development strategy and to concentrate on: cabildos abiertos; training of communities and their participation in local development; and a municipality/community communication system. These three components will be implemented by FUNDEMUN and were included in the second year Cooperative Agreement Amendment. To monitor implementation of this area, a Community Empowerment Specialist (CES) has been hired and is on board.
7. Even though a drastic change in the water and sanitation subsector leadership occurred in the period, Servicio Autónomo Nacional de Acueductos y Alcantarillados (SANAA) has continued, albeit at a lesser pace, water and sewerage decentralization activities. None of the four devolution projects begun to date (La Ceiba, Puerto Cortés, Choluteca and Juticalpa) have been completed.
8. At the beginning of the new GOH administration, project management worked very closely with the Dirección General de Asesoría y Asistencia Técnica Municipal (DGAATM) of the Ministry of Government on its restructuring and staffing. A change in the use of counterpart resources has impacted project work with this institution, which we believe already has the required elements to develop itself without further assistance from the project.

Other accomplishments during the reporting period may be summarized as follows:

1. At the national level:
  - a. AMHON's annual conference took place and a new Board of Directors was elected and staff appointed. Project management influenced the new AMHON plan of action. Also, the second year Cooperative Agreement Amendment (including revised budget and benchmarks) was negotiated.
  - b. AMHON and FHS signed an agreement under which all FHS assistance to the municipalities will be concentrated on financing activities within the approved municipal investment plans.
  - c. FUNDEMUN continues to provide excellent TA to MDP municipalities. FUNDEMUN's

activities were expanded to cover a community development component, concentrated in "cabildos abiertos", community training and communications between the local governments and their communities.

- d. A Cooperative Agreement (CA) with UNITEC is circulating within the Mission for approval. The CA will finance the provision of 216 short courses on municipal subjects (in administration, finance, public works and community development). UNITEC has offered to provide 527 scholarships through the university's extension program, above and beyond its 25% contribution to the CA.
  - e. The new GOH administration intends to give priority to local governments. A decentralization seminar, co-sponsored by the MDP, brought together 286 of a 291 Honduran mayors to discuss the new GOH administration decentralization policy. However, no new developments have yet taken place.
2. At the local level:
    - a. With the help of the HOPS/CAPS program, motivational seminars have taken place in 17 of the 22 MDP municipalities. These seminars concentrate on the importance of teamwork as the basis for success. More than 250 persons, including council members and top management staff, have participated to date.
    - b. The cadastre project for Choluteca has been completed. The cadastre project for La Ceiba has been initiated and is expected to be completed before the end of CY94. No more cadastral interventions are anticipated in the MDP.
    - c. Eligibility studies for sanitation projects to be funded out of HG resources (008 and CABEI) have been completed in the municipalities of La Lima, Puerto Cortés, Danlí, El Paraíso, Choluteca and San Pedro Sula. USAID approval for these projects will be contingent on each municipality's progress on restructuring and its political will to continue its transformation.
    - d. Project interventions at the municipal level are expected to effect benefits to all citizens, regardless of gender. In addition, the project is actively involved in promoting the participation of women and men in project activities that promote democratic participation at the municipal level; e.g. "cabildos abiertos". Female participation in the "cabildos abiertos" and training events has reached 46% and 40% of all participants, respectively.
    - e. With FUNDEMUN's assistance, MDP participating municipalities are preparing their 1995 budgets. Great importance has been given to investment plans and the budgeting of monies to pay for technical assistance and training needs at the municipalities (approximately 5% of the budget has been allocated for TA).

**D. Problems and Delays**

Given that the MDP evaluation provided positive interim findings on the university program, the Mission has decided to do a follow-on dollar funded C.A. As a result, a final evaluation of this activity will be done at the end of the new CA period.

The Ministry of Finance and Public Credit (MFPC) has delayed signing the local currency Amendment and MDP/FHS MOU for basic infrastructure works, until financing is provided for cadastre activities. President Reina has sent an official letter to the MFPC with instructions to sign the Amendment and MOU as presently written.

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

1. Under the new strategy for investment of counterpart resources, FHS will be used for the channeling of resources for municipal water and sanitation projects in the MDP municipalities. A MOU with the FHS will be signed early in the next period.
2. The UNITEC Cooperative Agreement will be signed and the short courses begun.
3. A Project Paper Amendment and ProAg Amendment will be begun and completed to extend the PACD and update project activities and implementation mechanisms.
4. Meetings will be held with other donors to explain the scope of the Municipal Development Project and to find out about other donor activities in the sector.
5. An Evaluation Summary (ES) will be prepared and discussed with the Project Implementation Committee. Implementation of final recommendations of the evaluation will be started.

PROJECT STATUS REPORT

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I. BACKGROUND DATA

Project Title: Honduran Peace Scholarship Project II (HOPS II)  
 Project Number: 522-0364  
 Date of Authorization: original 06/21/90  
 Date of Obligation: original 06/21/90 Amendment 09/20/91  
 PACD: original 06/30/98  
 Implementing Agencies: N/A  
 Major Contractors: Academy for Educational Development (AED)  
 Honduran Advisory Council for Human Resources  
 Development (CADERH)  
 Project Manager: Ned van Steenwyk  
 Project Support Officer: Daniel Martinez  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 09/93 Next Evaluation: 01/98  
 Planned No. of Non Federal Audits: 0 Non Federal Audits contracted/completed: 0  
 Date of Last Audit: 00/00/00 Next Audit: TBD

A. FINANCIAL DATA

Amount Authorized: ESF Grant: original \$15,000,000  
 Amount Obligated: ESF Grant: original \$ 1,216,800 amended to \$ 6,816,800  
 Amount Committed: Period: \$ (269,451)  
 Cumulative: \$ 5,368,813  
 Accrued Expenditures: Period - Projected: \$ 970,000  
 Period - Actual: \$ 868,249  
 Cumulative: \$ 4,468,069  
 Period - Next: \$ 970,000  
 Counterpart Contribution: Planned: N/A  
 Actual: N/A  
 % LOP Elapsed: 53%  
 % of Total Auth. Oblig.: 45%  
 % of Total Oblig. Exp.: 66%  
 % of Total Auth. Exp.: 30%

II. PROJECT PURPOSE

To equip a broad base of leaders and potential leaders in Honduras with technical skills, training and academic education, and an appreciation and understanding of the workings of a free enterprise economy in a democratic society.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

A. SPECIFIC LINKAGE TO S.O.: The project addresses the need for improving the ability of individuals to participate fully in society and the economic life of Honduras. By training leaders and potential leaders in technical and academic fields, the project will contribute to Mission's S.O. No. 4 of More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation.

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

III. PROJECT DESCRIPTION

The project will provide 500 short and long-term scholarships for studies in the U.S. These scholarships will: (1) contribute to a more stable social, political, and economic environment conducive to economic development; (2) complement other national efforts for developing a human resource base with capable leaders for managing and implementing national policies and programs; and (3) strengthen ties of friendship and understanding between the U.S. and Honduras.

IV. PROJECT STATUS

A. Planned EOPs

- Returned Peace Scholars are employed in their areas of expertise and applying the skills learned in the U.S.
- Returned Peace Scholars are active and influential in community or professional affairs.
- Peace Scholars have benefitted from the program in terms of either finding a job or having increased responsibility or salary.
- Peace Scholars have maintained linkages with the U.S. after returning home.

Progress to Date

- All 114 returned scholars are either employed by their nominating institutions or self-employed.
- All returned scholars have enhanced their leadership roles in their communities.
- All scholars have undertaken challenging responsibilities as a consequence of increased knowledge and expertise.
- Most scholars have maintained contact with instructors in the U.S. and host-families.

B. Major Outputs

	Planned				Next				Accomplished					
	LOP	Period	Cum.	Period	LOP	Period	Cum.	Period	Cum.	LOP	% of LOP			
Persons beginning Pre-Departure Training	M	E	M	E	M	E	M	E	M	E	M	E	M	E
1. Long-term	60	40	7	9	54	34	0	0	8	7	55	32	92%	80%
(a) Technical	12	8	0	0	17	3	0	0	0	0	17	3	141%	37%
(b) Academic	48	32	7	9	37	31	0	0	8	7	38	29	79%	91%
2. Short-term	240	160	15	23	46	47	39	39	11	13	42	37	18%	23%
Persons in U.S. Training	M	E	M	E	M	E	M	E	M	E	M	E	M	E
1. Long-term	60	40	7	9	53	33	0	0	8	7	54	31	90%	78%
(a) Technical	12	8	0	0	19	3	0	0	0	0	19	3	158%	37%
(b) Academic	48	32	7	9	34	30	0	0	8	7	35	28	73%	88%
2. Short-term	240	160	15	23	43	37	13	13	13	23	41	37	17%	23%
Returned Peace Scholars	M	E	M	E	M	E	M	E	M	E	M	E	M	E
1. Long-term	60	40	9	9	28	14	4	2	7	4	26	9	43%	23%
(a) Technical	12	8	0	11	2	0	0	0	0	0	18	3	150%	37%
(b) Academic	48	32	9	9	10	11	4	2	7	4	8	6	17%	19%
2. Short-term	240	160	1523	44	37	0	0	13	23	41	37	17%	23%	

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C. Other Accomplishments and Overall Status

HOPS II has integrated follow-on activities with Peace Scholars from HOPS I and former CASS/CASP and ROCAP Peace Scholarship recipients. A total of 166 scholarships have been awarded to date and 42% of the scholarship recipients have been females. This percentage of female participation would have been higher if Peace Scholars in technical training were not predominately male, for traditional and cultural reasons.

The thirteen professionals selected to conduct research on Honduran labor force opportunities, with cost/benefit projections for training in these areas, departed for their U.S. training in May. Following their return to Honduras, they collaborated in a workforce study conducted by a team of specialists financed by USAID/Washington. As a result of their academic and practical training, these thirteen professionals are qualified to undertake additional studies of this nature without requiring professional supervision.

In coordination with the Mission's Municipal Development Project, a second group of community leaders completed their predeparture training and travelled to Jackson, Mississippi for a six-week intensive training program. The group has returned and is joining forces with a previous group of HOPS II Scholarship Recipients made up of community leaders for the promotion of more democratic approaches to community and municipal development.

Of the sixteen Peace Scholars who formed part of the 3rd (and final) group of long-term academic trainees, fourteen departed in June for two and a half months of cross-cultural orientation and further English Training in Arkansas. Besides full-time exposure to English and the American culture, the orientation included simulations on university registration, opening and managing bank accounts, use of a post office, etc. An important consequence of the orientation is that Peace Scholars will finish their program of studies in a year and a half, as opposed to two years for previous trainees, leading to reduced costs for the project. Two Peace Scholars were cancelled during predeparture training: one for insufficient progress in English, and the other for problems related to his attitude. Two Peace Scholars obtained complimentary scholarships through the Ford/MacArthur Foundations, and another was accepted as a fellow by the InterAmerican Foundation implying savings of \$75,000 for the project. During the month of August the Peace Scholars travelled to their universities to begin their academic studies. One additional Peace Scholar enrolled in the U.S. Merchant Marine Academy in July for a B.S. degree.

Grades and reports from the first two long-term academic groups that traveled to the U.S. under HOPS II continue to range from very good to excellent. Eleven Peace Scholars completed their studies between June and August and returned to their work in Honduras. A growing number of scholars are conducting internships in Honduras as part of their academic programs. Two Peace Scholars will be spending the fall semester '94 in Honduras, receiving academic credit for applied research related to their fields of study. This has been encouraged by the HOPS II Project because of the savings resulting from reduced tuition and living expenses during internships in Honduras, and also because it ensures more direct applications of academic studies in the home country.

CAPS and HOPS I follow-on activities are fully integrated into HOPS II. During this reporting period, over 1,940 people benefitted directly from HOPS II follow-on activities, bringing the cumulative total of follow-on beneficiaries to 12,423. Indirectly, through the multiplier effect these development efforts are having on primary school students, their parents, rural residents in need of health services, small business owners, community development and environmental conservation, the number of Hondurans affected by the scholarship project exceeds 120,000 persons. HOPS II continues to provide support for several associations of former Peace Scholars. The major follow-on activities during this period are summarized below:

- The primary school teachers who received training in the U.S. provided seminars to share their new skills and knowledge with 1,464 colleagues in primary education with a rate of female participation of more than 60%.
- 255 municipal employees and community leaders representing 13 municipalities received training in municipal management and community development. (50% female)
- 35 small and micro-business entrepreneurs received training in business management and are presently forming a cooperative to promote the activities of small and micro-business entrepreneurs. (85% female)
- 26 returned Peace Scholars in watershed management and conservation met with 33 supervisors of public and private sector projects, and Peace Corps volunteers to share action plans and field experiences, and establish regional networks.
- 28 nurses were strongly motivated by their training in the U.S. and since returning have revived the motivation and social commitment of a group of nurses trained in 1988. Besides providing improved health services in their

communities, the nurses are planning training activities for another 800 nurses throughout the country. Almost 100% of the nurses are women.

- Two US-graduate female students volunteered to participate in training impact evaluations in rural Honduran communities, while working with Peace Scholars. One worked as a summer intern, and the other as a Fulbright Scholar for 10 months.

Follow-on activities and cost-sharing strategies have been developed in collaboration with technical offices of USAID, such as the Municipal Development, Rural Development, Health Sector, and the Primary Education Efficiency Projects. Closer ties have also been established with the technical offices of the Peace Corps. As a result of this collaboration, Peace Corps volunteers in education are being placed in communities where Peace Scholars are working. Activities with micro and small business owners are also being organized and implemented in coordination with Peace Corps volunteers.

D. Problems and Delays

Funding levels for HOPS II are substantially below the amounts originally projected for the project. Final funding levels are uncertain, but the project may receive only 50% of the authorized amount of \$15,000,000. The project's institutional contractor in the U.S. (AED) is also experiencing significant increases in training costs; 68% for short-term training and 43% for long-term training. With the increased training costs, combined with the contractor's increased administrative costs and reduced levels of funding for the project, the number of scholarships that can be awarded is being significantly reduced. Nearly all of the obligated balance of funding under the project will have to be utilized to assure that the 50 long-term Peace Scholars currently in the U.S. will be able to complete their studies over the next eighteen months and HOPS II will not be able to award the 400 short-term scholarships which had originally been contemplated under the project. Nevertheless, with funding from reserves under HOPS I (see HOPS I SAR), 370 short-term technical scholarships were awarded to compensate for reduced numbers of short-term scholarships under HOPS II. In this manner, the combined total number of scholarships for short and long-term studies under HOPS I and II will be over 550 long-term and over 2,000 short-term scholarships, which will exceed the total number of scholarships that were to be awarded by the HOPS I and II Peace Scholarship programs.

As a consequence of increased costs and reduced levels of funding for the project, future short-term technical scholarships awarded under HOPS II will have to be prioritized based on the Mission's strategic objectives and the degree to which other Mission projects, or other entities, will be able to provide a financial counterpart contribution to help cover training costs for Peace Scholars.

The final report on the external evaluation of the project conducted by Aguirre International during August/September 1993 has still not been submitted for Mission review. The final report is expected during the next reporting period.

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

1. Negotiate a new budget with the Project's Institutional Contractor (AED).
2. Conduct impact evaluations in the fields in which returned trainees are working in collaboration with U.S. volunteer interns.
3. Implement pre-selection seminars and predeparture training in priority areas defined by the technical offices of USAID/Honduras.
4. Organize and execute follow-on activities with returned Peace Scholars in the following areas:
  - Primary education (including 250 departmental auxiliary supervisors);
  - Environmental conservation, education and communication;
  - Basic health services;
  - Agriculture (horticulture and livestock) production and commercialization;
  - Micro and small business management;
  - Municipal and community development;
  - Self-help opportunities/strategies for blind and handicapped individuals;
  - Vocational education; and
  - Activities with long-term academic Peace Scholars.
5. Implement evaluation recommendations from the project's midterm evaluation.
6. Execute an internal evaluation of the project.
7. Encourage Peace Scholars to maintain contact with U.S. instructors, friends and host families.

PROJECT STATUS REPORT

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I. BACKGROUND DATA

Project Title: Strengthening Accountability Systems  
 Project Number: 522-0381  
 Date of Authorization: original 09/29/93  
 Date of Obligation: original 09/30/93  
 PACD: original 09/30/96  
 Implementing Agencies: Comptroller General of the Republic (CGR)  
 Major Contractors: Mario Andrade, Audit Specialist  
 Project Manager: H. Ricardo Callejas  
 Project Support Officer: Marcela Moya  
 Status of CPs/Covenants: CP to first disbursement: Met  
 Other CPs (3): One in process and two to be met in FYs 95 and 96  
 Covenants (4): Ongoing

Date of Last Evaluation: N/A Next Evaluation: 03/96  
 Planned No. of NFAs: 3 NFAs Contracted/Completed: 0  
 Date of Last Audit: N/A Next Audit: TBD

A. FINANCIAL DATA

Amount Authorized: DA Grant: original \$2,500,000  
 Amount Obligated: DA Grant: original \$ 458,000  
 Amount Committed: Period: \$ 27,901  
 Cumulative: \$ 150,213  
 Accrued Expenditures: Period - Projected: \$ 250,000  
 Period - Actual: \$ 61,791  
 Cumulative: \$ 88,953  
 Period - Next: \$ 250,000  
 Counterpart Contribution: Planned (LOP): \$1,428,000 (L9,867,480)  
 Actual Cumulative: \$ 59,417 (L 410,574) \*  
 % LOP Elapsed: 33%  
 % of Total Auth. Oblig.: 18%  
 % of Total Oblig. Exp.: 19%  
 % of Total Auth. Exp.: 4%

II. PROJECT PURPOSE

To strengthen the Government of Honduras's (GOH) auditing capability and accountability.

RELATIONSHIP TO MISSION STRATEGIC OBJECTIVE

A. SPECIFIC LINKAGE TO S.O.: The Project addresses the critical problem of weak public accountability as a result of poor management and corruption. By improving the GOH's auditing capability and accountability, the Project will contribute to the Mission's S.O. of More Responsive Democratic Processes With Greater Citizen Participation.

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

III. PROJECT DESCRIPTION

The Project consists of four interrelated components: (1) promoting overall staff stability and proficiency in the CGR, (2) augmenting the CGR's auditing capability, primarily in areas relating to the environment, investment projects and financial operations, (3) developing an investigatory capacity in the CGR, and (4) developing public awareness of the costs associated with misuse of public resources and the role of the CGR in controlling fraud and corruption in government.

IV. PROJECT STATUS

A. Planned EOPS

Progress to Date

- |   |   |
|---|---|
| 1. CGR audits conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).          | Audit Specialist's work of revising and implementing government auditing standards and procedures in CGR audits on-going. Periodic RIG assessments being performed. |
| 2. Audited GOH institutions have taken corrective actions recommended in CGR audit reports.                   | Assessment pending.   |
| 3. CGR investigatory cases involving fraud and corruption are prosecuted to the fullest extent of the law.    | No cases reported yet.  |
| 4. Three specialized audit offices, an investigations office and a public trust awareness office operational. | Audit and investigations offices created (thus far three women, four men appointed). Audit Specialist on board and Investigations Specialist being recruited.       |

B. Major Outputs

	Planned		Next		Accomplished		% of LOP
	LOP 1/	Period	Cum.	Period	Period	Cum.	
1. Decrease in turnover rate among CGR supervisory auditors	50%						
2. Increase in the number of professionally completed CGR audit reports	100%						
3. Issuance of RIG's final certification of the CGR's auditing capability	1	0	0	0	0	0	0
4. Total public fraud/corruption complaints received by the CGR	65	10	16	7	2	8	12
5. Public fraud/corruption complaints resulting in audits/investigations	40	5	10	4	2	7	17
6. Investigatory cases submitted to public attorney/prosecutorial offices	20	2	2	2	0	0	0
7. Investigatory cases accepted by public attorney/prosecutorial offices for prosecution	14	1	1	2	0	0	0

1/ Subject to revision by a formal baseline assessment.

\* CGR's quarterly counterpart report is pending. Figures represent the results of a Controller/FARS' financial review.

## PROJECT STATUS REPORT

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### C. Other Accomplishments and Overall Status

A major CGR accomplishment has been to have a new Constitutive Law enacted by Congress considerably sooner than expected. However, while the Law empowered the CGR to fulfill various operational, audit and investigative requirements toward significantly enhancing public accountability, the expected impact in the fight against fraud and corruption in government remains to be felt.

In organizing itself to get the Project underway, the CGR established three specialized audit offices (environment, public works and financial operations) and an investigations office, whose work has primarily focused on test cases that would set performance standards for the future. For example, the Environmental Audit Office has performed several audits, and issued the corresponding reports, on illegal timber exploitation by private companies; the Public Works Audit Office has audited major construction contracts awarded by de-centralized governmental offices; and the Investigations Office is completing its review of the "LUPE Project" as well as planning its work on the "PRORIEGO Project". Thus far, Project-related personnel appointments for the offices include three women and four men. During this period, the CGR also did preliminary work toward strengthening its overall organizational, managerial and staffing-pattern structures.

The Project contemplates the contracting of two long-term specialists in the fields of audit and investigations. The Mission-contracted Audit Specialist, on board since early this year, continued his work on strengthening the CGR's overall auditing capabilities. His major accomplishments for the period include: (1) issuing a variety of guides for governmental auditing, compliance and internal control; (2) preparing scopes of work for short-term technical assistance to the CGR in the areas of human resources and public trust awareness; (3) developing, in coordination with the CGR's "Center for the Schooling of Public Auditors and Administrators", a comprehensive, in-house training plan for calendar year 1994; (4) preparing a CGR request for the Comptroller General of Colombia for technical cooperation; and (5) training CGR auditors through a variety of seminars, courses and workshops (total number of participants included 98 women and 117 men).

Regarding the Investigations Specialist, the Mission actively pursued recruiting for the position in-country and abroad. In response, over forty applications were received, mostly from local lawyers with good credentials but not quite the type the position demanded. In the process, the CGR and the Mission fine-tuned their understanding of the work to be performed by the Specialist and agreed to continue searching for the most suitable professional.

To address the CGR's apparent lack of a clear understanding of how USAID projects work, the Mission issued a Project Implementation Letter detailing the project implementation process and the CGR's role in it. Also, the Mission Controller's/FARS office initiated a financial review/reconciliation of project counterpart expenditures.

In addition, RIG visited the CGR twice during the period, both to assess its auditing performance and to support its role in a recipient-contracted audit program. In RIG's latest visit, a preliminary assessment of a CGR's audit of a rural roads project, revealed that, save for minor procedural weaknesses, the audit adhered to generally accepted government auditing standards. In general, with the Project's support, the CGR continued strengthening its auditing capabilities.

Finally, efforts continued during the period to have the CGR enter into cooperation agreements with other GOH institutions responsible for enforcing accountability in government. To this end, the CGR held discussions with Public Integrity Office, State Attorney's Office and Public Ministry officials. A draft agreement with the Public Integrity Office has already been prepared.

### D. Problems and Delays

The Project is being classified a "C" project because, since its design and inception, it has often required Senior Management's attention.

The Project continues to be slowly implemented, mainly as a result of the CGR's being overly cautious in the Project-related decision-making process. The Project's CY94 counterpart budget took several months in the offing and a workplan remains to be firm up (the CGR has assured USAID, however, that for CY95, a comprehensive project implementation plan and corresponding budget will be submitted on a timely basis). Also, the CGR's lengthy discussions on the use of project resources and, at times, unresponsiveness to pressing project demands, delayed implementation of activities planned for the period.

For instance, the Project Agreement calls for short-term technical assistance and training services to be procured through an institutional contractor. However, the related procurement process has been postponed pending a firm CGR-Mission agreement on a scope of work and budget for this contract. The CGR has insisted that given its ongoing cooperative agreements with Comptroller Offices from other donor countries, estimated project budget allocations for the provision of technical assistance through an institutional contractor should be reduced correspondingly. Still, the CGR has committed to procuring in the near future critical short-term technical assistance, locally and with counterpart funding. Also, as it expects to have the contractor on board by March 1995, the Mission will use, in the interim and based on an agreed-upon CGR training plan, standard participant-training procedures to support CGR training activities.

The CGR's lack of impetus to steer the Project toward clear objectives also prevented discussions that would have led to the Mission's contracting of short-term technical assistance both to gather baseline information and to assist in formally structuring the Project's information system. Similarly, the CGR postponed plans for establishing the Public Awareness Office and associated campaign on the issue of public trust (however, firm discussions on contracting a specialist on this issue got underway).

Lastly, the Mission remains concerned with the CGR's apparent lack of a full commitment to delivering early project outputs. In addition, the CGR's new Project Liaison Officer, hired in mid-cycle, has not met the Mission's performance expectations and, as a result, CGR-Mission working relations were strained somewhat. Recently, however, relations have improved noticeably. Pending a CGR's more decisive and aggressive role in implementing project activities, the Mission has postponed making any planned incremental obligations for the Project.

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

1. Contract local short-term technical assistance in the areas of organizational development, human resources, public trust awareness and automated data processing (CGR's action).
2. Complete the counterpart expenditures reconciliation process and ensure the CGR establish a separate local currency account.
3. Contract the long-term Investigations Specialist.
4. Initiate contracting of an institutional contractor to provide short-term technical assistance and training services.
5. Firm up an interim training plan (CGR's action).
6. Continue recruiting personnel for and equipping offices created under the Project (CGR's action).
7. Approve the Project's CY95 implementation plan and corresponding budget.
8. Initiate procurement of automated-data-processing equipment.
9. Initiate contracting of short-term technical assistance to gather baseline information and establish the Project's formal information system.
10. Develop and begin implementing a public awareness campaign on the issue of public trust (CGR's action).
11. Continue efforts to have the CGR enter into cooperation agreements with GOH public attorney/prosecutorial offices in order to advance its cases, as warranted, to the fullest extent of the law.
12. Make a decision on previously-planned incremental obligations for the Project.

PROJECT STATUS REPORT: April 1 - September 30, 1994

Regional Technical Aid Center Project (RTAC II)

Project No. 598-0791 (Formerly 597-0011)

Strategic Objective: By increasing the use of U.S. university textbooks in Honduras, RTAC-II contributes to the Mission Strategic Objective of More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation.

Goal: Improve higher education in Spanish-speaking America.

Purpose: To increase U.S. cooperation with Latin American institutions by providing high quality U.S. published textbooks and technical information, in Spanish at affordable prices, for Latin American universities, technical schools, libraries and professionals.

PACD: 09/24/96

Authorized Amount: \$43,000,000

USAID/Honduras: \$ 500,000

Project Manager: Ned van Steenwyk

Project Status

The Regional Technical Aid Center I Project (RTAC I) ended in 1979 after twenty years of assistance to the Latin American publishing industry and the distribution of over 1,000,000 books. RTAC II began in 1986 with the anticipated output of distributing 4,000,000 books throughout Latin America. RTAC II has distributed over 385,000 books in Honduras.

Memoranda of Understanding (MOUs) were signed during the previous reporting period with nine additional institutions to participate in the RTAC program, including seven private and two public sector institutions. Each of the new participating institutions are to contribute counterpart funding on a matching basis of \$1:\$1; thereby contributing approximately \$80,000 in additional funding for the RTAC II program in Honduras. The institutions currently participating in the RTAC II program are listed below.

Private Sector Institutions

Escuela Agricola Panamericana (EAP)\*

Universidad Tecnologica Centroamericana (UNITEC)

Universidad Jose Cecilio del Valle

Universidad de San Pedro Sula

Universidad Catolica

Centro Cultural Sampedrano

Gerentes y Empresarios Asociados de Honduras (GEMAH)

Centro Asesor para el Desarrollo de los Recursos Humanos  
(CADERH)

Public Sector Institutions

Universidad Nacional Autonoma de Honduras (UNAH)\*  
Universidad Pedagogica Nacional (UPN)\*  
Escuela Nacional Agricola (ENA)  
Instituto Nacional de Formacion Profesional (INPOP)

\*Original Institutions Participating in the RTAC II Program

USAID is providing \$30,000 for the RTAC Center to establish its offices and cover its recurrent costs over an eight month period. Financial self-sustainability for the RTAC Center is to be achieved by a 5% surcharge on RTAC publications. Approximately \$30,000 annually will be required to finance the recurrent costs of the RTAC II Center. USAID anticipates that this income will be generated from the sale of 60,000 RTAC publications each year.

The legal statutes for the RTAC Center were approved by the Government of Honduras during this reporting period. The first general assembly meeting was held shortly after the end of this reporting period and a Board of Directors and an Executive Committee were elected so that the RTAC Center can begin operations during the next period.

Private sector interests were clearly enunciated during the discussion of issues at the first general assembly meeting of the RTAC Center. A budget was presented for the period of September 1994 - December 1995. While the proposed budget provided sufficient detail on expenditures, it provided very little information on RTAC-generated income for financing these expenditures. Private sector members of the RTAC Center pointed out that the proposed budget was not an appropriate budget for an institution which was expected to become financially self-sustainable. The budget was consequently revised to project income, fixed costs, and variable costs for each month to provide more objective goals to monitor and evaluate the progress of the RTAC Center in achieving financial self-sustainability.

Gender Issues: Approximately 50% of the beneficiaries of the RTAC II program are females enrolled in universities and post-secondary training programs in Honduras. The President of the Board of Directors of the RTAC Center was the first female to obtain an engineering degree in Honduras, and the majority of the members of the Board of Directors are females.

Problems and Delays: None.

Major Activities and Corrective Actions for the Next Reporting Period:

- 1) Establish and equip the RTAC II Center's offices, contract personnel (accountant and a secretary), and begin operations.
- 2) Place orders for RTAC publications and obtain counterpart contributions from the new RTAC members.

**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 1**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1995 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y) (N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM*	SOURCE***				
596-0165	Export Industry Technical Support (EXITOS)	A	Al Merkel X 2680	Rick Clarke ROCAP/RD (San José) (508) 204-545	---	---	Y	N	522-0399 Small Farmer Export Development	Expected to close in December 1994. Follow-up project not expected.
596-0654	Rural Development Technology Services (LACTECH)	A	Mike Wise X 2686	Sher Plunkett LAC/OR/RD (202) 647-5685	Other	PD&S	Y	N	---	Worked on nutrition survey and policy analysis. Two week limit is a constraint.
596-0797	Trade and Investment Support	A	Liza Valenzuela X 2515	Robin Brinkley LAC/IT (202) 674-9133	---	---	Y	N	522-0325 Policy Analysis & Implementation	Provides technical assistance for research and recommendations for improving the investment climate in Honduras.
936-5063	University Development Linkages Project	B	Mike Wise X 2676	Ruth Frischer G/R&D/UC (703) 816-0252	---	---	Y	N	---	Project 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	Don Harrison X 2511 Vicente Diaz X 2575	Pat Isman G/R&D/EID /RAD (703) 875-4625	Buy-in	522-0325	Y	Y	522-0325 Policy Analysis & Implementation Project (PAIP)	In conjunction with our PAIP project (522-0325) is assisting in the establishment of a GOH Policy Analysis and Implementation Unit to improve policy decision-making and implementation of reform programs.
936-5600	Innovative Scientific Research II	B	Mike Wise X 2676	John Daly G/R&D/R (703) 875-4134	---	---	Y	N	---	Provides research grants to FHIA and Zamorano. Research is linked to U.S. universities and focuses on development of improved varieties.
936-5818	Learning Technology for Basic Education (Learn Tech)	A	Ned Van Steenwyk X 2481	Jim Hoxeng G/R&D/ED (703) 875-4490	Buy-in	522-0273 522-0296	Y	Y	522-0388 Basic Education and Skills Training	We have two buy-ins into this project--one for civic education and one for alternative education. Project ends in March 1995.
936-0158	Foundation for International Community Assistance (FINCA) (Matching Grant)	B	Liza Valenzuela X 2515	Deborah Miller BHR/PVC/MGD (703) 351-0219	---	---	Y	N	---	Provides technical assistance to Village Banks. Ends in 1994.
936-0158	World Relief Corporation (Matching Grant)	B	Liza Valenzuela X 2515	Marguerite Potee BHR/PVC/MRD (703) 351-0235	---	---	Y	N	---	Provides credit programs for micro-enterprises.

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

\*\* Buy-in Core Funding, OYB Transfer, None, Other.  
 \*\*\* Project Number.

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**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 1 (Continued)**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/ PHONE #	1995 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y) (N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM*	SOURCE**				
938-0705	Farmer to Farmer (NAPA)	B	Mike Wise X 2676	John Fasullo BHF/PVC/MGD (703) 351-0227	---	---	N	N	---	Partners of the Americas, (NAPA) through farmer-to-farmer volunteers, 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.
940-0403	Antipoverty Lending for Enterprises	A	Bernal Velarde X 2613	Elizabeth Hunt PRE/SME (202) 663-2394	---	---	Y	Y	522-0241 Small Business Development II	Provides matching funds for loan capital. Supplies 50% of ANDI's funding for poverty lending.

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

- \*\* Buy-in Core Funding, OYS Transfer, None, Other.  
 \*\*\* Project Number.

1/96

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**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 2**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y)(N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM*	SOURCE***				
596-0150	Regional Environmental Natural Resources Management (RENARM)	B	Margaret Harritt X 2657	Toby Pierce ROCAP/RD	---	---	N	N	522-0246 Forestry Development 522-0385 Honduran Environmental Protection Fund	Works in protected areas, IPM, and watershed management. New Project design (for phase II) has opened communication with bilateral missions.
598-0780	Environmental Support Project (LAC)	A	Margaret Harritt X 2657	Jeff Brokaw LAC/DR/E (202) 647-8070	---	---	Y	Y	522-0246 Forestry Development	Brought in Lighthawk Environmental Air Force which is mapping/planning in the Mosquitia. Funds were added to our OYB without our prior notice.
931-1254	Sorghum/Millet CRSP (Intsomil)	B	Peter Hearne X 2667	Phillip Warren G/R&D/AGR (703) 875-4324	Other	PL480 Title III Local Currency	Y	N	522-0292 Land Use Productivity Enhancement	Has done work in Honduran grain policy. Works in dryland areas such as Choluteca developing climate-tolerant disease-resistant varieties. Provided assistance to LUPE (522-0292).
931-1310	Bean/Cowpea CRSP	A	Peter Hearne X 2667	Betty Beckett G/R&D/AGR (703) 875-4049	---	---	Y	N	522-0292 Land Use Productivity Enhancement	Provided assistance on bean/cowpea varieties to the LUPE project (522-0292).
931-1311	Tropsoils CRSP	A	Peter Hearne X 2667	John Malcolm G/R&D/AGR /RNR (703) 875-4328	Other	522-0252	Y	N	522-0292 Land Use Productivity Enhancement	Researches topsoil loss to measure LUPE (522-0292) impact. Good results.
936-4023	Pond Dynamics CRSP	A	John Warren X 2681	Lamar Trout G/R&D/AGR /RNR (703) 875-4300	Other	PL480 Title III Local Currency	Y	Y	522-0207 Export Development & Services	Is actively measuring water quality in the Choluteca Watershed and Golf of Fonseca areas, where many USAID projects have been/are active.
936-4196	Sustainable Agriculture and Natural Resources Management CRSP (SANREM)	A	Al Merkel X 2680	Jim Bonner G/R&D/AGR /APP (703) 351-4006	---	---	Y	N	522-0385 Honduran Environmental Protection Fund 522-0399 Small Farmer Export Development	Developing indicators for sustainability of environmental activities (with VIDA & Zamorano). It is also developing an environmental monitoring system.
936-5438	Development Strategies for Fragile Lands (DESFIL)	B	Peter Hearne X 2667	Larry Abel G/EG/EIO (703) 875-4440	---	---	Y	N	522-0292 Land Use Productivity Enhancement	Contributed to the design of the Honduran Environmental Protection Fund Project; and assessed Ag. Modernization Law. Would like to develop participatory methods/gender analysis in national resources management.

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

\*\* Buy-in Core Funding, OYB Transfer, None, Other.  
 \*\*\* Project Number.

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**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 2 (Continued)**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y)(N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM*	SOURCE**				
938-5554	Conservation of Biological Diversity	A	Margaret Harritt X 2697	Marie Beebe G/R&D/E&I (703) 875-4255	---	---	Y	N	522-0385 Honduran Environmental Protection Fund	Provided interim technical assistance to Foundation VIDA. World Wildlife Fund is a participant. Good quality support.
938-5558	Forest Resources Management II	A	John Warren X 2681	Dan Dealy G/R&D/ENR (703) 875-4019	---	---	Y	N	522-0246 Forestry Development	Useful for roster search and identification of training opportunities.
938-0158	Kathysia North/South Development Partnership (Matching Grant)	B	Liza Valenzuela X 2515	Mary Herbert BHR/PVC/MGD (703) 351-0192	---	---	Y	N	---	Strengthens local institutions to provide self-help services to the poor.
938-0705	Farmer to Farmer (VOCA)	B	Mike Wise X 2676	John Fasullo BHR/PVC/MGD (703) 351-0227	---	---	Y	N	522-0385 Honduran Environmental Protection Fund	Volunteers in Cooperative Assistance (VOCA), in coordination with VIDA, is supporting activities in the area of natural resources management for a number of local NGOs.

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

\*\* Buy-In Core Funding, OYS Transfer, None, Other.  
 \*\*\* Project Number.

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**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 3**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1998 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y) (N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM*	SOURCE**				
598-0657	Health and Nutrition Technical Services	A	David Loek X 2488	Eunyong Chung G/R&D/N (703) 875-4074	Core Funds	N/A	Y	N	PL 480 Title II	Cost-Effectiveness Study of Feeding Programs using Trust Funds and Title II local funds. Also Finishing Cost-effectiveness Study of Intra-Hospital Promotion of Breastfeeding.
836-3030	Strategies for Improving Service Delivery (Population Council)	A	María del Carmen Miranda X 2329	Barbara Feringa G/R&D/POP/R (703) 243-8668	Buy-in	522-0369	Y	Y	522-0369 Private Sector Population Program II	Population Council approves and manages small grants to local PVOs for family planning activities.
836-3038	Family Planning Logistics Management	A	María del Carmen Miranda X 2329	John Crowley G/R&D/POP (703) 875-4850	Buy-in	522-0369	N	Y	522-0369 Private Sector Population Program II	Tentative for 1995-96.
836-3041	Family Health International	A	David Loek X 2488	James Shelton G/R&D/POP/R (703) 875-4510	Buy-in	522-0369	Y	Y	522-0218 Health Sector II 522-0369 Private Sector Population Program II	Assists in National Health Surveys (IHIS).
836-3048	Resources for the Awareness of Population Impacts on Development (RAPID)	A	María del Carmen Miranda X 2329	Tom Morris G/R&D/POP /FPSD (703) 875-4773	Buy-in	522-0369	Y	Y	522-0369 Private Sector Population Program II	Is currently preparing an updated RAPID presentation.
836-3051	Contraceptive Social Marketing II (SOMARC III)	A	María del Carmen Miranda X 2329	Elton Starbird G/R&D/POP /P&E (703) 875-4581	Core Funds	Y	Y	---	522-0369 Private Sector Population Program II	SOMARC facilitated one last workshop on income generation in 1994.
836-3055	Family Planning Management Development	A	María del Carmen Miranda X 2329	María Busquets-Maura G/R&D/POP/IT (703) 875-4768	Buy-in	522-0369	N	Y	522-0369 Private Sector Population Program II	This project provides assistance to the Honduras Family Planning Association (ASHONPLAFA) in the areas of administrative efficiency and self-sufficiency.
836-3057	Central Contraceptive Procurement	A	Angel Coca X 2491	Mark Rilling G/R&D/POP (703) 875-4492	OYB Transfer	522-0369	Y	Y	522-0369 Private Sector Population Program II	Supplies contraceptives to our family planning programs.
836-3081	Natural Family Planning	B	David Loek X 2488	Victoria Ellis G/R&D/POP (703) 875-4582	---	---	Y	N	---	Has an operations research activity in San Pedro Sula with La Leche League. Ends in 1994.
836-5110	Food, Nutrition Monitoring and Support (IMPACT)	A	David Loek X 2488	Eunyong Chung G/R&D/M (703) 875-4074	Core Funds	N/A	Y	Y	---	Project did food security studies and we expect it will soon be supporting micronutrient activities including fortification of sugar with vitamin A, adding iodine to salt, and adding iron to women's and children's diets.

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

--- Buy-in Core Funding, OYB Transfer, None, Other.  
 \*\*\* Project Number.

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**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 3 (Continued)**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1995 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y) (N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM*	SOURCE***				
936-5966	Maternal & Neonatal Health & Nutrition (Expanded Program in Breast Feeding)	A	David Loek X 2488	Cate Johnson G/R&D/H (703)875-4521	Core Funding	N/A	Y	Y	522-0216 Health Sector II	Contributes to the Well Start Program and emphasizes breast feeding. As part of the multi-donor effort, we are supporting a program to train breastfeeding counselors.
936-5970	Technical Advisors in AIDS and Child Survival	A	David Loek X 2488	Dale Gibb G/R&D/H (703) 875-4556	PASA	522-0216	Y	Y	522-0216 Health Sector II	Provides one key full time AIDS/child survival advisor.
936-5972	AIDS Technical Support -- AIDS Control and Prevention (AIDSCAP)	A	David Loek X 2488	Denise Rouse G/R&D/H/AIDS (703) 875-4641	Buy-in	522-0216 522-0369	Y	Y	522-0216 Health Sector II	AIDSCAP will provide technical assistance to the National AIDS Control Program in the future. Performed a socio-economic impact study of HIV/AIDS with LAC regional funds.
936-5974	Health Care Financing & Sustainability	A	David Loek X 2488	Robert Evany G/R&D/H (703) 875-4525	Buy-in	522-0216	Y	Y	522-0216 Health Sector II	May be a 1995 startup.
936-5991	Data for Decision-Making	A	David Loek X 2488	James Shepard G/R&D/H (703) 875-4568	Buy-in	522-0216	Y	Y	522-0216 Health Sector II	Planned for 1995.
936-6006	Basic Support for Institutionalizing Child Survival (BASICS)	A	David Loek X 2488	Al Bartlett G/R&D/H (703) 875-4525	Core Funds	N/A	Y	Y	522-0216 Health Sector II	Mission has prepared a scope of work for technical assistance to help plan child survival interventions for the next 3 years.
938-0158	Freedom from Hunger (Matching Grant)	B	Herbert Caudill X 2489	Deborah Miller BHR/PVC/MGD (703) 351-0219	---	---	Y	N	---	Uses poverty lending and adult education to promote health and nutrition of the poor.
938-0158	The People to People Health Foundation (Project Hope) (Matching Grant-CS)	B	Herbert Caudill X 2489	Deborah Miller BHR/PVC/MGD (703) 351-0219	---	---	Y	N	---	Income generating activities for women, so they can afford more food and health services; formation of community participation and banks; and health education.
938-0284	The People to People Health Foundation (Project Hope) (Matching Grant-CS)	B	Herbert Caudill X 2489	Deborah Miller BHR/PVC/MGD (703) 351-0219	---	---	Y	N	---	Promotes child survival interventions in new areas of Tegucigalpa. Ends in 1994.
938-0284	Adventist Development and Relief Agency International (Matching Grant-CS)	B	Herbert Caudill X 2489	Jaime Henriquez BHR/PVC/MGD (703)351-0213	---	---	Y	N	---	Increases child survival interventions in Tegucigalpa by providing services, skills transfer, and income generation activities.

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

\* Buy-in Core Funding, OYB Transfer, None, Other.  
 \*\*\* Project Number.

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**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 3 (Continued)**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1995 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y) (N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM*	SOURCE**				
938-0500	World Relief Corporation (Matching Grant-CS)	B	Herbert Caudill X 2489	Jaime Henriquez BHR/PVC/MGD (703) 351-0213	---	---	Y	N	---	Is strengthening three indigenous health agencies and community groups to improve health services. Ends in 1994.
938-0500	International Eye Foundation (Matching Grant-CS)	B	Herbert Caudill X 2489	Jaime Henriquez BHR/PVC/MGD (703) 351-0213	---	---	Y	N	---	Improves child health in Honduras by increasing intake of vitamin A through distribution of capsules, community gardens, nutrition education and treatment of disease.
938-0500	World Vision Relief and Development (Matching Grant-CS)	B	Herbert Caudill X 2489	Rose Robinson M/HRDM/WFP (703) 351-0226	---	---	Y	N	---	Is improving health services in 10 peri-urban communities in Tegucigalpa.
938-0500	Save the Children Federation (Matching Grant-CS)	B	Herbert Caudill X 2489	Jaime Henriquez BHR/PVC/MGD (703) 351-0213	---	---	Y	N	---	Is strengthening community groups and public health services (MOH) in child survival interventions.
938-0500	Cooperative for American Relief Everywhere (CARE) (Matching Grant-CS)	B	Herbert Caudill X 2489	Rose Robinson M/HRDM/WFP (703) 351-0226	---	---	Y	N	---	Trains community health workers in nutrition education, management of diarrheal diseases, and high risk births. Ends in 1994.

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

\*\* Buy-In Core Funding, OYB Transfer, None, Other.  
 \*\*\* Project Number.

**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE NO. 4**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1996 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y) (N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM**	SOURCE***				
598-0167	Local Government Regional Outreach Program (LOGROS)	A	Mario Pita X 2750	Ronald Carlson ROCAP (502) 2-320202	---	---	Y	N	---	Provides assistance to the Municipal Development Project.
598-0642	Regional Administration of Justice	B	Ron Glass X 2663	Debra McFarland LAC/DI (202) 647-4380	---	---	Y	Y	---	Provides support to judicial systems in the region. Implemented by ILANUD. Terminates 12/31/94.
598-0661	Evaluation of Caribbean and LA Scholarship Programs	A	Ned Van Steerwyk X 2481	John Jessup LAC/DR/EHR (202) 647-8044	Buy-in	522-0364	Y	Y	522-0364 Honduras Peace Scholarship II	Buy-in was used for the evaluation of the HOPS project (522-0364).
598-0770	Legislative Management Training	B	Ron Glass X 2663	Sharon Israelow LAC/DI (202) 647-4380	---	---	Y	Y	---	Enhances administrative capabilities of regional legislatures, trains technical/administrative staffs of the congresses throughout Central America. Provided training to women legislators.
598-0791	Regional Technical Aid Center II	A	Ned Van Steerwyk X 2481	John Jessup LAC/DR/EHR (202) 647-8044	OYB Transfer	ESF	Y	Y	---	Is in the process of expanding the number of participating book outlets in Honduras.
598-0802	Central American Journalism Strengthening	A	Ron Glass X 2663	Sharon Israelow LAC/DI (202) 647-4380	---	---	Y	Y	---	Provides journalists and other media participants with training in investigative journalism.
598-0808	AIFLD II	A	Ron Glass X 2663	Eric Bostad LAC/CI (202) 647-4380	---	---	Y	Y	---	Promotes internationally recognized workers rights and strengthens democratic trade unions throughout the LAC region.
598-HQ-008	Shelter Sector Urban Development	A	Mario Pita X 2750	Ronald Carlson ROCAP (502) 2-320202	N/A	N/A	Y	Y	---	Project supports the Housing Guarantee program and finances infrastructure in the municipalities.
936-5818	Learning Technology for Basic Education (Learn Tech)	A	Carla Pérez X2474	Jim Hoxing G/R&D/ED (703) 351-0219	Buy-in	522-0296	Y	Y	522-0296 Strengthening Democratic Institutions	Supports radio education activities for civic education. See also S.O.1.

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 C. Does not support Mission Strategic Objective.

\*\* Buy-in Core Funding, OYB Transfer, None, Other.  
 \*\*\* Project Number.

**CENTRALLY AND REGIONALLY FUNDED PROJECTS IN HONDURAS BY STRATEGIC OBJECTIVE**

**OTHER**

PROJECT NUMBER	PROJECT NAME	CATEGORY* (A, B, OR C)	MISSION CONTACT	WASHINGTON CONTACT NAME/OFFICE/PHONE #	1995 - 96 MISSION FUNDING		RELY ON CORE STAFF? (Y) (N)	MISSION PROVIDES MANAGEMENT TIME (Y) (N)	PART OF MISSION PROJECT	COMMENTS/STATUS
					MECHANISM**	SOURCE***				
996-0146	Regional Central American Rural Electrification Support (CARES)	C	Don Harrison X 2510 M. Isabel Martel X 2686	Sivia de Cordoba ROCAP (502) 2-320202	---	---	Y	N	---	Provides training and technical assistance in the area of electrical power generation to local Honduran power companies (ENEE, Roatan, etc.) Local-hire American oversees activities.
930-0185	USAID/Israel Cooperative Development Program	C	Al Merkel X 2680	Ed Ljowski R&D/AGR (703) 875-4300	---	---	Y	N	---	In the past, provided technical experts in irrigation management.
936-5113	Nutrition Education and Social Marketing Field Support	C	David Loek X 2488	Carol Pierstorff G/R&D/EI (703) 235-4960	---	---	Y	N	---	Is finishing up a study on promotion of nutrition through mass media. Ends in 1994.
931-5455	Appropriate Technology International III	C	Al Merkel X 2680	Roberto Castro R&D/EID (703) 875-4502	---	---	Y	N	---	Did activity in cocoa area and another activity in cashew area. Lacks follow-up.
936-5734	Energy Training	C	Don Harrison X 2510 M. Isabel Martel X 2686	Carol Pierstorff G/R&D/EI (703) 235-4960	---	---	Y	N	---	Provides training for public and private sectors in areas of energy and environmental management.
936-5750	Renewable Energy Application/Training	C	Don Harrison X 2510 M. Isabel Martel X 2686	Ross Pumfrey G/E/E&I (203) 875-4694	---	---	Y	N	---	Identifies promising renewable energy projects. In Honduras the focus is on photovoltaic systems in rural homes.
936-5838	United States Telecommunications Training (USTTI)	C	Ned Van Steenwyk X 2481	Carol Pierstorff G/R&D/EI (703) 235-4960	---	---	Y	N	---	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.
936-5459	Food Security Research Division	C	Mike Wise X 2686	Gloria Steele G/R&D/EID (703) 875-4567	---	---	Y	N	---	Not yet active in Honduras. Would like to do study of impact of Bean Policy on food security.
936-5966	Diarrheal/Respiratory Diseases	TBD	David Loek X2488	Caryn Miller G/R&D/H/AR (703) 875-4682	---	---	Y	N	---	Was included in USAID/W's list for the 1995 CP, but is unknown in Honduras.

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 \*\*\* Project Number.