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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

HONDURAS

PROJECT PAPER

FORESTRY DEVELOPMENT
AMENDMENT NUMBER 2

AID/LAC/P-938
CR-420

PROJECT NUMBER: 522-0246

UNCLASSIFIED

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PROJECT AUTHORIZATION AMENDMENT No. 2

Name of Country: Honduras
Name of Project: Forestry Development
Number of Project: 522-0246

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, the Forestry Development Project for the Republic of Honduras was authorized on December 18, 1987. The authorization was subsequently amended on May 31, 1989. That authorization, as amended, is hereby further amended by deleting it in its entirety and substituting the following therefor:
2. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Forestry Development Project for the Republic of Honduras ("the Cooperating Country") involving planned obligations of not to exceed FOUR MILLION FORTY-ONE THOUSAND UNITED STATES DOLLARS (US\$4,041,000) in loan funds and FIFTEEN MILLION NINETY-NINE THOUSAND UNITED STATES DOLLARS (US\$15,099,000) in grant funds, subject to the availability of funds in accordance with the USAID OYB/Allotment process, to help in financing foreign and local currency costs for the Project. The estimated Project Assistance Completion Date (PACD) is December 29, 1997.
3. The project will improve the management and sustainability of commercial pine forests and protected areas, and the efficiency of industrial conversion and marketing of wood products. Given that all work with industrial conversion and marketing of wood products has been completed, henceforth the Project will consist only of two components: (1) forest management and (2) protected areas. USAID's Grantee counterpart institution is the Honduran Forestry Development Corporation (COHDEFOR), with whom Project activities will be undertaken.

Project funds will be used to finance technical assistance, training, vehicles and commodities; and incentives for rural development and forest protection activities. Project management costs as well as periodic evaluations and audits will be financed by funds authorized herein.

4. The Project Agreement, as amended, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with USAID regulations and Delegations of Authority, shall be subject to the following essential terms and conditions as USAID may deem appropriate:
 - 4.1. Interest Rate and Term of Repayment (Loan). The Cooperating Country shall repay the loan to USAID in U.S. Dollars within forty (40) years from the date of first disbursement of the Loan, including a grace period of not to exceed ten (10) years. The Cooperating Country shall pay to USAID in U.S. Dollars interest from the date of first disbursement of the Loan at the rate of two percent (2%) per annum during the first ten

(10) years, three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

4.2. Source and Origin of Goods and Commodities, Nationality of Services.

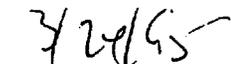
Goods, commodities, and services financed by USAID under the Loan, except for ocean shipping, shall have with respect to goods and commodities their source and origin, and with respect to services their nationality, in the United States and other countries included in Code 941 of the USAID Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods, commodities or services, except as USAID may otherwise agree in writing, and except as provided in the Combined Project Loan and Grant Standard Provisions Annex, Section C1(b) with respect to marine insurance. Ocean transportation costs will be financed with Loan funds only on vessels under the flag of the United States, the Cooperating Country and other countries included in code 941, except as USAID may otherwise agree in writing.

Goods, commodities, and services financed by USAID under the Grant, shall have with respect to goods and commodities their source and origin, and with respect to services their nationality, in the United States (USAID Geographic Code 000) as in effect at the time the orders are placed or contracts entered into for such goods and services, except as USAID may otherwise agree to in writing and except as provided in the Combined Project Loan and Grant Standard Provisions Annex, Section C1(b) with respect to marine insurance. Ocean transportation costs will be financed with Grant funds only on vessels under the flag of the United States, except as USAID may otherwise agree in writing. Air travel financed by USAID under the Grant shall be on United States flag carriers except as USAID may otherwise agree in writing and except in cases where such carriers are not available, within the meaning of U.S. Fly America Act.

Local procurement is authorized in accordance with Handbook 1, Supp. B, Chap. 18. If, during implementation of the project transactions are proposed that require a waiver under Handbook 1, Supp. B, Chap. 18, such waivers will be obtained before proceeding with the procurement.



Marshall D. Brown
Mission Director
USAID/Honduras



Date



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EXECUTIVE SUMMARY

A. BACKGROUND AND PROJECT ACCOMPLISHMENTS TO DATE

The Forestry Development Project (FDP), authorized in December 1987, has sought to improve the management and sustainable productivity of commercial pine forests, and efficiency in the processing and marketing of wood products. As originally designed, the project consisted of three interrelated components: (1) institutional reorientation of COHDEFOR; (2) forest management in selected pine forest areas; and (3) strengthening of the private sector forest industry. Major accomplishments include:

Institutional Reorientation of COHDEFOR

- l Divestiture of COHDEFOR's state-owned forest industries;
- l Disengagement of COHDEFOR from marketing and exporting forest products;
- l Adoption of a new timber sales system;
- l Adoption of a transparent timber auction system for all public timber sales;
- l Improvement of COHDEFOR's administrative and financial systems; and
- l Improved technical capability of COHDEFOR's forest technicians.

Forest Management in Selected Pine Forest Areas

- l Development and implementation of a management plan for 56,000 hectares of public pine forests in a pilot area, La Unión;
- l Satisfactory regeneration in approximately 200 hectares of public forests harvested during the life of the project (LOP);
- l Improved prevention of forest fires through efforts involving COHDEFOR employees and local inhabitants;
- l COHDEFOR's development and implementation of a forest management plan for La Muralla, a protected area of 15,000 hectares of broadleaf forest; and
- l Increased soil conservation and farming practices (promoted by COHDEFOR) adopted by communities living in borderline forest areas.

Strengthening of the Private Sector Forest Industry

- l Improved cost recovery from each tree and reduced area harvested;
- l Improved lumber processing efficiency;
- l Increased number of trained foresters available to work in the private sector; and
- l Upgraded technical capability of industry personnel.

In sum, the GOH has instituted fundamental changes in forest policy largely as a result of USAID-funded assistance. The transformation that has rocked the sector is still incomplete but has nevertheless changed forestry in Honduras forever.

B. RATIONALE FOR AMENDMENT AND EXTENSION

Although Honduras has made important advances towards improved forest policy and management practices during the past twenty years, deforestation continues at a rapid pace as population and economic pressures increase. At the same time, the recent and

drastic changes in the forestry sector, including those resulting from the 1992 GOH Agriculture Modernization Law (AML), have deeply affected COHDEFOR's mandate. COHDEFOR lacks expertise and logistical support to carry out its new responsibilities, and needs continued strong support from USAID and other donors.

USAID/Honduras has decided to amend the FDP by (1) extending its PACD to December 29, 1997; and (2) focusing assistance on those areas still requiring it (i.e., management of pine forests and protected areas) while terminating support to other activities whose objectives have been achieved (i.e., assistance to the private sector; industrial conversion and marketing of wood products). The Mission believes it essential to continue project activities, for FDP is a major contributor to USAID/Honduras' Strategic Objective (S.O.) No. 2, "Effective Stewardship of Key Natural Resources for Sustainable Economic Growth" and to two of the three Program Outcomes that contribute to this S.O.: (1) Sustainable Forest Management Practices Extended, and (2) Improved Management of Protected Areas. Without FDP, USAID would have to consider seriously whether to continue to pursue this Objective.

During the three-year extension project resources need to concentrate on two key areas: (1) sustainable management of pine forests (public and private) and (2) sustainable management of protected areas. An active policy dialogue in support of these areas is also needed. The rationale for these project interventions is discussed below.

1. Sustainable Management of Pine Forests. Concepts critical to sustainable management (e.g., allowable cut, fire protection, the coordinated management plan procedure, transparent timber sales procedures, and the relationships between forest management and forest-based agriculture) still require continued analysis and field work both within the project's pilot area and throughout Honduras. Specifically, COHDEFOR requires assistance in:

Nationwide Application of Forest Management Plans. COHDEFOR has developed preliminary regulations and procedures for the preparation and implementation of forest management plans, yet these regulations and procedures themselves require substantial improvement and need to be applied on a nationwide basis.

Timber Sales System. The timber sales system now being implemented nationwide is relatively new and requires close scrutiny. Many important adjustments (e.g., improving the design of logging roads, improving COHDEFOR's field supervision, establishing better data, adding remote sensing techniques, establishing appropriate timber valuation and refining the auction system) need to be made.

Forest Fire Management. Honduras' pine forests have the potential to regenerate naturally and efficiently if proper forest protection and silvicultural practices, including proper fire management, are implemented. Yet COHDEFOR lacks an adequate fire control program. To achieve and maintain such a program, COHDEFOR needs to develop nationwide fire management policies and practices for all public forests.

2. Sustainable Management of Protected Areas. In July 1993, the National Protected Areas System of Honduras (SINAPH) was legally created under the Environmental Law of Honduras. SINAPH includes biological reserves, national parks, wildlife refuges, and other management categories. The vast majority of Honduras' network of more than 100 protected areas, however, exist only on paper. The responsibility for these protected areas now rests with COHDEFOR. Yet COHDEFOR was only recently able to establish and staff a Protected Areas and Wildlife Department (DAPVS), and the department remains short on resources and capacity. An effective DAPVS is necessary to create a functioning national protected areas system which provides effective and sustainable management for an increasing number of areas over time. This in turn, will depend on a timely infusion of the kinds of resources this amendment contemplates.

3. Policy Considerations. Although most key policy changes have been achieved, continued USAID involvement in some policy deliberations is important if the results we expect from the FDP amendment are to be obtained. Accordingly, several key policy objectives – tied to the two major components of the amendment – have been identified and will be reflected in the appropriate sections of the planned Project Agreement Amendment. These are set forth in Attachment I to this Executive Summary.

C. PROJECT AMENDMENT DESCRIPTION

GOAL, PURPOSE, AND EXPECTED RESULTS

USAID/Honduras has modified the project goal to conform with the Mission's strategic objective framework: the revised goal is to further "the effective stewardship of key natural resources for sustainable economic growth." No substantial change was made in the original project purpose. It was modified only slightly to reflect a stronger emphasis on protected areas and now reads: "To improve the management and sustainability of commercial pine forests and protected areas, and the efficiency of industrial conversion and marketing of wood products." Given that all work with industrial conversion and marketing of wood products has been completed, henceforth the project will consist only of two components: (1) forest management and (2) protected areas. The planned project outputs and end-of-project status indicators (EOPS) by which USAID and COHDEFOR will measure the project's success have been adjusted accordingly. The principal results expected by the end of the project are:

- I All laws, regulations and procedures needed for the effective and sustainable nationwide management of Honduras' pine forests and protected areas will be in place; and
- I Sustainable management programs will be underway in approximately 20% of Honduras' pine forests and 11% of Honduras' protected areas.

Annex A to this PP Supplement includes a revised Logical Framework that reflects the new project objectives. Attachment I to this Executive Summary contains a matrix on Policy Objectives and Output Benchmarks with intermediate implementation targets and dates for accomplishing the following amended outputs during the three-year project

extension:

Forest Management

- I Acceptable management plans developed for both public and private forests, to be implemented on a nationwide basis.
- I Sustainable management plans implemented on 400,000 ha. of public pine forest (including 56,000 ha. within the pilot area).
- I Transparent system in place for the administration of nationwide timber sales and harvesting.
- I Improved National Forest Fire Management Program developed and implementation Initiated.

Protected Areas

- I A Functional SINAPH in place.
- I COHDEFOR's DAPVS working effectively.
- I Ten pilot protected areas under effective management.
- I Improved public awareness of the importance of protected areas and biodiversity. COHDEFOR will measure this through a baseline survey at the beginning of the three-year project extension and a follow-up survey to be completed during the final year of the project.

DESCRIPTION OF PROJECT ACTIVITIES

The amended FDP will consist of two components, Forest Management and Protected Areas, as described below.

1. Forest Management Component. Activities funded by this component will help COHDEFOR implement the forestry-related provisions of the AML and promote proper forest management practices. This component is divided into three sub-components: 1) Nationwide Application of Forest Management Plans; 2) Standing Timber Sales; and 3) Forest Fire Management, all of which will continue to use FDP's pilot management area.

Nationwide Application of Forest Management Plans. COHDEFOR's staff, with assistance from project-funded long- and short-term experts, will:

- I Revise and improve COHDEFOR manuals and regulations that govern development and nationwide execution of management plans for public and private forests, assuring the inclusion of social and economic criteria;
- I * Develop effective systems within COHDEFOR to monitor the process of approving management plans for both public and private forests, including the establishment of a quality control unit;
- I * Develop and implement a systematic method within COHDEFOR to supervise the implementation of management plans on public and private forests;
- I * Develop and implement a systematic centralized audit system within COHDEFOR to assure compliance with timber sales contract specifications;
- I * Publish current listings of approved management plans and timber sales contracts,

and provide public access to such documents; and

- I Implement Geographic Information Systems (GIS) and Global Positioning Systems (GPS) as support to all of COHDEFOR's forest activities. These remote sensing systems will allow COHDEFOR (and the private sector) to make prompt, sound resource management decisions by providing the basic format upon which resource information can be collected, analyzed and mapped with greater efficiency and detail than presently available.

* To be included as Conditions Precedent in the Project Agreement Amendment to be negotiated upon approval of this PP Supplement.

Project grant funds will finance one long-term, local-hire consultant and approximately nine person/months of short-term TA (local TA will be procured by COHDEFOR and off-shore TA by USAID). Project resources will also fund short- and long-term training. USAID will procure GIS and GPS equipment and training; field sampling and drafting equipment and materials; and two vehicles.

Standing Timber Sales System. Project-funded TA will help COHDEFOR consolidate and ensure continuity of the standing timber sales system being used nationwide, upgrade procedures for quality control, and establish a method for timber valuation. COHDEFOR's staff, with help from project-funded TA, will:

- I Develop improved timber sales contracts between COHDEFOR and the buyers. These contracts will include improved road construction and logging standards to mitigate the negative environmental impacts of logging roads;
- I Develop local volume tables that will enable COHDEFOR to carry out more efficient and accurate timber inventories;
- I Develop and implement a monitoring system that will enable COHDEFOR to assure the quality of sale preparation and administration;
- I Establish a timber valuation system to help determine fair base prices for the various timber auctions; and
- I * Improve the timber auction system through the development of just and efficient procedures that will promote open competition and fair market prices.

* To be included as a Covenant in the Project Agreement Amendment.

Project-funded inputs, to be procured by USAID, will include one off-shore long-term expert; approximately 18 person/months of short-term TA; short-term training; field equipment and one vehicle.

Forest Fire Management. Project resources will help COHDEFOR develop and implement a National Forest Fire Management Program and modify its organizational structure as needed to implement that program. Under this sub-component COHDEFOR, with assistance from long- and short-term experts, will:

- I Develop a fire prevention campaign to educate the country's population and obtain

its support for forest protection. The campaign will emphasize face-to-face and radio education in rural areas as well as other media such as television and posters in urban areas;

- I Develop a fire reporting and data collection system that will provide reliable fire statistics and permit correct program analysis;
- I Conduct economic analyses of the cost of fire management activities and of the impact of wildfires;
- I Expand the use of prescribed burning as a method to prevent wildfires and stimulate regeneration;
- I Develop minimum training and experience standards for the various fire fighting positions;
- I Carry out a country-wide inventory to determine the quantity and serviceability of COHDEFOR's fire-fighting equipment;
- I Develop a system for the control, maintenance and replacement of fire-fighting equipment;
- I Improve COHDEFOR's radio communications system; and
- I Develop alternatives for the active cooperation and employment of local residents in fire prevention and fire-fighting activities.

Development of a thorough national forest fire management program by June 30, 1996 will be a Condition Precedent to disbursements for the Forest Management Component after that date.

Inputs will include one off-shore long-term expert and up to 15 person/months of short-term TA. The project will also fund training, publicity, and commodities. With the exception of local training, TA, and publicity (to be procured by COHDEFOR), USAID will procure all of the above inputs.

Management of a Pilot Area. It is important to continue to have a forest area to serve as a trial site and training ground for improved forest practices. Besides allowing COHDEFOR staff and local residents to learn by doing, the pilot area helps demonstrate that the alternatives proposed are applicable and effective. Also, since the pilot area can provide approximately 10% to 20% of Honduras' timber harvest, proper execution of its management plan represents a significant contribution to the country's forestry efforts.

While development and adaptation of improved forest management practices take place largely within the pilot area, project resources will help COHDEFOR apply these practices universally. Once new practices are tested and approved by COHDEFOR, forest technicians implement them in the pilot area and carry them to other areas via field exercises. Simultaneously, COHDEFOR staff from other regions will continue to cycle through the pilot area for on-the-job training to enable them apply the new practices in their regions. The Project Agreement Amendment will include a Covenant whereby COHDEFOR will agree to initiate, on a nationwide basis, the implementation of all the forest management practices developed and tested in the pilot area and included in the manuals and/or regulations that it has developed with project

assistance, immediately after such documents have been approved by COHDEFOR.

Inputs will include USAID funding for forest protection, soil conservation, and rural development incentives for local inhabitants. USAID will also fund short-term TA, field equipment, publicity and the maintenance of the forestry camps. GOH counterpart funds will finance personnel costs and most of the pilot area's forest management activities. With the exception of off-shore TA (to be procured by USAID), COHDEFOR will procure all of these inputs.

2. Protected Areas (PAs) Component

This component will help create a functioning national PAs system which provides effective and sustainable management for an increasing number of areas over time. To achieve this objective, USAID and COHDEFOR will give priority to strengthening the capacity of COHDEFOR's DAPVS; developing and enacting necessary policies, regulations and norms governing the PAs; and developing and implementing a sustainable management model in ten pilot PAs.

The SINAPH was legally created under the Environmental Law of Honduras. DAPVS, by law, has the principal responsibility for on-site protected area management nationwide.

USAID will provide project-funded technical assistance (TA) and training to assist DAPVS in policy development and analysis; planning and strategy development; and organization, management and operations. DAPVS will concentrate efforts on the following project activities (among others) in accordance with the schedule set forth in the Project Implementation Plan included as Annex D to this PP Supplement:

- I development and adoption of the SINAPH Regulations;
- I identification and adoption of key PAs policies;
- I creation of the coordinating committees and other management arrangements necessary to oversee and administer the SINAPH;
- I development and implementation of a national strategy on wildlife protection and management; and
- I development and implementation of a sustainable management program in ten pilot PAs.

Project-funded TA and training will also involve other COHDEFOR field personnel, and will benefit other organizations involved in the development of the SINAPH such as Non-governmental organizations (NGOs) working in protected area management and residents of local communities adjacent to PAs.

Project assistance will help COHDEFOR's DAPVS develop and implement a simple model for sustainable management of PAs in ten pilot areas. This model will provide a *minimum, but sufficient investment* capable of being sustained given the levels of resources expected to be available to the GOH at the end of the project. The process of

developing and implementing this model will be a participatory team effort, and will include some combination of the following: COHDEFOR personnel, project-funded advisors, NGOs, U.S. Peace Corps volunteers (PCV), local groups and communities, and other GOH agencies. The Project Agreement Amendment will include a Covenant whereby COHDEFOR will agree to adopt and implement the PAs model developed under the project and apply this model to the all PAs included in the SINAPH.

The ten pilot PAs have been selected by COHDEFOR and USAID through a participatory process which involved other stakeholders including the U.S. Peace Corps (USPC), NGOs, and COHDEFOR central and regional PAs staff. These ten areas, all legally declared, are located in six of Honduras' ten forest regions and total nearly 299,000 ha., which represent approximately 11% of the total area of the SINAPH. If necessary, some of the ten pilot PAs may be replaced by other areas, by mutual agreement of USAID and COHDEFOR during the life of the project. Selection criteria for any replacement pilot areas will be the same as the criteria used to select the initial ten areas, i.e., their importance as key watersheds, biological diversity within the areas, and their ecotourism potential.

Project assistance will help establish an institutional presence (COHDEFOR and/or NGOs), protection, and functional management within each of these pilot PAs. The Project Agreement Amendment will contain a Covenant whereby COHDEFOR will agree to make its best efforts to identify and establish agreements with NGOs for the long-term management of these ten pilot areas.

The USPC has agreed to assign at least one PCV to each of the ten pilot PAs. The PCV will provide assistance to COHDEFOR, NGOs and local community groups to develop the capacity to manage the pilot PAs. The USPC prepared a document which describes in greater detail its proposed role in the project's implementation (Annex G to the PP Supplement).

Project-supported activities for the ten pilot areas will involve a high degree of participation of local communities and include the following:

- I Development of base maps using GIS or other available means;
- I Biophysical and socioeconomic diagnostic studies (e.g., flora and fauna, land tenure and wildlife);
- I Delineation and demarcation in the field;
- I Updating of legal protected area status (i.e., new legal decrees establishing boundaries, if necessary);
- I Development of a standard agreement between COHDEFOR and NGOs;
- I Development and implementation of operational plans including institutional presence/personnel, simple infrastructure, protection (guards), equipment, and programs for protected area management; and
- I Development of an environmental education program to promote awareness and generate broad participation among residents of buffer zones and communities near PAs. The education program will target both adults and school children in the six

COHDEFOR regions in which the ten pilot PAs are located.

COHDEFOR will be responsible for conducting an environmental impact assessment (EIA) of each pilot protected area before implementing any project activity that will physically impact the environment. COHDEFOR will submit the scopes of work for each EIA for USAID's review and approval.

Project-funded inputs will include long- and short-term TA in areas such as legal and physical aspects of protected area delineation and marking (including land tenure and relocation issues) and protected area operations, including ecotourism, wildlife management, operational plans, and resource data management; long- and short-term technical training; studies in areas such as flora and fauna, land tenure and socioeconomic matters; and commodities (e.g., computers, office and field equipment, radios, 15 vehicles and 10 motorcycles). With the exception of local training, TA, and commodities (to be procured by COHDEFOR), USAID will procure all these inputs.

D. COST ESTIMATE AND FINANCIAL PLAN

The original authorized LOP funding was \$20,000,000 in USAID funds (\$15,959,000 grant and \$4,041,000 loan) and \$11,687,700 in GOH counterpart funds, for a total cost of \$31,687,700. This Amendment will decrease authorized USAID funding to \$19,140,000 (\$15,099,000 grant and \$4,041,000 loan) and increase the GOH counterpart contribution to \$16,671,000, for a new total LOP cost of \$35,811,000.

Expenditures during the three-year period to be covered by this amendment are estimated at \$10,782,000. This figure consists of:

- Unexpended obligations of \$4,261,600 available as of December 31, 1994.
- Additional planned obligations of USAID funds of \$3,120,400 to be made in FYs 1996 and 1997; and
- An additional GOH contribution equivalent to \$3,400,000.

A summary budget for the three-year amendment by component is provided below.

SUMMARY COST ESTIMATE (US\$ 000)

PROJECT COMPONENT	USAID	GOH	TOTAL
Forest Management	4,097	1,636	5,733
Protected Areas	2,705	947	3,652
Administrative Support	520	817	1,337
Audits	60		60
TOTAL PROJECT (\$)	7,382	3,400	10,782

E. CONDITIONS AND COVENANTS

The Project Agreement Amendment will include several important Conditions Precedent (CP) and Covenants worthy of special note. The CPs will require that COHDEFOR take certain steps by certain specified dates if project assistance is to continue beyond those dates (project-funded TA, USAID management costs, and the costs of long-term training will be exempt from those CPs). The CPs will require that COHDEFOR:

- I clarify and officially communicate to all its departments the authorities and chain of command for all matters relating to PAs and wildlife, and the definition of responsibilities and lines of communication between DAPVS and the Forest Regions;
- I submit a detailed Implementation Plan for all major project activities;
- I make approved forest management plans and timber sales contracts available for public review;
- I implement an efficient system to monitor the process of approving forest management plans;
- I appoint an administrator for each PA;
- I implement a centralized audit system to assure compliance with specifications of timber sales contracts and a method to supervise the implementation of forest management plans; and
- I develop a national forest fire management plan program.

Similarly, COHDEFOR will covenant to:

- I make its best efforts to achieve the project implementation benchmarks contained in Attachment I to this Executive Summary;
- I implement a timber auction system through open competition and a valuation system that will foster fair market prices;
- I initiate on a nationwide basis, the implementation of all the forest management practices included in the manuals and/or regulations that it has developed with project assistance, immediately after such manuals and/or regulations have been approved;
- I take all measures necessary to facilitate the timely and efficient administration of the two components of the Project, and to consult with USAID in the resolution of any organizational or operational conflicts or problems which may arise;
- I make a good-faith effort to adopt and implement in all PAs included in the SINAPH the PAs management model developed with project assistance;
- I make a good-faith effort to identify and establish agreements with NGOs for the long-term management of the ten pilot PAs to be assisted under this project;
- I make every effort to ensure that counterpart funds are made available in a timely and satisfactory manner;
- I submit to USAID an annual detailed workplan and budget;
- I maintain at least the 1994 staffing level of forest technicians in the project's pilot area, La Unión, Olancho, during the life of the project; and
- I permit project-funded personnel to be contracted on a multi-year basis.

FORESTRY DEVELOPMENT PROJECT (522-0246) AMENDMENT 1995-1997
POLICY OBJECTIVES AND OUTPUT BENCHMARKS

I. FOREST MANAGEMENT	BENCHMARKS		
	95	96	97
	----- cumulative -----		
A. POLICY OBJECTIVES			
1. Forest management plans approved for all harvests > 100 ha. (public and private forests).		X	X
2. All approved forest management plans and timber sales contracts available for public review.	X	X	X
3. Project counterpart costs gradually become part of COHDEFOR's core budget (National Funds).		X	X
B. OUTPUTS			
1.1 Acceptable management plans developed for both public and private forests, to be implemented on a nationwide basis.			
a. System to monitor the process of approving management plans developed and implemented, including the establishment of a quality control unit.	a.- System developed by July and implemented by September. - Quality Control Unit established by September.		
b. System to supervise the nationwide implementation of management plans developed and implemented.	b. System developed by December.	b. System implemented by January.	
1.2 Sustainable management plans implemented on 400,000 ha. of public pine forest (including 56,000 ha. in pilot area).			
a. Approved management plans for 400,000 ha. of public pine forest.	a. Approved plans for 200,000 ha.	a. Approved plans for 300,000 ha.	a. Approved plans for 400,000 ha.
b. Harvests in 51,000 ha. of public/private forest (including 4,000 ha. in pilot area) done in compliance with the timber sales regulations and allowable cut.	b. Harvests in 17,000 ha.	b. Harvests in 34,000 ha.	b. Harvests in 51,000 ha.
c. 1,500 persons (1,000 males/500 female) practicing sustainable production practices in the pilot area.	c. 500 persons implementing practices.	c. 1,000 persons implementing practices	c. 1,500 persons implementing practices.
2. Transparent system in place for administration of timber sales and harvesting.			
a. Central audit system developed and implemented.	a. System developed by December.	a. System implemented by January.	
b. Manual on Timber Valuation for timber public auctions developed and distributed.	b. Manual developed by December.	b. Manual implemented by January.	
c. An annual program of the following year's timber auctions publicized.		c. Program publicized by November.	
3. Improved national forest fire management program developed and implementation initiated.			
a. National forest fire management plan developed and implementation initiated.		a. Plan developed by June.	a. Implementation of plan initiated in January.
b. Fire protection plan applied in 400,000 ha. of public pine forest (including 100,000 ha. in the pilot area).		b. Plan applied in 100,000 ha.	b. Plan applied in 400,000 ha.

II. PROTECTED AREAS (PAs)	BENCHMARKS		
	95	96	97
	----- cumulative -----		
A. POLICY OBJECTIVES			
1. A Functional National Protected Areas System (SINAPH) in place. a. Key policies on management of PAs and intra- and inter- institutional relationships developed. b. SINAPH regulations developed and approved by the GOH. c. Mechanism for enforcement of the Convention on International Trade in Endangered Species (CITES) wildlife management norms.	a. - Identification and establishment of key PAs policies completed by COHDEFOR. - Successful resolution of COHDEFOR's DAPVS functional relationships with forest regions' PAs personnel. b. - SINAPH regulations written and discussed in public. - SINAPH's central and regional committees created. c. Mechanism in place by December.	a. - COHDEFOR's key PAs policies implemented. b. SINAPH regulations approved by the GOH in June. c. CITES Treaty promoted nationwide.	a. COHDEFOR's key PAs policies continue to be implemented.
B. OUTPUTS			
1. COHDEFOR' DAPVS working effectively. a. DAPVS playing a leading role in developing the SINAPH Regulations. b. Qualified personnel assigned to DAPVS, forest regions and pilot PAs. c. At least 50% increase in the number of forestry technicians trained in PAs by the PACD.	a. DAPVS develops SINAPH regulations by September. b. - Personnel assigned to DAPVS and forest regions. - Personnel assigned to 5 PAs. c. - 2 candidates selected for long-term training. - 1,560 persons received short-term training.	a.- DAPVS guides the approval process of SINAPH's Regulations. - DAPVS adopts the SINAPH Regulations. b. - Personnel assigned to 10 PAs. c. - 2 candidates being trained. - 3,100 persons received short-term training.	- DAPVS continues to adopt the SINAPH Regulations. c. - 2 candidates graduated. - 4,660 persons received short-term training.
2. 10 pilot PAs under effective management by the PACD. a. 10 PAs mapped, delimited and demarcated by the PACD. b. Operational plans developed and implemented for 10 pilot PAs by the PACD. c. Agreements between COHDEFOR and NGOs signed for the administration of 10 pilot PAs.	a. - 10 PAs mapped. - 5 PAs delimited and demarcated. b. 5 operational plans developed and implemented. c. Agreements signed for 7 PAs.	a. - 10 PAs delimited and demarcated. b. 10 operational plans developed and implemented. c. Agreements signed for 10 PAs.	
3. Improved public awareness of the importance of PAs and biodiversity. a. At least 50% of the adult population (both men and women) living in the buffer zones of the 10 pilot PAs participating in protection/conservation activities by the PACD. b. Average improvement in scores on environmental attitude interviews.	a. - Baseline survey completed (targets established). - Protection/conservation activities with communities initiated in 5 PAs. b. Environmental education program developed.	a. - Protection/conservation activities with communities initiated in 10 PAs. b. Education program implemented in 6 regions.	a. - Follow-up survey completed indicating degree of improved public awareness. b. Follow-up survey completed indicating degree of improvement scores.

XII

I. PROJECT BACKGROUND AND RATIONALE

A. BACKGROUND AND ACCOMPLISHMENTS

The Forestry Development Project (FDP), authorized in December 1987, has been a seven-year effort to help Honduras optimize the value of agricultural production from the forest sector through sustainable yields while, at the same time, creating the conditions for a more productive forest in the future. The original project purpose was to improve the management and sustainable productivity of commercial pine forests, and efficiency in the processing and marketing of wood products.

Prior to initiation of the FDP, the Honduran Forestry Development Corporation (COHDEFOR) and the forest industry were woefully understaffed in terms of qualified foresters, struggled with an outdated and extremely wasteful timber sales system that discouraged conservation in pine forests nationwide, and were characterized as an unhappy marriage of public and private interests that was well on its way to destroying the future of the resource. COHDEFOR was an overgrown bureaucracy that was losing millions of Lempiras of public funds annually through a series of "investments" in state-run lumber mills, lumberyards, and marketing entities. The Corporation "owned" practically every tree in Honduras and strictly controlled marketing and even exports of forest products. The system returned to private landowners a relative pittance, and by exercising monopoly powers at both ends of the production process, became a "money machine" for those who controlled it. Such a system funded years of losses by COHDEFOR industries while discouraging forest resource owners from conserving or managing their timber, and fostering an empire-building attitude within the Corporation.

Substantial positive change has taken place in the forest sector over the past six to eight years. The FDP has played a fundamental role in that process. USAID/Honduras' overall role has also been critical, in terms of sectoral leadership and in terms of support – with the collaboration of certain other donors – in encouraging and enabling the Government of Honduras (GOH) to make the policy-level decisions required.

As originally designed, the project consisted of three interrelated components: (1) institutional reorientation of COHDEFOR; (2) forest management in selected pine forest areas; and (3) strengthening of the private sector forest industry. Following is a summary of major project accomplishments under each of these components:

A.1. Institutional Reorientation of COHDEFOR

Much progress has been made in re-orienting COHDEFOR, particularly with regard to completing the divestiture of its state-owned forest industries and disengaging from marketing and exporting forest products. Most importantly, COHDEFOR has adopted a new timber sales system, implemented nationwide since 1990, which fosters improved utilization and sets the basis for sustainable forest management through the technical preparation of sales. In contrast with the previous practice, which basically consisted of measuring logs after those logs were extracted, now standing trees are measured prior to

harvest and improved logging, road building, and harvesting techniques are enforced to mitigate negative environmental impacts and foster forest regeneration. As a result of this new system, conservative estimates indicate that the forest industry is now utilizing 20% more of each tree harvested and obtaining over 50% more volume per area¹, thereby reducing area harvested.

Project-funded technical assistance (TA) and training have also helped COHDEFOR develop an appropriate and transparent timber auction system for all public timber sales, as required by the 1992 GOH Agriculture Modernization Law (AML). Much progress has been made in improving COHDEFOR's administrative procedures and financial controls, particularly with the installation of a Local Area Network computer system consisting of 46 microcomputers with software packages to improve collection, processing, flow and availability of information. In addition, COHDEFOR has created a technical library, initiated a centralized filing system, and updated an inventory of its assets. Overall, COHDEFOR's technical capability has been substantially strengthened through the project's provision of TA and training.

A.2. Forest Management in Selected Pine Forest Areas

The project's forest management activities have concentrated on a pilot area in the Olancho Department, which provides over 10% of the country's timber harvest. Through the project, COHDEFOR has developed and is implementing a forest management plan in the 56,000 hectares of public pine forests in the pilot area. These plans emphasize natural regeneration, forest protection, silvicultural treatments and rational harvesting methods.² The approximately 200 hectares of public forests harvested during the life of the project are, to a large extent, exhibiting satisfactory regeneration. The project has assisted COHDEFOR's efforts in the prevention of forest fires through fire-fighting brigades involving its own employees, as well as agreements with the inhabitants of selected communities to protect specific areas in exchange for funding of community projects agreed on between COHDEFOR and the affected communities. Another major accomplishment in the project's pilot area has been COHDEFOR's development and implementation of a forest management plan for La Muralla, a protected area which consists of 15,000 hectares of broadleaf forest. La Muralla has become essentially a "laboratory" for evaluating, adapting, and extending management concepts for protected areas nationwide. The experiences in La Muralla have become an important learning experience for COHDEFOR personnel, U.S. Peace Corps Volunteers, university students, and others interested in protected areas. Lastly, COHDEFOR has implemented improved

¹ Source: COHDEFOR's records.

² Originally, COHDEFOR managed both the private and public forests and had developed management plans for two areas, La Unión and Salamá. However, as a result of the AML, private forests were returned to landowners and COHDEFOR had to develop a new forest management plan for the public forests. Now, COHDEFOR also has to approve, monitor and regulate the management plans and harvesting operations in private forests.

soil conservation and farming practices in borderline forest communities to reduce migration into forests that would result in land clearing for agriculture, and cause further deforestation.

A.3. Strengthening of the Private Sector Forest Industry

Project-funded assistance under this component has substantially strengthened the private sector forest industry and already achieved significant results (e.g., better utilization of standing timber volume, improved lumber processing efficiency, upgraded technical personnel, etc.).

The project supported the forest industry by funding long-term TA (two years) and short-term TA (nine months) in areas such as logging, reprocessing, planing and lumber drying. Fifty-three training courses on industrial and forestry topics were provided to approximately 720 forest industry participants. Also, with assistance from the project, COHDEFOR produced and distributed to the forest industry various manuals covering subjects such as saw sharpening, lumber handling, wood drying, logging roads, harvesting, and timber grading. The project also supported the Honduras Sawmiller's Association (AMAHDO) by providing local long-term TA for five years, one vehicle and some office equipment.

As a result of project-funded TA, training and other inputs, the industry has improved its efficiency primarily through the use of higher recovery machinery and processes, improved equipment accuracy, and reduced down time. Also, logs previously abandoned to rot in the forest due to their poor quality or small size are now being used profitably by the industry. As a result, the industry has improved the recovery from each tree and reduced the area harvested.

Project-funded TA also assisted the industry in adapting to the new timber sales system and other improved forest management practices. When the project began, very few industries had forest technicians on their staff. Now all medium to large industries have contracted foresters while the smallest industries use independent forest consultants to support their wood operations.

Project-funded assistance to AMAHDO has given this association an improved organizational and technical capacity that has enabled it to become an important player in the forestry sector. For example, AMAHDO helped the forest industry understand and adapt to the more demanding conditions caused by improved forest utilization and management practices. Also, AMAHDO played an important role in the development of the forestry section of the AML and its regulations, and is presently meeting with the government to discuss new forestry policy issues.

A planned credit component for the industry was not implemented due to Agency restrictions on purchasing used and/or non-U.S. equipment. These restrictions made it more effective for the industry to access other credit sources.

A.4. Other Accomplishments

Another major FDP accomplishment has been its contribution to meeting the demand (both public and private) for forest technicians that the new forest management systems have created. The project has done so through the provision of scholarships to attend the National Forestry Science School (ESNACIFOR). So far, 36 new technicians have graduated. USAID's support has also contributed to maintaining the quality of ESNACIFOR's training program. In addition, 11 COHDEFOR forest technicians have obtained university level degrees at U.S. universities financed by the project and over 1,500 person/months of short-term training in various technical and administrative areas have been provided to several thousand participants.

In summary, the GOH has instituted a series of fundamental changes in forest policy over the past few years, largely as a result of USAID interventions in technical and policy matters. The transformation that has rocked the sector in the past six to eight years is still incomplete but has nevertheless changed forestry in Honduras forever.

B. RATIONALE FOR AMENDMENT AND EXTENSION

For the reasons set forth below, USAID/Honduras has decided to amend the Forestry Development Project by (1) extending its PACD by three years to December 29, 1997; and (2) modifying project components and outputs to focus project assistance on those areas still requiring it (i.e., management of pine forests and protected areas) and terminating support other activities whose objectives have been achieved (i.e., assistance to the private sector; industrial conversion and marketing of wood products). The Mission believes it essential to continue project activities, for FDP is a major contributor to USAID/Honduras' Strategic Objective (S.O.) No. 2, "Effective Stewardship of Key Natural Resources for Sustainable Economic Growth." Indeed, FDP contributes to two of the three Program Outcomes that form part of this S.O.: (1) Sustainable Forest Management Practices Extended, and (2) Improved Management of Protected Areas. Without FDP, USAID would have to consider seriously whether to continue to pursue this Objective.

Although Honduras has made important advances towards improved forest management practices during the past twenty years, deforestation has continued at a rapid pace as population and economic pressures increase. An accelerated deforestation trend is having direct negative impacts on Honduras' natural resource base, and secondary impacts on climate, water resources, and energy production.

In this context, several important policy changes have occurred in the forestry sector in the last four years. The most dramatic of these was the passage in 1992 of the AML. Among other things, this law and its regulations introduced modifications to the forestry sector to:

- return and guarantee ownership of timber resources to landowners;
- require management plans as a prerequisite for all forest utilization on public and private lands;

- eliminate any activity or function of the forestry public sector (COHDEFOR) related to the production, tradeoff and marketing of forest products;
- reorient COHDEFOR toward the management and protection of public forests, regulation of private forests, fire protection, and forest extension and research;
- exempt all forest lands from future expropriation under the Agrarian Reform Law;
- allow greater private sector participation in forest production, industrialization, and marketing;
- establish public auctions as the system for selling timber from public lands;
- require COHDEFOR to adhere to an approved public budget, redirecting all public forest revenues to the GOH's Treasury; and
- transfer public sector responsibility for protected areas and biodiversity from the Ministry of Natural Resources to COHDEFOR.

These policies have raised a series of issues, some of which are still open to question and reform. Their implications and applicability continue to be studied by GOH representatives, entrepreneurs, and the donor community.

The recent and drastic changes in the forestry sector have also deeply affected COHDEFOR's mandate. COHDEFOR lacks expertise and logistical support to carry out its new responsibilities. To succeed, COHDEFOR needs continued strong support from USAID and other donors.

To help provide this support, USAID will concentrate project resources over the next three years on two key operational areas: (1) sustainable management of the pine forest (public and private) and (2) sustainable management of protected areas. An active policy dialogue in support of these areas is also needed. The rationale for these project interventions is discussed below.

B.1. Sustainable Management of Pine Forests

Obviously, major changes have already taken place in the forest management arena. However, the job is not only unfinished – it is at a critical point where momentum must not be lost. Concepts critical to sustainable management, such as allowable cut, fire protection, the entire coordinated management plan procedure, transparent timber sales procedures, and the relationships between forest management and forest-based agriculture, still require continued analysis and field work both within the project's pilot area and throughout the rest of the country. The three years of the proposed extension, and substantial continued investments during that time, will allow COHDEFOR to move ahead effectively in adapting and extending these concepts nationwide. The objective will be to achieve the self-sustaining adoption and acceptance throughout the country for these kinds of important practices that was achieved for the improved timber sales systems during the initial phase of the FDP. This component is designed not only to adapt improved management systems, but to create the conditions and provide the technical capability to extend them nationwide.

To move toward these objectives, activities under this component will help COHDEFOR:

- develop (public sector) and review and approve (public and private sector) acceptable forest management plans and expand their implementation to a nationwide basis;
- develop and implement a transparent system for the administration of timber sales and harvesting which will be applied on a nationwide basis; and
- develop an improved national forest fire management program and initiate its implementation.

Successful completion of all of these initiatives will depend to some degree upon continued utilization of the pilot management area ("La Unión").

a. Nationwide Application of Forest Management Plans

Prior to 1992, forest management plans were not required for any harvest operations. Except for the project's pilot area, both public and private forests were utilized without any regard for sustainability. Since the passage of the 1992 AML, however, all forest harvest activities in Honduras, whether on public or private land, require government-approved forest management plans. COHDEFOR has developed preliminary regulations and procedures for the preparation, implementation and review of these management plans; these regulations and procedures unfortunately have been at best inconsistently applied and, due to their newness, require substantial improvement. For example, the procedures need to incorporate technical, social, and economic considerations if the plans are to obtain the maximum long-range benefit from all of the forest's alternative uses and a proper balance of long-term and short-term goals. COHDEFOR's technicians, however, lack the necessary knowledge and expertise in these areas. As described in Section II below, activities under the extended FDP will assist COHDEFOR to develop (public sector) and review and approve (private sector) acceptable management plans and expand their implementation to a nationwide basis.

b. Timber Sales System

Although the timber sales system is now being implemented nationwide, it is relatively new and must continue to receive constant scrutiny. Timber valuation and timber sales can be very conflictive due to the destructive nature of the sale/harvest process, and to the various factors that impinge upon valuation (i.e., quality of forest, accessibility, etc.). Without continued strong TA funded by FDP the present timber sales system could easily defeat itself through improper implementation.

Many important adjustments, such as improving the design of logging roads, improving COHDEFOR's field supervision, establishing better statistical data, adding the use of remote sensing techniques, establishing appropriate timber valuation and refining the timber auction system need to be made. Activities funded by the extended FDP will help COHDEFOR make these adjustments and thereby strengthen the prospects for continued successful implementation after the PACD of the timber sales system put in place during the initial phase of FDP.

c. Forest Fire Management

Appropriate forest management should result in successful regeneration of the forest. Honduras' pine forests have the potential to regenerate naturally and efficiently if proper forest protection and silvicultural practices are implemented. The poor regeneration of many harvested areas is due mainly to the destruction of seedlings by forest fires.

Unfortunately, COHDEFOR lacks an adequate fire control program. Instead, it has addressed the forest fire problem in an improvised and empirical manner. Several efforts funded by other donors have functioned efficiently for short time spans in specific forest areas, but their impacts have diminished once the projects have ended, and there has been no national scope to the effort. To achieve and maintain a continuous forest fire management program, COHDEFOR needs to develop nationwide policies and practices that will be implemented in all of the public forests under management. COHDEFOR, however, lacks the expertise to develop a program to correct its inefficiencies in data collection and develop improved fire prevention, prescribed burning, and fire-fighting techniques. The extended FDP will help COHDEFOR develop this expertise.

d. Management of the Pilot Area

FDP staff have used the forest management pilot area in Olancho as a laboratory and demonstration/training site for developing, testing, and extending improved forest management practices. For example, the new timber sales system was developed and tested in the pilot area and, thereafter, trained COHDEFOR personnel put it into practice in pine areas nationwide.

While project assistance will continue to be directed toward universal application of such improved practices, it is important to continue to have a forest area to serve as a trial site and training ground. Besides allowing COHDEFOR staff and local residents to learn by doing, the pilot area serves as a model to demonstrate, through verifiable results, that the alternatives proposed are applicable and effective. Also, since the pilot area can provide approximately 10% to 20% of Honduras' annual timber harvest, proper execution of the area's management plan represents a significant contribution to the country's forestry efforts. As explained in Section II below, the extended FDP will support COHDEFOR's development and implementation of continued and new forest management practices in the area.

B.2. Sustainable Management of Protected Areas

Many protected areas in Central America exist in documents only, and are often referred to as "paper parks". Due to other often urgent priorities for scarce fiscal resources, these parks are not considered a priority for most developing countries. The protected areas system in Honduras is no exception – the vast majority of its existing/proposed network of more than 100 protected areas exists only on paper.

In 1991, through Presidential Decree No. 74-91, the responsibility for protected areas in

Honduras was transferred from the Ministry of Natural Resources to COHDEFOR. This was ratified in Article 74 of the 1992 AML, which assigns COHDEFOR the responsibility for managing the public forest areas and protected forest areas. Since these mandates were not accompanied by a shift of personnel or budget, it took COHDEFOR approximately two years to establish and staff a Protected Areas and Wildlife Department (DAPVS).

In July 1993, the National Protected Areas System of Honduras (SINAPH) was legally created under Article 36 of the Environmental Law of Honduras (Decree No. 104-93) which reads as follows:

"A system of Protected Areas shall be created and shall include biosphere reserves, national parks, wildlife refuges, natural monuments, biological reserves, anthropological reserves, national islands and any other management category that need be established.

In order to ensure that nature be protected while the necessary scientific and technical studies are being undertaken, the State shall declare natural protected areas through the Honduran System of Protected Areas. The State shall also issue regulations or management plans for the administration of these natural protected areas."

The SINAPH can be thought of as a national park system, established by law, and with a regulatory framework within which the forest service (COHDEFOR) is the principal regulatory and governing entity. It is not a ministry, or a traditional GOH agency on the national budget, but a system with the force of law behind it which will nonetheless depend on the resources, goodwill, participation and leadership of COHDEFOR and entities such as Non-governmental organizations (NGOs), donors, and communities for its success.

Therefore, an effective DAPVS within COHDEFOR is a necessary condition to create a functioning SINAPH. This department is, nevertheless, short on resources and capacity, and its success in establishing a meaningful presence – and maintaining it – depends on a timely infusion of the kinds of resources this amendment contemplates.

After generations of neglect, Honduras now exhibits the political and legal framework and the growing public awareness and interest that can be conducive to development of a serious effort vis-a-vis protected areas. The interventions that the extended FDP will support to help launch – and sustain – such an effort are described in Section II below.

B.3. Policy Considerations

The effectiveness of the FDP to date is due in no small part to the project's (and USAID's) innovative effort to ally operational functions with a concomitant policy dialogue that has made execution of many aspects of the FDP feasible. For example, the new stumpage valuation system and timber sales procedures were developed by FDP personnel and

advisors in the pilot area. Without effective policy dialogue, however, involving Mission management, other donors, and high levels of COHDEFOR and the Ministry of Natural Resources, their extension outside the pilot area on a national scale would not have been possible due to the highly charged, conflictive environment of the forest sector.

Although most key policy changes have been achieved, continued USAID involvement in some policy deliberations is important if the results we expect from the FDP extension are to be obtained. Accordingly, several key policy objectives – tied to the two major components of the amendment – have been identified and will be reflected in the appropriate sections of the planned Project Agreement Amendment. These are set forth in Attachment I to the Executive Summary that accompanies this PP Supplement.

II. PROJECT AMENDMENT DESCRIPTION

A. GOAL, PURPOSE, AND EXPECTED RESULTS

For this amendment, USAID/Honduras has modified the project goal to conform with the Mission's strategic objective framework as developed in the FY 1995–1996 Action Plan. The revised goal is to further "the effective stewardship of key natural resources for sustainable economic growth."

No substantial change was made in the original project purpose. It was modified only slightly to reflect a stronger relative emphasis on protected areas, and now reads: "To improve the management and sustainability of commercial pine forests and protected areas, and the efficiency of industrial conversion and marketing of wood products." Given that all work with industrial conversion and marketing of wood products has been completed, henceforth the Project will consist only of two components: (1) forest management and (2) protected areas. The achievement of this purpose will be dependent on the willingness of the government to implement the present forestry management regulations on a nationwide basis and to create the necessary regulations and administrative changes to assure the effective sustainable management of protected areas.

As the project extension contemplates phasing out some activities and increasing emphasis on others, the planned outputs and end-of-project status indicators (EOPS) have been adjusted. The principal results expected by the end of the project are:

- I All laws, regulations and procedures needed for the effective and sustainable nationwide management of Honduras' pine forests and protected areas will be in place.
- I Sustainable management programs will be underway in approximately 20% of Honduras' pine forests and 11% of Honduras' protected areas.

The amended outputs, to be accomplished during the three-year project extension, will consist of:

OUTPUTS	RESPONSIBILITY	
	COHDEFOR	OTHER
Forest Management		
I Acceptable management plans developed for both public and private forests to be implemented on a nationwide basis.	Normas y Control Bosques Nacionales Gerencia	Short/long-term TA USAID Prj. Officer Training Coordinator
I Sustainable management plans implemented on 400,000 ha. of public pine forest (including 56,000 ha. within the pilot area).	Departamento Legal Jefe Unidad Piloto Regionales	
I Transparent system in place for the administration of nationwide timber sales and harvesting.	Jefe Proyecto	
I Improved National Forest Fire Management Program developed and implementation initiated.		
Protected Areas		
I A functional SINAPH in place.	DAPVS	Short/long-term TA
I COHDEFOR's DAPVS working effectively.	Regionales	USAID Prj. Officer
I Ten pilot protected areas under effective management.	Departamento Legal Gerencia	NGOs US Peace Corps
I Improved public awareness of the importance of protected areas and biodiversity.	Jefe Proyecto	Organizations Involved in making SINAPH functional Training Coordinator

These outputs are further described in Attachment I to the Executive Summary of this PP Supplement, which also sets intermediate benchmarks for 1995, 1996 and the December 1997 PACD; and are expanded further in the Logical Framework (Annex A). The Project Agreement Amendment to be negotiated upon approval of this PP Supplement will include a Covenant whereby the GOH will agree to make its best efforts to achieve those benchmarks.

B. DESCRIPTION OF PROJECT ACTIVITIES

The amended project will consist of two components, Forest Management and Protected Areas. Accordingly, the following discussion, as well as the Logical Framework (Annex A) and project budget (Annex B), are divided along these lines. Project inputs required to support the following activities are presented in greater detail in the annexes. Critical outputs, with intermediate benchmarks, are presented in Attachment I to the Executive Summary.

B.1. Forest Management Component

This component will assist COHDEFOR to efficiently implement the forestry-related provisions of the AML and the corresponding regulations that promote proper forest

management practices. COHDEFOR's ability to execute its mandate will be enhanced through TA, training and logistical support. At PACD, at least 20% of Honduras' pine forests will be under sustainable management.

Beneficiaries and participants of this component will include, above all, the Honduran community as a whole, which will benefit from efforts to ensure sustainability of important national forest resources, with consequent economic benefits accruing in perpetuity. More direct and immediate benefits will accrue to scores of foresters and technicians receiving technical and academic training, and to their employers, public and private; as well as to hundreds of rural families whose ability to use forest and land resources on a sustainable basis will be enhanced through improved agricultural and agroforestry practices, training, and participation in community activities and fire control brigades.

The Forest Management component is divided into three sub-components: 1) Nationwide Application of Forest Management Plans; 2) Standing Timber Sales; and 3) Forest Fire Management. Implementation of activities under these sub-components will depend to some degree upon continued utilization of the project's pilot management area. The Project Agreement Amendment will include a Condition Precedent requiring COHDEFOR to submit a detailed Implementation Plan which indicates the planned dates of initiation and completion for all major activities to be carried out under the three sub-components.

a. Nationwide Application of Forest Management Plans

Resources from the amended FDP will provide COHDEFOR TA, training and commodities to help it develop (public pine forests) and review, approve, and monitor (public and private forests) acceptable forest management plans and expand the implementation of these plans to a nationwide basis. By December 1997, 400,000 hectares, approximately one-third of the country's public pine forest, will be under approved forest management plans.³ COHDEFOR's staff, with assistance from project-funded technical long- and short-term experts, will carry out the following activities under this sub-component:

- I Revision and improvement of COHDEFOR manuals and regulations that govern development and nationwide execution of management plans for public and private forests, assuring the inclusion of social and economic criteria;
- I * Development of effective systems within COHDEFOR to monitor the process of approving management plans for both public and private forests, including the establishment of a quality control unit;
- I * Development and implementation of a systematic method within COHDEFOR to

³ Although project resources will greatly facilitate the development and application of management plans for private forests, it is impossible to say at this point what the magnitude of private efforts will be in terms of geographic coverage. The area affected will, however, be tracked by FDP personnel.

supervise the implementation of management plans on public and private forests;

- I * Development and implementation of a systematic centralized audit system within COHDEFOR to assure compliance with timber sales contract specifications;
- I * Publication by COHDEFOR of current listings of approved management plans and timber sales contracts, and provision of public access to such documents; and
- I Implementation of Geographic Information Systems (GIS) and Global Positioning Systems (GPS) as support to all of COHDEFOR's forest activities. These remote sensing systems will allow COHDEFOR (and the private sector) to make prompt, sound resource management decisions by providing the basic format upon which resource information can be collected, analyzed and mapped with greater efficiency and detail than presently available. The GIS and GPS technology transfer will be coordinated with the related efforts of other donors.

* To be included as Conditions Precedent in Project Agreement Amendment.

Annex C, the Implementation Schedule, provides greater detail on these activities and information on the actors responsible for implementing them.

As inputs, the project will finance one long-term, local-hire consultant and nine person/months of short-term TA (local TA will be procured by COHDEFOR and off-shore TA will be procured by USAID). Project resources will also sponsor thirty-five forest technicians and two university level foresters and provide approximately 12 person months of short-term training. GIS and GPS equipment and training, field sampling and drafting equipment and materials will be procured by USAID with project funds to provide logistical support to the development of the management plans for public forest areas. USAID will also procure a project-funded utility vehicle for the use of the long-term consultant, and one van to facilitate training activities. COHDEFOR will make arrangements for local training activities, and USAID will make arrangements for off-shore training activities.

b. Standing Timber Sales System

USAID will help COHDEFOR develop and implement a transparent system for the administration of timber sales and harvesting which will be applied on a nationwide basis. Project resources will help support COHDEFOR's efforts to consolidate and ensure continuity of the standing timber sales system, upgrade procedures for quality control, and establish a method for timber valuation. COHDEFOR's staff, with assistance from project-funded technical long- and short-term experts, will carry out the following activities under this sub-component:

- I Development of improved timber sales contracts between COHDEFOR and the buyers. These contracts will include improved road construction and logging

standards to mitigate the negative environmental impacts of logging roads;

- I Development of local volume tables that will enable COHDEFOR to carry out more efficient and accurate timber inventories;
- I Development and implementation of a monitoring system that will enable COHDEFOR to assure the quality of sale preparation and administration;
- I Establishment of a timber valuation system to help determine fair base prices for the various timber auctions; and
- I * Improvement of the timber auction system through the development of just and efficient procedures that will promote open competition and fair market prices.

* To be included as a Covenant in the Project Agreement Amendment.

Annex C provides greater detail on these activities and information on the actors responsible for implementing them.

Project-funded inputs, to be procured by USAID, will include one off-shore long-term expert, approximately 18 person/months of short-term TA, field equipment, one vehicle for the long-term consultant, vehicle maintenance, and short-term training.

c. Forest Fire Management

USAID will assist COHDEFOR in developing and implementing an effective, sustainable National Forest Fire Management Program with definite short- and long-term goals. Through previous TA by the U. S. Bureau of Land Management of the Department of the Interior, a document indicating the main actions that need to be executed in this area has already been developed. Future project activities will be based on that report's recommendations.

The main activities to be carried out under this sub-component by COHDEFOR, with assistance from project-funded technical long- and short-term experts, will be:

- I Modification of COHDEFOR's organizational structure as needed to implement an effective and long-lasting fire management program;
- I Development of a fire prevention campaign to educate the country's population and obtain its support for forest protection. The campaign will emphasize face-to-face and radio education in rural areas as well as other media such as television and posters in urban areas;
- I Development of a fire reporting and data collection system that will provide reliable fire statistics and permit correct program analysis;

- I Economic analyses of the cost of fire management activities and of the impact of wildfires;
- I Expansion of the use of prescribed burning as a method to prevent wildfires and stimulate regeneration;
- I Development of minimum training and experience standards for the various fire fighting positions;
- I A country-wide inventory to determine the quantity and serviceability of COHDEFOR's fire-fighting equipment;
- I Development of a system for the control, maintenance and replacement of fire-fighting equipment;
- I Improvement of COHDEFOR's radio communications system; and
- I Development of alternatives for the active cooperation and employment of local residents in fire prevention and fire-fighting activities.

Development of a thorough national forest fire management program by June 30, 1996 will be a Condition Precedent to disbursements for the Forest Management Component after that date.

Annex C provides greater detail on these activities and information on the actors responsible for implementing them.

Inputs will include one off-shore long-term expert with extensive background in fire management, including the planning and budget relationships, and up to 15 person/months of short-term TA in rural community involvement, prevention, fire equipment, and radio communications. The project will also fund training, publicity, fire-fighting equipment and radio communications equipment to support the implementation of the national program, and a utility vehicle for the long-term advisor. With the exception of local training, TA, and publicity (to be procured by COHDEFOR), USAID will procure all of the above inputs.

d. Management of a Pilot Area

While adaptation and development of new improved forest management practices are centered within the pilot area, La Unión, Olancho, project assistance will be directed towards universal application of these practices, as has been the case with other FDP innovations in the past. Once new practices are tested and approved by COHDEFOR management for universal application, forest technicians begin their implementation in the pilot area and central COHDEFOR offices, as well as in other areas via field exercises. COHDEFOR staff from other regions are "cycled" through the pilot area for on-the-job training to subsequently apply the new practices in their regions. The Project Agreement

Amendment will include a Covenant whereby COHDEFOR will agree to initiate, on a nationwide basis, the implementation of all the forest management practices developed and tested in the pilot area and included in the manuals and/or regulations that it has developed with project assistance, immediately after such documents have been approved by COHDEFOR.

To allow the Pilot Area to continue to carry out this model role, FDP-funded assistance will help COHDEFOR continue to implement the approved forest management plan in 56,000 ha. of public pine forests in the area, and to evaluate and improve its technical and social components. Proper execution of the area's management plan will represent a significant contribution to the country's forestry efforts since the area can provide approximately 10% to 20% of Honduras' annual timber harvest. COHDEFOR staff will also continue to develop alternatives, with and without incentives,⁴ for increasing the involvement of the pilot area's rural population in the management of forest resources and their commitment to continuing to manage these resources after the PACD. This will be done through two main types of activities:

- forestry activities such as protection, road maintenance, and silvicultural practices; and
- sustainable agriculture/rural development activities to reduce the pressure to deforest more land.

The former will involve training, employment in fire or maintenance brigades, and other forms of community involvement. COHDEFOR will work with local communities to design these programs to respond to community development needs and thereby encourage participation of local residents. The latter will involve COHDEFOR's provision of the kinds of extension activities for forest farm families which the Mission's Land Use and Productivity Enhancement (LUPE) Project fosters for hillside farmers in other parts of the country. These extension activities will be complementary only to the forestry activities in the pilot area, and COHDEFOR will not be responsible for replicating them throughout the country.

Inputs will include USAID funding for forest protection, soil conservation, and rural development incentives for local residents. USAID will also fund short-term TA (7 person/months), field equipment, publicity and the maintenance of the forestry camps. GOH counterpart funds will finance personnel costs and most of the pilot area's forest management activities. With the exception of off-shore TA (to be procured by USAID), COHDEFOR will procure all of the above inputs.

B.2. Protected Areas (PAs) Component

This component will help create a functioning national PAs system which provides effective and sustainable management for an increasing number of areas over time. To

⁴ The project utilizes incentives in the form of cash payments or funding for community projects (e.g., health, education, agriculture or water systems).

achieve this objective, USAID and COHDEFOR will give priority to strengthening the capacity of COHDEFOR's DAPVS; developing and enacting necessary policies, regulations and norms governing the PAs; and developing and implementing a sustainable management model in ten pilot PAs.

SINAPH is the acronym for the National Protected Areas System of Honduras created under the Environmental Law of Honduras. DAPVS, by law, has the principal responsibility for on-site protected area management nationwide. Accordingly, it is through DAPVS that this project will help invigorate the SINAPH and develop an effective PAs system in Honduras.

A working document describing the nature and creation of the SINAPH was prepared by an NGO consortium, Paseo Pantera, with funding from the FDP in 1992-1993. This document, called the "SINAPH Regulations", was written in a legal format so that it could easily be adopted by the GOH. Subsequently, in 1993, the "SINAPH Regulations" were incorporated by COHDEFOR into its "Technical Manual of Norms for Protected Areas." Currently, COHDEFOR, in collaboration with the Ministry of the Environment (SEDA), is preparing an updated version of the SINAPH Regulations, which will require formal GOH approval (by the Executive Branch and/or Congress).

In summary, when finalized, the SINAPH Regulations will include three basic elements:

- a legal framework for establishing PAs;
- a preliminary description of the declared and proposed PAs (physical location and boundaries, and existing types of biological resources); and
- a collaborative institutional mechanism for identifying and making key policy decisions on PAs.

The initial version of the SINAPH Regulations included the creation of a National Council for Protected Areas (CONAPH) to integrate and coordinate the different organizations that will help make SINAPH functional. COHDEFOR's representative is the proposed Executive Secretary of CONAPH. Other members of CONAPH include representatives from SEDA; Ministry of Natural Resources; Ministry of Planning (SECPLAN); Honduran Armed Forces, Honduran Tourism Institute; National Water and Sewage Agency (SANAA); National Electric Company (ENEE); VIDA Foundation; Honduran Council for Private Enterprise (COHEP); and environmental NGOs.

COHDEFOR is already active in the effort to make SINAPH functional. However, there are numerous policies regarding establishment and management of PAs that have yet to be enacted. Examples of these needed policies include: the definition of activities allowed in core and buffer zones; establishment of criteria and legal processes for creating new PAs; the legal definition of the roles of government and NGOs in protected area management; the legal definition of the role of the government in protecting wildlife and controlling traffic in it. In addition, COHDEFOR will establish enforcement procedures for international and regional environmental treaties such as the Convention on International Trade in Endangered Species (CITES). Many of these policies will be established through

enactment of the SINAPH Regulations, and draft versions of some are currently being analyzed by COHDEFOR management and the DAPVS.

USAID will provide project-funded technical assistance and training to assist DAPVS in policy development and analysis; planning and strategy development; and organization, management and operations. COHDEFOR through DAPVS will concentrate efforts on the following activities (among others) in accordance with the Project Implementation Schedule included in Annex C to this PP Supplement:

- I development and adoption of the SINAPH Regulations;
- I identification and adoption of key PAs policies;
- I creation of the coordinating committees and other management arrangements necessary to oversee and administer the SINAPH;
- I development and implementation of a national strategy on wildlife protection and management; and
- I development and implementation of a sustainable management program in ten pilot PAs.

DAPVS will develop and implement a simple model for sustainable management of PAs in the ten pilot areas listed below. This model will provide a *minimum, but sufficient investment* of financial and human resources capable of being sustained given the levels of resources expected to be available to the GOH at the end of the project. The process of developing and implementing this model will be a participatory team effort, and will include some combination of the following: COHDEFOR personnel, project-funded advisors, NGOs, U.S. Peace Corps volunteers, local groups and communities, and other GOH agencies. The Project Agreement Amendment will include a Covenant whereby COHDEFOR will agree to adopt and implement the PAs model developed under the project and apply this model to the all PAs included in the SINAPH.

The pilot PAs have been selected by COHDEFOR and USAID through a participatory process which involved identifying priority areas via a series of workshops from 1992–1994 with Paseo Pantera, and other stakeholders including the U.S. Peace Corps, NGOs, and COHDEFOR central and regional PAs staff. Selection criteria for the priority areas included their importance as key watersheds, biological diversity within those areas, and their ecotourism potential. The ten pilot areas are:

- | | |
|----------------------------------|--------------------------------------|
| - Biological Reserve Montecillos | - La Muralla National Park |
| - Montaña de Yoro National Park | - Bahía de Chismuyo Wildlife Reserve |
| - Texiguat Wildlife Reserve | - Las Iguanas Wildlife Reserve |
| - Pico Bonito National Park | - Celaque National Park |
| - Sierra de Agalta National Park | - Pico Pijol National Park |

These ten areas total nearly 299,000 ha., which represent approximately 11% of the total area of the SINAPH. If necessary, some of these pilot PAs may be replaced by other areas, upon mutual agreement of USAID and COHDEFOR during the life of the FDP. Selection criteria for any replacement pilot areas will be the same as the criteria used to

select the areas listed above.

The U.S. Peace Corps (USPC) has agreed to assign at least one U.S. Peace Corps Volunteer (PCV) to each of the ten pilot PAs. The PCV will provide assistance to COHDEFOR, NGOs and local community groups to develop the capacity to manage the pilot PAs. The USPC prepared a document which describes in greater detail its proposed role in the project's implementation (Annex F this PP Supplement).

Project-funded efforts will help establish an institutional presence (COHDEFOR and/or NGOs), protection, and functional management within each of these ten pilot PAs. The Project Agreement Amendment will contain a Covenant whereby COHDEFOR will agree to make its best efforts to identify and establish agreements with NGOs for the long-term management of these ten pilot areas. According to COHDEFOR's records, local NGOs are already working in or near more than half of these PAs, including: GRAPLA (Support Group for PAs in the Atlantic Coast), CODEFFAGOLF (Development Commission for the Flora and Fauna of the Gulf of Fonseca), FUCELA (Celaque Foundation), FUCAGUA (Capiro, Calentura, and Guaymoreto Foundation), and FUPDAPID (Pico Bonito Foundation). USAID and COHDEFOR expect that other similar groups will emerge as implementation of this component proceeds.

Project-supported activities for the ten pilot areas will involve a high degree of participation of local communities and include the following:

- Development of base maps using GIS or other available means;
- Biophysical and socioeconomic diagnostic studies (i.e., flora and fauna, land tenure and wildlife);
- Delineation and demarcation in the field;
- Updating of legal protected area status (i.e., new legal decrees establishing boundaries, if necessary);
- Development of a standard agreement between COHDEFOR and NGOs;
- Development and implementation of operational plans including institutional presence/personnel, simple infrastructure, protection (guards), equipment, and programs for protected area management; and
- Development of an environmental education program to promote awareness and generate broad participation among residents of buffer zones and communities near PAs. This education program will target both adults and school children in the six COHDEFOR regions in which the ten pilot units are located.

Documents which describe in detail each of these activities have been prepared in DAPVS. Progress towards the results expected from these activities will be measured through a series of intermediate benchmarks (see Attachment I to the Executive Summary of this PP Supplement) that will allow USAID and COHDEFOR to adjust project management as needed. The Project Agreement Amendment will include a Condition Precedent requiring COHDEFOR to submit a detailed Implementation Plan indicating the planned dates of initiation and completion for all major activities to be carried out under the Protected Areas Component.

The environmental education program will be developed by DAPVS to target the communities (adults and school children) living in the buffer zones of the selected PAs. The program will: (1) insure participation by local communities in the PAs management programs, and (2) promote awareness of protected areas and biodiversity. Various media messages and materials will be developed through DAPVS and incorporated into the appropriate channels for broad dissemination. Data will be gathered by COHDEFOR at the beginning and end-of-project to measure local community participation in priority PAs management and determine changes in attitudes.

COHDEFOR will be responsible for conducting an environmental impact assessment (EIA) of each pilot protected area before implementing any project activity that will physically impact the environment. COHDEFOR will submit the scopes of work for each EIA for USAID's review and approval.

Project-funded efforts under this component will, in the long term, benefit the public by having helped conserve biological diversity and made sustainable several upper watersheds for present and future generations. In the short term, local communities, national professionals, COHDEFOR personnel, NGOs, and other organizations involved in the development of the SINAPH will benefit from participation in project training, TA and activities.

Project-funded inputs will include approximately 24 person-months of long-term TA and 20 person-months of short-term TA in areas such as legal and physical aspects of protected area delineation and marking (including land tenure and relocation issues) and protected area operations, including ecotourism, wildlife management, operational plans, and resource data management. In addition, the project will fund short-term training in-country (i.e., training of forest guards in forest protection and extension) and abroad (i.e., management of PAs and buffer zones), U.S. long-term training (two university degrees in protected area management); studies in areas such as flora and fauna, land tenure and socioeconomic matters; and commodities (e.g., office and field equipment, computers, radios, educational materials, 15 vehicles and 10 motorcycles). With the exception of local training, TA, and educational materials (to be procured by COHDEFOR), USAID will procure all of the above inputs.

C. GENDER ISSUES

Training, extension, and other project activities involving local communities will be the main areas where the project will take into account gender considerations and assess activities for possible gender-based differences and their effect on project impact, as described below:

C.1. Training

a. New Foresters

COHDEFOR and USAID will continue to promote the participation of women in the

forestry profession by making sure that project-funded promotional activities are gender conscious and assuring equal opportunity to women foresters for project-funded training and employment opportunities.

Scholarship candidates will be screened by COHDEFOR according to selection criteria such as high school grades, entrance exams, and financial need. Once candidates are identified based on these criteria, the best candidates of both genders will be selected by COHDEFOR and USAID as scholarship recipients.

b. Existing Foresters

At present, there is a bias within COHDEFOR against involving women in the timber sales program and against appointing them as unit or regional heads. This limits COHDEFOR's efficient use of its work force. By improving their skills in timber sales and in management, women foresters will be prepared to compete on an equal basis with their male counterparts within COHDEFOR.

C.2. Extension Programs

Project-funded assistance will support COHDEFOR's efforts to develop nationwide extension programs to promote public awareness of the importance of, and public involvement in, conserving PAs and forest fire management. COHDEFOR's staff in charge of developing these programs will be instructed by USAID on the gender issues that must be considered when developing these programs and the corresponding messages, posters, etc. USAID will review the programs and materials prior to their dissemination.

C.3. Local Community Participation

All project individual and community activities (i.e., forest protection, soil conservation, PAs protection) will be developed and implemented by COHDEFOR with improved consideration of gender issues.

Project-funded forestry-related community improvement activities will continue to be implemented by a group of promoters to which women have equal access. These promoters live in the communities they attend; both male and female promoters perform similar tasks. Project experience indicates that a better understanding of community needs can be obtained, and improved work plans can be developed, by having promoters of both genders involved in these activities.

It is anticipated that project-funded incentives will continue to be provided to communities in exchange for their forest protection and fire fighting activities within the project's pilot area. Community incentives such as improved water systems and fuelwood plantations will benefit women by reducing their workload.

Specific activities for women such as small vegetable gardens and home improvement

incentives will continue to be promoted by COHDEFOR's project-funded extensionists. Both women and men will continue to be invited by COHDEFOR's promoters to participate in soil conservation and forest protection activities, but due to the traditional distribution of tasks in the communities, USAID and COHDEFOR expect that most of the participants in these activities will be men.

Gender-disaggregated data will be collected by COHDEFOR for all project activities to enable COHDEFOR and USAID to identify and assess any other gender factors which may be relevant to the achievement and sustainability of project objectives.

III. RELATIONSHIP TO AGENCY, GOH AND OTHER DONOR PRIORITIES

A. RELATIONSHIP TO AGENCY PRIORITIES

The proposed three year extension will enable USAID to continue to pursue Action Plan objectives under Strategic Objective No. 2, "Effective Stewardship of Key Natural Resources for Sustainable Economic Growth." FDP's continuance is particularly key to two planned Program Outcomes: "Sustainable Forest Management Practices Extended" and "Improved Management of Protected Areas." As recommended in the mid-term evaluation, the amended project narrows the range of activities to focus on those thematic areas still requiring assistance (i.e., improving the management of pine forests and PAs) and terminates support to other activities whose planned outputs have been achieved (i.e., assistance to the forest industry and privatization of state forest industries). The new emphasis on environmental and sustainable management issues contained in this amendment will allow the Mission to continue to participate fully with counterpart institutions and other donors in the important and ongoing transformation of forest management and environmental protection in Honduras.

The Project Amendment is fully consistent with the Agency's priorities and regional strategies. The LAC Strategy (August 1994), for example, articulates the following objectives relative to the environment and natural resources:

- USAID will support programs to improve natural resource management for sustainable economic growth.
- USAID will assist efforts to preserve biological diversity in the Americas.
- USAID will support efforts to create civic engagement in protecting the environment.

In addition, the LAC Strategy states that "USAID will promote policies and practices that foster sustainable use of natural resources, conserve tropical forests and other biologically diverse habitats,... and will achieve these objectives in a sustainable, economic manner." The amended FDP will support all these objectives.

The amended FDP will also continue the project's efforts to reduce poverty and expand the participation of local residents living in or adjacent to forest management areas in the process of finding sustainable ways to use and protect the natural resources of those

areas. The project's rural development promotion team, which is made up of six men and seven women, will continue to promote broad-based participation in activities designed to increase incomes and opportunities while improving natural resource management and forest protection. Indeed, the amendment includes additional investment in training and TA in important areas of community involvement. Such investments will be aimed at enhancing the capabilities of local residents and community leaders to adapt conservation techniques to local needs and conditions.

B. RELATIONSHIP TO GOH AND OTHER DONOR PRIORITIES

Through enactment of the AML and the adoption of several other national and institutional level policy decisions (e.g., forest management plan requirements, staffing of COHDEFOR's PAs department, new timber sales procedures, etc.) the GOH and COHDEFOR have demonstrated a willingness to move towards sustainable management of the nation's forest resources. The FDP amendment has been prepared by USAID in close coordination with COHDEFOR in an effort to continue improving and implementing the new forest management initiatives of that institution. Many of the current initiatives relating to forestry and PAs are the result of years of policy dialogue with the GOH involving not only USAID, but other donors. The World Bank and Interamerican Development Bank have shared our concerns and have been particularly cooperative in leveraging many key forestry policies.

Every major aspect of the FDP and this amendment has been discussed with other donors, including a close collaboration with U.S. Peace Corps on design of the Protected Areas Component. The Germans, the Canadians, the U.N.D.P. and the Banks are all familiar with our proposed program and have voiced no objections. The development of every component and activity has progressed over a period of the last year and a half with full cooperation and participation of our counterparts.

IV. PROJECT IMPLEMENTATION AND MONITORING RESPONSIBILITIES

A. COHDEFOR

A project implementation unit for this project has already been established within COHDEFOR. This unit will continue to provide administrative and logistical support for both components during the extended LOP. As part of the project's strengthening and reorientation of COHDEFOR, accounting and data management systems have been updated substantially, and represent a major advantage for the project. Accordingly, routine financial and administrative actions for both components will continue to be handled by this unit. In keeping with the COHDEFOR General Manager's desire to see full integration of bilateral projects with the Corporation's organizational structure, the project's technical actions and responsibilities will be channeled through the Implementation Unit to the appropriate existing technical department within COHDEFOR, whether it be DAPVS, Norms and Controls, Forest Management, or others, in accordance with the Implementation Plan.

The project's current monitoring system, developed during the past seven years, will continue to measure progress towards achievement of project objectives and interim benchmarks, and thus inform COHDEFOR and USAID management decisions. The system will be updated and continue to be operated by COHDEFOR's Project Implementation Unit. Project-funded TA will be procured locally by COHDEFOR to assist in the development of information on the Protected Areas Component. COHDEFOR's staff (Implementation Unit and DAPVS) will be responsible for gathering information relating to the project indicators at the purpose and output levels, and any information that will serve to measure the project's contribution to the performance indicators by which USAID measures progress toward its Strategic Objective No. 2 and the Program Outcomes that contribute to that objective.

Field activities, whether in forest management or PAs, will require cooperation between COHDEFOR regional and forest district staff. The Implementation Unit will also endeavor to collaborate and maintain productive relationships with other donor or other GOH agency initiatives in the pilot area, and will ensure that FDP activities are reflected in COHDEFOR's overall planning. Personnel and administrative mechanisms are already in place and well-proven, and should allow complete continuity of implementation activities once the project amendment is authorized. Annex E, Monitoring and Evaluation Plan, provides greater detail on these activities.

The Project Agreement Amendment will include a Covenant whereby COHDEFOR will agree to take all measures necessary to facilitate the timely and efficient administration of the two components of the Project, and to consult with USAID in the resolution of any organizational or operational conflicts or problems which may arise.

A.1. Forest Management Component

All activities under this component will continue to be managed as in the past. No adjustments are foreseen at this time, since most of the activities of this component represent a natural progression of initiatives begun under the first phase of the project.

A.2. Protected Areas Component

Within COHDEFOR, the DAPVS will take the major responsibility for implementation of, and reporting on, project activities under this component. DAPVS will do so in collaboration with the Implementation Unit and USAID project liaison officials. The Project Agreement will include a Condition Precedent requiring COHDEFOR to clarify the intrainstitutional relationships between DAPVS and the Forest Regions regarding all matters related to PAs and wildlife management. The relationships between COHDEFOR, the U.S. Peace Corps (Annex F), NGOs and other organizations that will help make SINAPH functional will be defined through agreements on a case by case basis for each protected area. Since outstanding cooperation among these entities has been demonstrated throughout project development, no substantial problems are anticipated.

B. USAID/HONDURAS

Existing Mission staff located in the Agriculture and Natural Resources Office (ANRO), Natural Resources and Environment Division (NR/E) will continue to manage the project. No procurement of additional management services is required. The Project Officer, a PASA, will supervise a USPSC Environmental Advisor/Assistant Project Officer; an FSN/Non-PSC Forestry Advisor/Assistant Project Officer; and an FSN/Non-PSC Training Coordinator. The PASA and USPSC positions will be partially funded by the Project, and the FSN/Non-PSC will be fully funded by the project. Partial funding of an FSN/Non-PSC program assistant will also be provided. All of these individuals have substantial experience under the project's initial phase, and are well aware of the institutional conditions and oversight requirements necessary for effective implementation.

Project monitoring will take place at project component levels, and at field levels within each component. The FDP's outputs are critical aspects of the Mission's Action Plan regime under Strategic Objective No. 2 (Effective Stewardship of Key Natural Resources for Sustainable Economic Growth), and as such will be monitored at least semi-annually by COHDEFOR and USAID.

Project-funded financial audits will be undertaken on an annual basis by the Comptroller General of the Republic or independent auditing firms under the Mission's Recipient Contracted Audit Program (RAP). In addition, USAID may conduct periodic non-Federal audits of the project if warranted. A project-funded final evaluation, to be contracted by USAID, will be carried out in the last quarter of FY 1997. The evaluation will assess project results, including whether the project achieved its purpose and the project's overall contribution to the Mission's Strategic Objective No. 2. The evaluation will also identify followup activities which would help sustain the positive effects of project efforts and address "lessons learned" that may be applicable to related USAID efforts.

V. COST ESTIMATE AND FINANCIAL PLAN

The original authorized LOP funding was \$20,000,000 in USAID funds (\$15,959,000 grant and \$4,041,000 loan) and \$11,687,700 in GOH counterpart funds, for a total cost of \$31,687,700. The proposed Amendment will decrease the authorized LOP USAID funding to \$19,140,000 (\$15,099,000 grant and \$4,041,000 loan) and increase the LOP GOH counterpart funding to \$16,671,000, for a new total LOP cost of \$35,811,000.

Expenditures during the three-year period to be covered by this amendment are estimated at \$10,782,000. This figure consists of:

- Unexpended obligations of \$4,261,600 available as of December 31, 1994;
- Additional planned obligations of USAID funds of \$3,120,400 to be made in FYs 1996 and 1997; and
- An additional GOH contribution, beyond that to which it is already committed in the current Project Agreement, equivalent to \$3,400,000.

A summary budget for the three-year amendment showing USAID and GOH contributions by component is provided below. A revised financial plan and detailed tables are located in Annex B.

SUMMARY COST ESTIMATE
(\$000 U.S.)

PROJECT COMPONENT	USAID	GOH	TOTAL
Forest Management	4,097	1,636	5,733
Protected Areas	2,705	947	3,652
Administrative Support	520	817	1,337
Audits	60		60
TOTAL PROJECT (\$)	7,382	3,400	10,782

VI. IMPLEMENTATION PLAN

Annex C, the Implementation Schedule, provides a detailed projection, in the form of chronological charts, of every major subactivity required to implement the two key components of the extended FDP, by quarter, for the 36 month period of the extension. Annex C also indicates responsible parties for every action, and anticipated completion dates.

In general, the Forest Management activities will require "nothing new" in terms of implementation arrangements, since they are essentially a natural progression of similar activities that have been carried out under the project. They will utilize administrative and logistic systems already in place and proven to be effective; and will involve many of the same counterpart personnel, as well as the same short-term TA "package" already in use.

In the case of the Protected Areas Component, with the exception of very recent – but effective – collaboration with the new personnel of DAPVS, there is little past experience to go on, and implementation will require new arrangements. Accordingly, the chronological plan presented for this component in Annex C goes to unusual detail in some areas in an attempt to lay out proposed procedures for this initiative. Of course, many of the actions under this component relate to public policy dialogue involving all potential organizations that will help make SINAPH a functional system, and seeking consensus and dynamism in this area will be a key function of project management both within USAID and at COHDEFOR.

The implementation of management activities in the ten pilot PAs will require a continued strong commitment by COHDEFOR, and a strong effort on the part of USAID project management, the U.S. Peace Corps, TA advisors, and selected environmental NGOs. COHDEFOR will also be responsible for selecting these NGOs and delegating management responsibilities to them. The specific responsibilities of these NGOs, and those responsibilities to be retained by COHDEFOR, will be negotiated between COHDEFOR, the NGOs, and local communities on a case by case basis depending on the interests and capabilities of the NGO in question, the needs of the PA, and the needs of the local community.

VII. CONDITIONS AND COVENANTS

The Project Agreement Amendment will include, in addition to standard conditions, the following Conditions and Covenants.

A. CONDITIONS PRECEDENT (CP)

Prior to any disbursement of funds from the USAID contribution for the specific activities listed below, after the dates listed below, or to the issuance of documentation pursuant to which disbursements for these specific activities will be made, except for disbursements for TA, USAID Project Supervision, and long-term training programs, the Borrower/Grantee shall, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID evidence that the following conditions precedent have been met:

1. Condition Precedent to Any Disbursement after September 30, 1995.

COHDEFOR will clarify and officially communicate to all its departments: (a) the authorities and chain of command for all matters relating to PAs and wildlife, and (b) the definition of responsibilities and lines of communication between the DAPVS and the Forest Regions.

2. Conditions Precedent to Disbursements for the Forest Management Component after September 30, 1995.

a. COHDEFOR has submitted a detailed Project Implementation Plan which indicates the planned dates of initiation and completion for all major activities to be carried out under the Forest Management Component.

b. COHDEFOR is making available for public review the approved forest management plans and timber sales contracts no later than two weeks after their approval.

c. COHDEFOR has implemented an efficient system to monitor the process of approving forest management plans, including the establishment and staffing of a quality control unit.

3. Conditions Precedent to Disbursements for the Protected Areas Component after September 30, 1995.

a. COHDEFOR has submitted a detailed Project Implementation Plan which indicates the planned dates of initiation and completion for all major activities to be carried out under the Protected Areas Component.

b. COHDEFOR has contracted from its counterpart budget a technician as the chief for each of the five pilot PAs in which project activities are to be initiated in calendar year (CY) 1995.

4. Condition Precedent to Disbursements for the Forest Management Component after January 31, 1996.

COHDEFOR has implemented a systematic, centralized audit system to assure compliance with the specifications of timber sales contracts and a systematic method to supervise the implementation of forest management plans.

5. Condition Precedent to Disbursements for the Forest Management Component after June 30, 1996.

A thorough national forest fire management plan program has been developed by COHDEFOR.

6. Conditions Precedent to Disbursements for the Protected Areas Component after June 30, 1996.

a. The SINAPH Regulations have been legally approved by the GOH and published in "La Gaceta."

b. COHDEFOR has contracted from its counterpart budget a technician as the chief for each of the remaining five pilot PAs in which project activities are to be initiated in CY 1996.

B. COVENANTS. The Borrower/Grantee shall covenant that:

1. The Borrower/Grantee agrees to make best efforts to achieve the project implementation benchmarks contained in Attachment I to the Executive Summary of this PP Supplement. Some of the benchmarks are also included as Conditions Precedent to Additional Disbursements in Section 5.2. of the Project Agreement Amendment. At the end of each CY, COHDEFOR and USAID will review the year's progress towards accomplishing these benchmarks. This end-of-year review will form the basis for a joint determination by USAID and COHDEFOR as to the continuation of project activities the following year.

2. COHDEFOR's timber auction system will be implemented through open competition and a valuation system that will foster fair market prices.
3. COHDEFOR will initiate, on a nationwide basis, the implementation of all the forest management practices included in the manuals and/or regulations that it has developed with project assistance, immediately after such manuals and/or regulations have been approved by COHDEFOR.
4. COHDEFOR agrees to take all measures necessary to facilitate the timely and efficient administration of the two components of the Project, and to consult with USAID in the resolution of any organizational or operational conflicts or problems which may arise.
5. COHDEFOR will make a good-faith effort to adopt and implement in all PAs included in the SINAPH the protected areas management model developed with project assistance.
6. COHDEFOR will make a good-faith effort to identify and establish agreements with NGOs for the long-term management of all ten pilot PAs assisted under this project.
7. The Borrower/Grantee will make every effort to ensure that counterpart funds are made available in a timely and satisfactory manner. Likewise, the Borrower/Grantee shall provide USAID with quarterly reports on the provision of counterpart contributions. These reports shall be provided no later than 30 days after the end of the quarter. Should the Borrower/Grantee fail to make available amounts designated in the budget or fail to make those amounts available in a timely and satisfactory manner as determined by USAID, USAID may suspend assistance to one or all project activities until such time that USAID shall determine that the assistance may be continued or that one or more of the project activities be terminated.
8. COHDEFOR, through the Project Office, shall furnish to USAID for its review and approval during the month of January of each year during the life of the project, an annual detailed workplan and budget derived from the Annual Operating Plan. The workplan and budget shall be satisfactory in form and substance to USAID.
9. COHDEFOR will maintain at least the 1994 staffing level of forest technicians in the project's pilot area, La Unión, Olancho, during the life of the project.
10. The Borrower/Grantee will permit project-funded personnel to be contracted on a multi-year basis.
11. COHDEFOR, through the Project Implementation Unit, shall provide USAID with quarterly reports on the project's technical progress, satisfactory in form and substance to USAID. These reports shall be provided no later than 30 days after the end of each quarter.

12. COHDEFOR will establish an ongoing monitoring program to evaluate progress toward attainment of the objectives of the Project; identify and examine problem areas or constraints which may inhibit such attainment; assess how such information may be used to help overcome such problems; evaluate the services provided by the technical assistance team; evaluate environmental impact; and evaluate, to the degree feasible, the overall development impact of the Project.
13. No funds or other support provided hereunder may be used in a project or activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States.

No funds or other support provided hereunder may be used in a project or activity the purpose of which is the establishment or development in Honduras of any export processing zone or designated area where the labor, environmental, tax, tariff, and safety laws of Honduras would not apply, without the prior written approval of USAID.

No funds or other support provided hereunder may be used in an activity which contributes to the violation of internationally recognized rights of workers in the recipient country, including in any designated zone or area in that country."

LOGICAL FRAMEWORK
(Jan/95–Dec/97)

ANNEX A

Project Title & Number: Forestry Development (522-0246)

Page 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS/ COMMENTS
<p><u>GOAL:</u> A. Effective stewardship of key natural resources for sustainable economic growth.</p>	<ul style="list-style-type: none"> - Increased area of pine forest under effective forest management programs. - Increased number of declared protected areas placed under management nationwide. 	<ul style="list-style-type: none"> - Project Final Evaluation. 	<p><u>Assumptions for achieving targets:</u></p> <ul style="list-style-type: none"> - Continued strong and effective GOH nationwide support for forestry management and environmental issues.
<p><u>PROJECT PURPOSE:</u> B. To improve the management and sustainability of commercial pine forests and protected areas, and the efficiency of industrial conversion and marketing of wood products.</p>	<ul style="list-style-type: none"> - All laws, regulations and procedures needed for the effective and sustainable nationwide management of Honduras' pine forests and protected areas will be in place. - Sustainable management programs will be underway in approximately 20% of Honduras' pine forests and 11% of Honduras' protected areas. - Improved sawing efficiency and forest utilization achieved by the industry. 1/ 	<ul style="list-style-type: none"> - Project monitoring of GOH's compliance with terms of Agriculture Modernization Law (AML). - Publication of law, regulations and procedures. - Project monitoring reports. - Project Final Evaluation. - Site visits. - Industry reports. 	<p><u>Assumptions for achieving purpose:</u></p> <ul style="list-style-type: none"> - GOH commitment to implement approved forestry/environmental laws and regulations. - Administrative stability within COHDEFOR. - An adequate national budget allotment for COHDEFOR.
<p><u>OUTPUTS:</u></p> <p><u>I. FOREST MANAGEMENT</u></p> <p>A.i. Acceptable management plans developed for both public and private forests, to be implemented on a nationwide basis.</p>	<ul style="list-style-type: none"> - System to monitor the process of approving management plans developed by July '95 and implemented by September '95. - Quality Control Unit established by September '95. - System to supervise implementation of management plans developed by December '95 and implemented by January '96. 	<ul style="list-style-type: none"> - Project monitoring reports. - Contractor reports. - COHDEFOR documentation. - Site visits. 	<p><u>Assumptions for achieving outputs:</u></p> <ul style="list-style-type: none"> - GOH commitment to improving forest resource management and reducing waste and corruption.

1/ Achieved

LOGICAL FRAMEWORK
(Jan/95–Dec/97)

ANNEX A

Project Title & Number: Forestry Development (522-0246)

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS/ COMMENTS
<p>A.ii. Sustainable management plans implemented on 400,000 ha. of public pine forest (including 56,000 ha. in pilot area).</p>	<ul style="list-style-type: none"> - Approved management plans for 400,000 ha. of public pine forest. - Harvests in 51,000 ha. of public/private pine forest (including 4,000 ha. in the pilot area) done in compliance with timber sales regulations and allowable cut. - 1,500 persons (1,000 male/500 female) practicing sustainable production practices in the pilot area. - Adequate forest regeneration (1,200 plants per ha. 4 years after harvest) in 80% of the public forest harvested in the pilot area (1,300 ha.). 	<ul style="list-style-type: none"> - Project monitoring reports. - Site visits. - COHDEFOR records. 	<ul style="list-style-type: none"> - GOH commitment to improving forest resource management and reducing waste and corruption. - No catastrophic dry season.
<p>B. Transparent system in place for administration of nationwide timber sales and harvesting.</p>	<ul style="list-style-type: none"> - Central audit system developed by December '95 and implemented by January '96. - Manual on Timber Valuation for public auctions developed by December '95 and implemented by January '96. - An annual program of the following years' timber auctions publicized by November '96. 	<ul style="list-style-type: none"> - Project monitoring reports. - Contractor reports. - Confirmation by industry. - COHDEFOR publications. - Internal technical audits. 	<ul style="list-style-type: none"> - Private Sector supportive of COHDEFOR's system.

LOGICAL FRAMEWORK
(Jan/95-Dec/97)

ANNEX A

Project Title & Number: Forestry Development (522-0246)

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS/ COMMENTS
C. Improved national forest fire management program developed and implementation initiated.	<ul style="list-style-type: none"> - National forest fire management plan developed by June '96, and implementation initiated by January '97. - Fire protection plan applied in 400,000 ha. of public pine forest (including 100,000 ha. in pilot area). 	<ul style="list-style-type: none"> - Project monitoring reports. - Contractor reports. - Publication of plan. - Site visits. 	<ul style="list-style-type: none"> - No catastrophic dry season.
I. PROTECTED AREAS (PAs)			
A. A functional National PAs System of Honduras (SINAPH) in place.	<ul style="list-style-type: none"> - Key policies on management of PAs and intra- and inter-institutional relationships developed by December '95. - SINAPH regulations developed by December '95 and approved by GOH by June '96. - Mechanism for enforcement of national and international wildlife management norms (CTIES) in place by December '95. 	<ul style="list-style-type: none"> - Project monitoring reports. - Contractor reports. - Official GOH publications. 	<ul style="list-style-type: none"> - GOH commitment to support SINAPH and to adhere to international conservation agreements.
B. COHDEFOR's Department of Protected Areas and Wildlife (DAPVS) working effectively.	<ul style="list-style-type: none"> - DAPVS playing a leading role in developing and adopting the SINAPH Regulations. - Qualified personnel assigned to DAPVS, forest regions, and pilot PAs. - At least 50% increase in the number of forestry technicians trained in PAs by the PACD. 	<ul style="list-style-type: none"> - Project monitoring reports. - Contractor reports. - Site Visits. - Project training records. 	<ul style="list-style-type: none"> - COHDEFOR willing and able to provide adequate budgetary and logistic support for DAPVS. - GOH commitment and an effective legal/policy regime vis-a-vis official determination of boundaries of and land tenure within and adjacent to pilot PAs.

LOGICAL FRAMEWORK
(Jan/95–Dec/97)

ANNEX A

Project Title & Number: Forestry Development (522-0246)

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS/ COMMENTS
<p>C. 10 pilot protected areas under effective management.</p>	<ul style="list-style-type: none"> - 10 pilot PAs mapped, delimited and demarcated by the PACD. - Operational plans developed and implemented for 10 pilot PAs by the PACD. - Agreements between COHDEFOR and NGOs signed for the administration of 10 pilot PAs by the PACD. 	<ul style="list-style-type: none"> - Project monitoring reports. - Contractor reports. - Site visits. - Agreements signed with NGOs. 	<ul style="list-style-type: none"> - NGOs interested in entering into agreements with COHDEFOR for the protection of selected protected areas.
<p>D. Improved public awareness of the importance of protected areas and biodiversity.</p>	<ul style="list-style-type: none"> - At least 50% of the adult and school children population (both male and female) living in the buffer zones of the 10 PAs participating in protection/conservation activities by the PACD. - Average improvement in scores on environmental attitude interviews of adult and school children population (both male and female) living in six forest regions. 	<ul style="list-style-type: none"> - Project monitoring reports. - Diagnostic studies. - Sample surveys (in collaboration with the Honduran Environmental Protection Fund "HEPF" Project). - Site visits. 	

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LOGICAL FRAMEWORK

(Jan/95-Dec/97)

(\$000)

Project Title & Number: Forestry Development Project (522-0246)

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INPUTS (3-YR EXTENSION)	USAID FUNDS				GOH FUNDS	PROJECT TOTAL		Grand Total
	Units of Inputs	FX	LC	Total	LC	FX	LC	
PROJECT ELEMENTS								
Technical Assistance	146 pm 1/	2,364	496	2,860		2,364	496	2,860
Personnel					1,847		1,847	1,847
Training/Off-Shore	255 pm	781		781		781		781
Training/Local	2017 pm		1,252	1,252			1,252	1,252
Vehicles	30 2/	444		444		444		444
Vehicle Operation & Maintenance			120	120	777		897	897
Equipment		543	22	565	91	543	113	656
Buildings (Visitor's Centers in PAs)	8		72	72	71		143	143
Project Management			500	500	460		960	960
Incentives (Rural Development)			320	320			320	320
USAID Support		408		408		408		408
Audits	3		60	60			60	60
Road Maintenance (La Union)					154		154	154
Total		4,540	2,842	7,382	3,400	4,540	6,242	10,782

1/ 146 person-months (pm) only include US short- and long-term TA. Additional in-country TA will also be funded.

2/ Includes 18 vehicles, 1 bus, 10 motorcycles, and 1 small boat.

W
*

**LIFE OF PROJECT (LOP) BUDGET:
COST ESTIMATE AND ILLUSTRATIVE FINANCIAL PLAN**

This amendment will: 1) decrease the authorized LOP USAID funding from \$20,000,000 (\$19,959,000 grant and \$4,041,000 loan) to \$19,140,000 (\$15,099,000 grant and \$4,041,000 loan); and 2) increase the planned LOP Government of Honduras (GOH) counterpart funding from the lempira equivalent of \$11,687,700 to \$16,671,000. Thus, the new LOP budget will total \$35,811,000.

Expenditures during the three-year period to be covered by this amendment are estimated at \$10,782,000. This figure consists of:

- Unexpended obligations of \$4,261,600 available as of December 31, 1994.
- Additional planned obligations of USAID funds of \$3,120,400 to be made in FYs 1996 and 1997; and
- An additional GOH contribution, beyond that to which it is already committed in the current Project Agreement, equivalent to \$3,400,000.

For bilateral agreements between USAID and the GOH, the host country's counterpart contribution is fixed at the highest rate of exchange current on the date the Project Agreement is signed, in order to insulate that contribution from the effect of any exchange rate fluctuations which may occur. This procedure is consistent with USAID Exchange Rate Policy Guidance contained in HB1 Part VII. Thus, in the case of FDP, the original LOP GOH counterpart funding of \$11,687,700 and additional counterpart funding of \$1,583,300 has been provided at the L2.00:\$1.00 exchange rate (equivalent to L26,542,000), the official exchange rate at the time the original Agreement was signed. The additional GOH counterpart funding requirement of \$3,400,000 added in this amendment will be provided at an estimated L9.30:\$1.00 exchange rate (equivalent to L31,619,000). The exact exchange will be determined on the date this amendment is signed.

Attached are the following financial tables:

- Table B.1.** Summary LOP USAID and GOH Contributions.
- Table B.2.** Summary Project Extension (1995-1997) USAID and GOH Contributions by Element.
- Table B.3.** Summary LOP Budget of USAID Expenditures.
- Table B.4.** Summary LOP Budget of GOH Expenditures.
- Table B.5.** Illustrative Project Extension (1995-1997) Budget of USAID Contribution by Element and Year.
- Table B.6.** Illustrative Project Extension (1995-1997) Budget of GOH Contribution by Element and Year.
- Table B.7.** Summary Project Extension (1995-1997) Budget of GOH Contribution by Funding Source (National/PL-480), Element, and Year.

- Table B.8.** Detailed Project Extension (1995-1997) Budget of USAID Contribution by Element.
- Table B.9.** Detailed Project Extension (1995-1997) Budget of USAID Contribution by Component.
- Table B.10.** Summary Project Extension (1995-1997) Budget of GOH Contribution by Component.

TABLE B.1.

FORESTRY DEVELOPMENT PROJECT - 522-0246

SUMMARY LIFE OF PROJECT USAID AND GOH CONTRIBUTIONS

(Dollars)

SOURCE OF FUNDING	CY 1987-1994	CY 1995-1997	TOTAL
USAID	11,758,000	7,382,000	19,140,000
GOH	13,271,000	3,400,000	16,671,000
TOTAL	25,029,000	10,782,000	35,811,000

FORESTRY DEVELOPMENT PROJECT - 522-0246

SUMMARY PROJECT EXTENSION (1995-1997) USAID AND GOH CONTRIBUTIONS BY PROJECT ELEMENT

(\$000)

ELEMENTS	USAID Contribution			GOH Contribution			Total
	FX	LC	Total AID	National	PL-480*	Total	
Tech.Assistance & Personnel	2,364	496	2,860	751	1,096	1,847	4,707
Training Off-Shore	781		781			0	781
Local Training		1,252	1,252			0	1,252
Vehicles	444		444			0	444
Equipment	543	22	565		91	91	656
Buildings		72	72		71	71	143
Project Management		500	500	218	242	460	960
Vehicle Op. and Maintenance		120	120	335	442	777	897
Incentives for Rural Devel.		320	320			0	320
USAID Support	408		408			0	408
Audits		60	60			0	60
Road Maintenance			0		154	154	154
TOTAL	4,540	2,842	7,382	1,304	2,096	3,400	10,782

*Subject to the availability of PL-480 Title III funds. If these funds are not available, the GOH will finance the costs from National Funds (01).

TABLE B.3.

FORESTRY DEVELOPMENT PROJECT - 522-0246

SUMMARY LIFE OF PROJECT BUDGET OF USAID EXPENDITURES

(\$000)

ELEMENTS	CY 1987-1994	CY 1995-1997	TOTAL
TECHNICAL ASSISTANCE	3,234	2,860	6,094
TRAINING OFFSHORE	1,952	781	2,733
TRAINING IN-COUNTRY	1,497	1,252	2,749
VEHICLES	1,074	444	1,518
EQUIPMENT	726	565	1,291
BUILDINGS	186	72	258
PROJECT MGMT.	485	620	1,105
INCENTIVES	181	320	501
USAID SUPPORT	200	408	608
AUDITS	24	60	84
ROADS	1,320	0	1,320
SMALL SCALE ENTERPR.	652	0	652
CREDIT - WOOD INDUSTRY	227	0	227
TOTAL	11,758	7,382	19,140

TABLE B.4.

FORESTRY DEVELOPMENT PROJECT - 522-0246**SUMMARY LIFE OF PROJECT BUDGET OF GOH
EXPENDITURES**

(Lempiras)

SOURCE OF FUNDING	CY 1987-1994	CY 1995-1997	TOTAL
CASH	19,875,313	31,618,628	51,493,941
IN-KIND	6,667,171	0	6,667,171
TOTAL LEMPIRAS	26,542,484	31,618,628	58,161,112
Rounded to:	26,542,000	31,619,000	58,161,000

(Dollars)

SOURCE OF FUNDING	CY 1987-1994	CY 1995-1997	TOTAL
CASH	9,937,657	3,399,852	13,337,509
IN-KIND	3,333,586	0	3,333,586
TOTAL DOLLARS	13,271,242	3,399,852	16,671,094
Rounded to:	13,271,000	3,400,000	16,671,000

The exchange rate for 1987-1994 expenditures is \$1.00/Lps. 2.00.

The exchange rate estimated for 1995-1997 is \$1.00/Lps. 9.30.

TABLE B.5.

FORESTRY DEVELOPMENT PROJECT - 522-0246

ILLUSTRATIVE PROJECT EXTENSION (1995-1997) BUDGET OF USAID
CONTRIBUTION BY PROJECT ELEMENT AND YEAR

(\$000)

ELEMENT	CY 1995	CY 1996	CY1997	TOTAL
TECHNICAL ASSISTANCE	1,066	1,031	763	2,860
TRAINING OFFSHORE	253	258	270	781
TRAINING IN-COUNTRY	551	416	285	1,252
VEHICLES	444	0	0	444
EQUIPMENT	321	147	97	565
BUILDINGS	24	24	24	72
PROJECT MANAGEMENT	224	204	192	620
INCENTIVES	100	110	110	320
AUDITS	20	20	20	60
USAID SUPPORT	96	96	216	408
TOTAL	3,099	2,306	1,977	7,382

TABLE B.6.

FORESTRY DEVELOPMENT PROJECT - 522-0246

ILLUSTRATIVE PROJECT EXTENSION (199-1997) BUDGET OF GOH CONTRIBUTION
BY PROJECT ELEMENT AND YEAR

(000 Lempiras)

ELEMENT	CY 1995	CY 1996	CY 1997	TOTAL
PERSONNEL	5,281	5,786	6,110	17,177
VEHICLE OP. AND MAINTENANCE	2,000	2,480	2,750	7,230
OTHER PROJECT MGT. EXPENSES	1,290	1,419	1,561	4,270
BUILDINGS	200	220	242	662
EQUIPMENT	257	283	311	851
ROAD MAINTENANCE	432	476	523	1,431
TOTAL - LEMPIRAS	9,460	10,664	11,497	31,621

(000 Dollars)

ELEMENT	CY 1995	CY 1996	CY 1997	TOTAL
PERSONNEL	567	622	657	1,846
VEHICLE OP. AND MAINTENANCE	215	267	296	778
OTHER PROJECT MGT. EXPENSES	139	153	168	460
BUILDINGS	22	24	26	72
EQUIPMENT	28	30	33	91
ROAD MAINTENANCE	46	51	56	153
TOTAL - DOLLARS	1,017	1,147	1,236	3,400

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TABLE B.7.

FORESTRY DEVELOPMENT PROJECT - 522-0246

SUMMARY PROJECT EXTENSION (1995-1997) BUDGET OF GOH CONTRIBUTION
BY FUNDING SOURCE (NATIONAL/PL-480), ELEMENT, AND YEAR

(\$000)

CY 1995	ELEMENT	NATIONAL FUNDS	PL-480*	TOTAL
	PERSONNEL	106	462	568
	VEHICLE OP. AND MAINTENA	12	203	215
	OTHER PROJECT MGMT. EXPE	43	96	139
	BUILDINGS		22	22
	EQUIPMENT		28	28
	ROAD MAINTENANCE		46	46
	TOTAL - DOLLARS	161	856	1,017
	Percentage	16%	84%	100%

CY 1996	ELEMENT	NATIONAL FUNDS	PL-480*	TOTAL
	PERSONNEL	215	407	622
	VEHICLE OP. AND MAINTENA	108	159	267
	OTHER PROJECT MGMT. EXPE	78	75	153
	BUILDINGS		24	24
	EQUIPMENT		30	30
	ROAD MAINTENANCE		51	51
	TOTAL - DOLLARS	401	746	1,147
	Percentage	35%	65%	100%

CY 1997	ELEMENT	NATIONAL FUNDS	PL-480*	TOTAL
	PERSONNEL	430	227	657
	VEHICLE OP. AND MAINTENA	215	81	296
	OTHER PROJECT MGMT. EXPE	97	71	168
	BUILDINGS		26	26
	EQUIPMENT		33	33
	ROAD MAINTENANCE		56	56
	TOTAL - DOLLARS	742	495	1,236
	Percentage	60%	40%	100%

Cumulative CY 1995 - 1997

	ELEMENT	NATIONAL FUNDS	PL-480*	TOTAL
	PERSONNEL	751	1,096	1,847
	VEHICLE OP. AND MAINTENA	335	442	777
	OTHER PROJECT MGMT. EXPE	218	242	459
	BUILDINGS	0	71	71
	EQUIPMENT	0	91	91
	ROAD MAINTENANCE	0	154	154
	TOTAL - DOLLARS	1,304	2,096	3,400
	Percentage	38%	62%	100%

*Subject to the availability of PL-480 Title III funds. If these funds are not available, the Government of Honduras will finance the costs from National Funds (01).

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FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.8.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY ELEMENTS

ITEM	UNIT	CY 1995		CY 1996		CY 1997		TOTAL		
		COST	UNITS	COST	UNITS	COST	UNITS	COST	UNITS	
		US\$00		US\$000		US\$000		US\$000		US\$000
TRAINING OFFSHORE										
FOREST MANAGEMENT										
Offshore Academic (Two New Options)	year	30	2	60	2	60	2	60	6	180
Offshore Group Study Tours	ea	30	1	30		0	1	30	2	60
Offshore Individual Courses	ea	5	2	10	2	10	2	10	6	30
PROTECTED AREAS										
US Study Tours	tour	35	1	35	1	35	1	35	3	105
Academic Univ. Degrees	yr	35	1	35	2	70	2	70	5	175
Regional Study Tours	tour			20		20		20		60
Regional Short Term Courses	month			45		45		45		135
US Short Term	person	6	3	18	3	18			6	36
TOTAL TRAINING OFFSHORE				253		258		270		781
TRAINING IN-COUNTRY										
FOREST MANAGEMENT										
Forest Technicians at ESNACIFOR	year	9	35	315	20	180	10	90	65	585
Agriculture and Agroforestry				25		25		25		75
Forest Mgmt. Plans - In-country	ea	10	2	20	2	20	2	20	6	60
GIS and GPS Techniques - In-country				20		20		0		40
Management Skills - Information Systems	ea	3	3	9	3	9	3	9	9	27
Timber Sales Prep., Admon. and Valuation	ea	5	6	30	6	30	6	30	18	90
Forest Protection and Extension				30		30		30		90
Workshops for Local Authorities	ea	2	10	20	10	20	0	0	20	40
PROTECTED AREAS										
Community Courses				70		70		69		209
Courses for Protected Area Guards	ea	1	12	12	12	12	12	12	36	36
TOTAL TRAINING IN-COUNTRY				551		416		285	154	1252

FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.8.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY ELEMENTS

ITEM	UNIT	CY 1995		CY 1996		CY 1997		TOTAL		
		COST	UNITS	COST	UNITS	COST	UNITS	COST	UNITS	
		US\$00		US\$000		US\$000		US\$000		
VEHICLES										
FOREST MANAGEMENT										
Vehicles 4WD (Long Term Consultant)	pm	20	1	20	0	0	1	20		
Vehicles 4WD (Long Term Consultant)	pm	20	1	20	0	0	1	20		
Vehicle 4WD (Long Term Consultant)	ea	20	1	20			1	20		
Vehicle for 16 passengers (Training)	ea	40	1	40			1	40		
PROTECTED AREAS										
Vehicles	each	20	15	300			15	300		
Motorcycles	each	4	10	40			10	40		
Boat	each	4	1	4			1	4		
TOTAL VEHICLES				444	0	0		444		
EQUIPMENT										
FOREST MANAGEMENT										
Communications Equipment				100	0	50		150		
GIS and GPS - Hard and Software				20	20			40		
Field Equipment				20		20		40		
Fire Fighting Equipment				50	50	0		100		
Field and Drafting Equipment				20	20	20		60		
Field Equipment (Mensuration)				50	50	0		100		
PROTECTED AREAS										
Educational Materials				8	7	7		22		
Equipment				53				53		
TOTAL EQUIPMENT				321	147	97		565		
BUILDINGS (Protected Areas)										
Visitors' Centers in 8 Protected Areas				24	24	24		72		
TOTAL BUILDINGS				24	24	24		72		

FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.8.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY ELEMENTS

ITEM	UNIT	CY 1995		CY 1996		CY 1997		TOTAL		
		COST	UNITS	COST	UNITS	COST	UNITS	COST	UNITS	
		US\$00		US\$000		US\$000		US\$000		
PROJECT MANAGEMENT										
FOREST MANAGEMENT										
Maintenance of the Forestry Camp				30		20		20		70
Baseline studies				40						40
Publication of Manuals				5		5		5		15
Maintenance for Existing Vehicles				40		40		40		120
Insurance - Vehicles\Motocycles of PA				10		15		15		40
Publicity and Promotion (Pilot Unit)				20		20		20		60
Training Coordinator/Tech.Support	pm	2	12	24	12	24	12	24	36	72
Publicity and Promotion				30		40		30		100
PROTECTED AREAS										
Delimitation (Data Analysis)				7		7				14
Demarcation (in field)						15		20		35
Trails (design/construction)				8		8		8		24
Maintenance of Existing Trails				10		10		10		30
TOTAL PROJECT MANAGEMENT										
				224		204		192		620
INCENTIVES (Forest Management)										
Soil Conservation- Agroforestry Incentives				60		70		70		200
Fire Protection Group Incentives	ea	2	20	40	20	40	20	40	60	120
TOTAL INCENTIVES										
				100		110		110		320
USAID PROJECT SUPERVISION										
Evaluation	ea						1	120	1	120
Project Officer-Tech. Assistance (USAID)	pm	8	12	96	12	96	12	96	36	288
Audits	ea	20	1	20	1	20	1	20	3	60
TOTAL USAID										
				116		116		236		468
PROJECT TOTAL										
				3099		2306		1977		7382

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FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.8.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY ELEMENTS

ITEM	UNIT	CY 1995		CY 1996		CY 1997		TOTAL		
		COST	UNITS	COST	UNITS	COST	UNITS	COST	UNITS	
		US\$00	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	
TECHNICAL ASSISTANCE										
FOREST MANAGEMENT										
Forest Mgmt. Experts Short Term-Offshore	pm	13	3	39	3	39	3	39	9	117
Consultants - Local Hire				10		10		10		30
Specialist-Forest Mgmt. Long Term-Local	pm	3	9	27	12	36	12	36	33	99
Enviromental Assesment Experts	pm	13	1	13	1	13	1	13	3	39
Timber Sales Expert Long Term-Offshore	pm	13	6	78	12	156	12	156	30	390
Consultants-Forest Valuation	pm	13	2	26	2	26	0	0	4	52
Consultants-For.Mgt/Timber Sales	pm	13	3	39	3	39	3	39	9	117
Consultant - Local Hire				10		10		10		30
Specialist in Fire Mgmt. Long Term-Offshore		13	6	78	12	156	12	156	30	390
Specialist in Fire Prevention		13	1	13	2	26	2	26	5	65
Specialist in Communications		13	1	13			1	13	2	26
Specialist in Equipment		13	1	13			1	13	2	26
Consultants-Community Involvement	pm	13	2	26	2	26	2	26	6	78
Consultants in Range Management	pm	13			1	13	1	13	2	26
Update La Union/Salama's For. Mgmt. Plan						40		0		40
Evaluations of the Natural Regeneration				5				5		10
Consultants in Rural Anthropology	pm	2	2	4	1	2	2	4	5	10
PROTECTED AREAS										
Long Term Expert	pm	13	6	78	12	156	6	78	24	312
Short Term	pm	13	9	111	8	104	3	39	20	254
LightHawk Grant - La Mosquitia Forest	pm			45						45
GIS studies	ha	1		300						300
Operational Plans				20		20		20		60
Enviromental Analyses				6		6		5		17
Evaluation of Carrying Capacity				4		5		5		14
Dev. alternative econ. activities				16		20		20		56
Socio-Economic Studies				15		20		7		42
Flora & Fauna Studies				40		72		30		142
Land Tenure Analisis				37		36				73
TOTAL TECHNICAL ASSISTANCE				1066		1031		763		2860

FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.9.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY COMPONENTS

ITEM	UNIT	COST US\$00	CY 1995		CY 1996		CY 1997		TOTAL	
			UNITS	COST	UNITS	COST	UNITS	COST	UNITS	COST
				US\$000		US\$000		US\$000		US\$000
TIMBER SALES SYSTEM										
TECHNICAL ASSISTANCE										
Timber Sales Expert Long-Term Offshore	pm	13	6	78	12	156	12	156	30	390
Consultants-Forest Valuation	pm	13	2	26	2	26	0	0	4	52
Enviromental Assesment Experts	pm	13	1	13	1	13	1	13	3	39
Consultants-For.Mgt/Timber Sales	pm	13	3	39	3	39	3	39	9	117
Consultant - Local Hire				10		10		10		30
TRAINING										
Timber Sales Prep., Admon. and Valuation	ea	5	6	30	6	30	6	30	18	90
OTHER INPUTS										
Vehicles 4WD (Long Term Consultant)	pm	20	1	20		0		0	1	20
Field Equipment (Mensuration)				50		50		0		100
Maintenance for Existing Vehicles				40		40		40		120
TOTAL				306		364		288		958
FOREST FIRE MANAGEMENT										
TECHNICAL ASSISTANCE										
Consultants-Community Involvement	pm	13	2	26	2	26	2	26	6	78
Long-Term Offshore Fire Mgmt. Expert		13	6	78	12	156	12	156	30	390
Specialist in Fire Prevention		13	1	13	2	26	2	26	5	65
Specialist in Equipment		13	1	13			1	13	2	26
Specialist in Communications		13	1	13			1	13	2	26
TRAINING										
Forest Protection and Extension				30		30		30		90
OTHER INPUTS										
Fire Fighting Equipment				50		50		0		100
Communications Equipment				100		0		50		150
Publicity and Promotion				30		40		30		100
Vehicles 4WD (Long Term Consultant)	pm	20	1	20		0		0	1	20
TOTAL				373		328		344		1045

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY COMPONENTS

ITEM	UNIT	COST US\$00	CY 1995		CY 1996		CY 1997		TOTAL	
			UNITS	COST	UNITS	COST	UNITS	COST	UNITS	COST
				US\$000		US\$000		US\$000		US\$000
A. FOREST MANAGEMENT (Pine Forest)										
FOREST MANAGEMENT PLANS										
TECHNICAL ASSISTANCE										
Short-Term Offshore Experts	pm	13	3	39	3	39	3	39	9	117
Long-Term Local Hire Consultant	pm	3	9	27	12	36	12	36	33	99
Consultants - Local Hire				10		10		10		30
TRAINING										
Offshore Academic (Two New Options)	year	30	2	60	2	60	2	60	6	180
Offshore Group Study Tours	ea	30	1	30		0	1	30	2	60
Offshore Individual Courses	ea	5	2	10	2	10	2	10	6	30
Forest Technicians at ESNACIFOR	year	9	35	315	20	180	10	90	65	585
Forest Mgmt. Plans - In-country	ea	10	2	20	2	20	2	20	6	60
Workshops with Local Authorities	ea	2	10	20	10	20	0	0	20	40
GIS and GPS Techniques - In-country				20		20		0		40
Management Skills - Information Systems	ea	3	3	9	3	9	3	9	9	27
OTHER INPUTS										
Vehicle for 16 passengers (Training)	ea	40	1	40					1	40
Vehicle 4WD (Long Term Consultant)	ea	20	1	20					1	20
Publication of Manuals				5		5		5		15
GIS and GPS - Hard and Software				20		20				40
Field and Drafting Equipment				20		20		20		60
TOTAL				665		449		329		1443

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FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.9.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY COMPONENTS

ITEM	UNIT	COST US\$00	CY 1995		CY 1996		CY 1997		TOTAL	
			UNITS	COST US\$000	UNITS	COST US\$000	UNITS	COST US\$000	UNITS	COST US\$000
PILOT UNIT										
TECHNICAL ASSISTANCE										
Update La Union/Salama's For. Mgmt. Plan						40				40
Consultants in Range Management	pm	13			1	13	1	13	2	26
Consultants in Rural Anthropology	pm	2	2	4	1	2	2	4	5	10
Evaluations of the Natural Regeneration				5				5		10
TRAINING										
Agriculture and Agroforestry				25		25		25		75
OTHER INPUTS										
Maintenance of the Forestry Camp				30		20		20		70
Field Equipment				20				20		40
Publicity and Promotion (local issues)				20		20		20		60
Fire Protection Group Incentives	ea	2	20	40	20	40	20	40	60	120
Soil Conservation- Agroforestry Incentives				60		70		70		200
TOTAL				204		230		217		651
TOTAL FOREST MANAGEMENT				1548		1371		1178		4097

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FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.9.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY COMPONENTS

ITEM	UNIT	CY 1995		CY 1996		CY 1997		TOTAL		
		COST	UNITS	COST	UNITS	COST	UNITS	COST	UNITS	
		US\$00		US\$000		US\$000		US\$000		
B. PROTECTED AREAS										
TECHNICAL ASSISTANCE										
Long Term Offshore Expert	pm	13	6	78	12	156	6	78	24	312
Short Term	pm	13	9	111	8	104	3	39	20	254
GIS studies	ha	1		300						300
Land Tenure & Flora/Fauna Studies				77		108		30		215
Evaluation of Carrying Capacity				4		5		5		14
Socio-Economic Studies				15		20		7		42
Dev. alternative econ. activities				16		20		20		56
Operational Plans				20		20		20		60
Environmental Analyses				6		6		5		17
LightHawk Grant - La Mosquitia Forest				45						45
TRAINING										
Academic Univ. Degrees	yr	35	1	35	2	70	2	70	5	175
US Study Tours	tour	35	1	35	1	35	1	35	3	105
US Short Term	person	6	3	18	3	18			6	36
Regional Short Term Courses	month			45		45		45		135
Regional Study Tours	tour			20		20		20		60
Community Courses	course			70		70		69		209
Courses for Protected Area Guards	course	1	12	12	12	12	12	12	36	36
OTHER INPUTS										
Vehicles	each	20	15	300					15	300
Motorcycles	each	4	10	40					10	40
Boat	each	4	1	4					1	4
Vehicle Insurance				10		15		15		40
Educational Materials				8		7		7		22
Delimitation (Data Analysis)				7		7				14
Demarcation (in field)						15		20		35
Visitors' Centers				24		24		24		72
Trails (design/construction)				8		8		8		24
Equipment				53						53
Maintenance of Trails				10		10		10		30
TOTAL PROTECTED AREAS				1371		795		539		2705

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FORESTRY DEVELOPMENT PROJECT - 522-0246

TABLE B.9.

DETAILED PROJECT EXTENSION (1995-1997) BUDGET OF USAID CONTRIBUTION BY COMPONENTS

ITEM	UNIT	COST US\$00	CY 1995		CY 1996		CY 1997		TOTAL	
			UNITS	COST US\$000	UNITS	COST US\$000	UNITS	COST US\$000	UNITS	COST US\$000
C. ADMINISTRATION										
Project Officer-Tech. Assistance (USAID)	pm	8	12	96	12	96	12	96	36	288
Training Coordinator/Tech.Support	pm	2	12	24	12	24	12	24	36	72
Audits	ea	20	1	20	1	20	1	20	3	60
Evaluation	ea						1	120	1	120
Baseline studies				40						40
TOTAL ADMINISTRATION				180		140		260		580
PROJECT TOTAL										
				3099		2306		1977		7382

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TABLE B.10.

FORESTRY DEVELOPMENT PROJECT - 522-0246

SUMMARY PROJECT EXTENSION (1995-1997) BUDGET OF GOH CONTRIBUTION BY COMPONENTS

CY 1995	Line Item	FOREST MANAGEMENT	PROTECTED AREAS	TOTAL LPS.	TOTAL \$
	Personnel	3,858,107	1,422,609	5,280,716	567,819
	Vehicle Oper. & Maintenance	1,885,000	114,600	1,999,600	215,011
	Other Operational Costs	889,452	400,525	1,289,977	138,707
	Buildings	200,000		200,000	21,505
	Equipment	257,000		257,000	27,634
	Road Maintenance	432,325		432,325	46,487
	TOTAL CY 1995	7,521,884	1,937,734	9,459,618	1,017,163

CY 1996	Line Item	FOREST MANAGEMENT	PROTECTED AREAS	TOTAL LPS.	TOTAL \$
	Personnel	4,243,918	1,541,770	5,785,688	622,117
	Vehicle Oper. & Maintenance	2,073,500	406,060	2,479,560	266,619
	Other Operational Costs	978,398	440,579	1,418,977	152,578
	Buildings	220,000		220,000	23,656
	Equipment	282,700		282,700	30,398
	Road Maintenance	475,557		475,557	51,135
	TOTAL CY 1996	8,274,073	2,388,409	10,662,482	1,146,503

CY 1997	Line Item	FOREST MANAGEMENT	PROTECTED AREAS	TOTAL LPS.	TOTAL \$
	Personnel	4,668,310	1,441,745	6,110,055	656,995
	Vehicle Oper. & Maintenance	2,280,850	468,666	2,749,516	295,647
	Other Operational Costs	1,076,237	487,009	1,563,246	168,091
	Buildings	242,000		242,000	26,022
	Equipment	310,970		310,970	33,438
	Road Maintenance	523,113		523,113	56,249
	TOTAL CY 1997	9,101,480	2,397,420	11,498,900	1,236,441

CY 95-97	Line Item	FOREST MANAGEMENT	PROTECTED AREAS	TOTAL LPS.	TOTAL \$
	Personnel	12,770,335	4,406,124	17,176,459	1,846,931
	Vehicle Oper. & Maintenance	6,239,350	989,326	7,228,676	777,277
	Other Operational Costs	2,944,087	1,328,113	4,272,200	459,376
	Buildings	662,000	0	662,000	71,183
	Equipment	850,670	0	850,670	91,470
	Road Maintenance	1,430,995	0	1,430,995	153,870
	GRAND TOTAL	24,897,437	6,723,563	31,621,000	3,400,108

* The estimated exchange rate for 1995-1997 is \$1.00/Lps.9.30.

IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
I. FOREST MANAGEMENT (Pine Forests)					
A. Acceptable management plans developed for both public and private forests to be implemented nationwide.					
1. Improve the requirements and manuals for the preparation of forest management plans.				Normas y Control	Long-Term T.A.
2. Develop a system to monitor the approval process of approving forest management plans by July 1995.				Normas y Control	Long-Term T.A.
3. Implement a system to monitor the approval process of approving forest management plans by Sept. 1995				Normas y Control Bosque Nacional	Long-Term T.A.
4. Develop a system to supervise the implementation of management plans by December 1995.				Normas y Control	Long-Term T.A.
5. Implement a system to supervise the implementation of the management plans by January 1996.				Normas y Control Coord. de Regionales	Long-Term T.A.
6. Assist in the preparation and review of sustainable forest management plans for public forests.				Bosques Nacionales	Long-Term T.A. Short-Term T.A.
7. Create and implement a fair levy system for improper forestry practices.				Normas y Control Legal Department	Long-Term T.A.
8. Provide the public with access to review all approved management plans by August 1995.				General Manager Normas y Control	Project Officer
9. Improve the use of GIS and GPS technology in forestry.				Normas y control Bosques Nacionales	Short-Term T.A.

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IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
B. Transparent system in place for administration of timber sales and harvesting.					
1. Improve the road design, environmental prescriptions and inventory methods of timber sale preparation.				Bosques nacionales Normas y control	Short & Long Term T.A.
2. Improve the timber sales contract's regulations on logging, roads and environmental issues.				Normas y control Departamento legal	Short-Term T.A.
3. Create a central audit system to assure compliance with sale contract specifications by December 1995				Normas y control	Short-Term
4. Implement a central audit system to assure compliance with sale contract specifications by Jan. 1996				Coord. de Regionales Bosques Nac.	Short-Term T.A.
5. Design a monitoring system to evaluate the regeneration of the areas harvested by November 1995.				Normas y Control	Long-Term T.A.
6. Implement a monitoring system to evaluate the regeneration of the areas harvested by January 1996.				Oficinas Regionales	Long-Term T.A.
7. Execute studies of the true value of the standing timber to foster fair timber sale prices.				Normas y Control Bosques nac.	Short-Term T.A.
8. Prepare a timber valuation manual applicable to Honduras conditions by December 1995.					Short-Term T.A.
9. Improve the programming, preparation and execution of timber auctions in public forests.					
10. Publish an annual program of the following year's timber auctions by November 1996.				General Manager Normas y Control	Long-Term T.A. Short-Term T.A.

IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
C. Improved national forest fire management program developed and implementation initiated.					
1. Improve COHDEFOR's policy and organizational structure in the area of forest fire management.				General Manager Bosques Nacionales	Long-Term T.A.
2. Design a national forest fire management program by June 1996.				Bosques Nacionales	Long-Term T.A.
3. Start implementation of the national forest fire mgmt. program in all public forests with approved mgmt. plans by January 1997.				Bosque Nacionales	Long-Term T.A.
4. Increase the involvement of the rural community and private industry in forest protection.				Coord. de Regionales	Short-Term T.A.
5. Improve the public sector's capacity in the prevention, detection and control of forest fires.				Bosques Nacionales Fomento y Ext.	Short & Long Term T.A.
6. Develop a reliable data collection system.				Bosques Nacionales	Short-Term T.A.
7. Establish an efficient communications system for firefighting activities.				Coord. Regionales	Short-Term T.A.
8. Upgrade COHDEFOR's equipment management procedures.					Long & Short Term T.A.

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IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
D. Prudent forest management practices being implemented in the pilot area's public forests.					
1. Execute the approved forest mgmt. plan				Area Chief	
2. Based on the lessons learned, improve the area's forest management plan.				Area Chief Normas y Control	Short-Term T.A.
3. Execute the area's public timber sales.				Area Head	Short-Term T.A.
4. Establish intense forest protection in all harvested public forests with stands less than 8 years old.				Area Chief	
5. Evaluate the regeneration process in the harvested public forests and implement actions to help reforest those those areas that do not regenerate adequately.				Area Chief	
6. Provide incentives and training for agricultural and community activities that foster soil conservation and forest protection.				Area Chief	
7. Monitor the harvesting and forest management activities of all private forest operations.				Area Chief	

IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
II. PROTECTED AREAS					
A. A Functional National Protected Areas System of Honduras (SINAPH) In place.					
1. COHDEFOR technical manual for protected areas updated.				DAPVS	T.A.
2. Identification and clear definition of functions of scientific and administrative authorities for CITES.				DAPVS	SEDA
3. Develop and establish national strategy for wildlife management.				Gen. Mgr., DAPVS	T.A.
4. SINAPH Regulations written and discussed publicly.				DAPVS	SEDA, USPC, T.A.
5. Central and regional committees for SINAPH created.				DAPVS	
6. Documentation of CITES authorities by COHDEFOR with concurrence by GOH.				DAPVS	GOH/SEDA
7. Identification and establishment of key protected areas policies.				DAPVS	T.A., PAIP, USPC, SEDA
8. Develop registration procedures for wildlife farms.				DAPVS	T.A.
9. Complete 10 population studies of avifauna in priority protected areas.				DAPVS	T.A., Contractors
10. Develop and conduct educational programs about wildlife management.					
11. Promotion of Technical Norms for Wildlife Management in 160 communities within priority protected areas.				DAPVS	

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IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
12. CITES treaty promoted and functional nationwide.				DAPVS	T.A., GOH
13. Identify and register 10 areas for sport activities (hunting, fishing).				DAPVS	T.A., GOH
14. Open sporting seasons established in 5 pilot areas.				General Manager	
15. COHDEFOR's key policies implemented through SINAPH.				DAPVS	GOH, NGO's
16. SINAPH Regulations approved by GOH.					GOH
17. Register 15 wildlife farms for operation.				DAPVS	
18. Adequate species reproduction achieved in 15 wildlife farms.					Private Sector
B. COHDEFOR'S DEPARTMENT OF PROTECTED AREAS AND WILDLIFE (DAPVS) WORKING EFFECTIVELY.					
1. 10 protected areas with adequate personnel established by DAPVS and Regions.				Mgmt. & DAPVS	
2. 10 protected areas with administrators assigned and paid by COHDEFOR.				Management	
3. Elaboration of terms of reference for offshore technical assistance.				DAPVS	USAID

IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
4. Elaboration of terms of reference for vehicles and equipment.				DAPVS	USAID
5. Elaboration of training plan (offshore, regional, local).				DAPVS	T.A., USAID
6. 1,560 persons trained.				Management DAPVS	Various
7. Elaboration of terms of reference and contracting for local technical assistance.				DAPVS	USAID
8. 2 candidates and programs selected for long term training.				DAPVS	USAID
9. Obtain vehicles and equipment.				DAPVS	USAID
10. 1,540 persons trained.				DAPVS	Various
11. 2 candidates trained at master's degree level.				DAPVS	Universities
12. 1,560 persons trained.				DAPVS	Various
C. 10 PILOT PROTECTED AREAS UNDER EFFECTIVE MANAGEMENT.					
1. Standard agreement between COHDEFOR and NGOs developed for protected area management.				DAPVS	NGOs, T.A., USPC USAID
2. Terms of reference developed for purchase and analysis of GIS imagery.				DAPVS	USAID
3. Agreements between COHDEFOR and NGOs negotiated and signed for management of 10 pilot areas.				DAPVS	NGOs, SINAPH
4. Terms of reference developed for diagnostic studies.				DAPVS	USAID

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IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
5. Mapping and analysis of 10 pilot areas using GIS.				DAPVS	T.A.
6. Implement and complete diagnostic studies.				DAPVS	T.A.
7. 10 pilot areas delimited on maps.				DAPVS	National Cadastre
8. 10 operational plans developed and implemented.				DAPVS	T.A., USPC, NGOs
9. Infrastructure completed in pilot protected areas.				DAPVS	Contractors
10. Legal decrees established for 10 pilot areas with delimitation.				DAPVS/Legal Department	GOH
11. 10 pilot areas demarcated in the field.				DAPVS	
D. IMPROVED PUBLIC AWARENESS OF THE IMPORTANCE OF PROTECTED AREAS AND BIODIVERSITY.					
1. Baseline determined for # of communities participating in conservation activities in 10 pilot protected areas.				DAPVS	
2. Development of environmental education program and materials on protected areas and wildlife by DAPVS.				DAPVS	T.A., USPC
3. Baseline environmental survey of attitudes completed.					VIDA/USAID
4. Implementation of environmental education programs.				DAPVS	NGOs, USPC
5. Follow-up survey of community participation in conservation.				DAPVS	
6. Follow-up environmental survey of attitudes.					VIDA/USAID

IMPLEMENTATION SCHEDULE FOR EXTENSION 1995-1997

	Calendar Year			Responsibility	
	1995	1996	1997	COHDEFOR	Other
III. ADMINISTRATION					
1. Contract long-term technical assistance				Project Chief General Manager	Project Officer
2. Contract short-term technical assistance				Project Chief	Project Officer
3. Develop yearly training program in forest management and protected areas.				All Dept. Heads	Training Coord.
4. Select training participants for each event.				General Mgmt. Project Chief	Training Coord.
5. Implement approved training programs in forest management and protected areas.				General Mgmt. Project Chief.	Training Coord.
6. Purchase the vehicles approved in the project's budget.				General Mgmt.	Project Officer
7. Purchase off-shore equipment according to the approved project budget.				Project Chief General Mgmt.	Project Officer Short-Term T.A.
8. Execute an external project evaluation.					USAID
9. Carry out external audits.					USAID

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PROCUREMENT PLAN FOR USAID CONTRIBUTION

I. AUTHORIZED SOURCE/ORIGIN

The authorized source/origin for procurement funded by USAID Grant funds under the project is the United States, Honduras and other member countries of the Central American Common Market. The authorized source/origin for procurement funded by USAID Loan funds under the project is the United States and other countries included in Code 941 of the USAID Geographic Code Book as in effect at the time orders are placed or contracts entered into. Procurement funded by the USAID contribution (Loan and Grant) will follow the rules and guidelines of the relevant USAID Handbooks, including Handbook 1B, Procurement Policies; Handbook 15, Commodities; Handbook 10, Training; Handbook 11, Host Country Contracting; Handbook 14, USAID Acquisition Regulations; and the Federal Acquisition Regulations (FAR). The attached table presents the procurement plan for the remainder of the project.

Due to the complexity of off-shore procurements funded by the USAID contribution, and the lack of experience of COHDEFOR in the processes, USAID/Honduras will directly procure the services of all off-shore training and technical assistance and all commodities to be purchased outside Honduras. COHDEFOR will contract local personnel, local technical assistance and training in Honduras. COHDEFOR's contracting capabilities have been reviewed by USAID/Honduras CONT/FARS and certified as being acceptable. Handbook 11, covering Host Country Contracting Procedures will be utilized by COHDEFOR. Procurement mechanisms already in place and used effectively during the past seven years of the project, will continue to be used by COHDEFOR.

II. NON-U.S. PROCUREMENT

Goods and services will be procured from the United States whenever practicable. Non-U.S. procurement for the project is planned only for participant training as authorized by Handbook 10, and other services and commodities for which Handbook 1, Sup. B, Chap. 18 provides specific authorization.

PROCUREMENT PLAN TABLE

Service/ Commodity	Description	Estimated Cost	Source & Origin	Type of Procurement	First Delivery Date (from Authorization Date)	Purchase Agent
<u>Technical Assistance</u>						
Long-Term TA	Non-Personal Service Contracts	1,092,000	000	Competitive	6 months	USAID/H
Long-Term TA	GOH Contracts	171,000	Hond/CACM	Competitive	4 months	GOH
Short-Term TA	PASA with USDA/OICD	871,000	000	Non-Competit.	On-going	USDA/OICD
Short-Term TA	GOH Contracts	317,000	Hond/CACM	Competitive	2 months	GOH
Short-Term TA	Lighthawk Grant	45,000	000	Grant	Action Completed	USAID/H
Technical Services						
Miscellaneous Studies						
Technical Services	USAID Contracts	364,000	000/Hond	Competitive	TBD	USAID/H
<u>Training</u>						
US	Academic U.S. universities	355,000	000	Participant Training	On-going	USAID/H
Off-Shore	Short-Term	426,000	000/941	Participant Training	On-going	USAID/H
In-Country	Academic Training at ESNACIFOR	585,000	Honduras	Non-Competit.(PIL)	On-going	GOH
In-Country/Off-shore	Short-Term	667,000	Hond/941	Non-Competit.(PIL)	On-going	GOH
<u>Vehicles</u> (19 + 10 motorcycles, 1 boat)	USAID Direct Contracts	444,000	000	Competitive	9 months	USAID/H
<u>Equipment</u> Various (i.e. fire fighting, communications, computers, etc.)	USAID Direct Contracts or Purchase Orders	565,000	000	Competitive	3 months	USAID/H
<u>Project Management and Other Services</u>						
Nat. Res. Policy Advisor	USDA/PASA: 1/2 time	270,000	000	Non-Competit	On-going	USAID/H
Training Coordinator	Non-Personal Service Contracts	72,000	Honduras	Competitive	On-going	USAID/H
Program Assist.	PSC (1/2 time)	46,000	Honduras	Competitive	On-going	USAID/H
Audits	Recipient Audit Program/NFAs	60,000	Honduras	Competitive	20 months	USAID/H
Evaluation	USAID Direct Contract	120,000	000	Competitive	20 months	USIAD/H
Land Tenure Surveys	GOH Contracts	80,000	Honduras	Competitive	12 months	GOH
Demarcation of Pro- tected Areas	GOH Contracts	35,000	Honduras	Competitive	3 months	GOH
Baseline Study	GOH Contract	40,000	Honduras	Competitive	3 months	GOH
Vehicle Maintenance	GOH Contract	120,000	Honduras	Competitive	On-going	GOH

PROCUREMENT PLAN TABLE

Service/ Commodity	Description	Estimated Cost	Source & Origin	Type of Procurement	First Delivery Date (from Authorization Date)	Purchase Agent
<u>Project Management and Other Services</u>						
	Prod. of training manuals	15,000	Honduras	Competitive	On-going	GOH
	Publicity & Promotion	160,000	Honduras	Competitive	On-going	GOH
<u>Building Maintenance</u> (Forestry Camp - La Union)	GOH Contracts	70,000	Honduras	Competitive	On-going	GOH
<u>Incentives for Rural Dev.</u>	GOH Contracts	320,000	Honduras	Competitive	On-going	GOH
<u>Visitor Centers (PAs)</u>	GOH Contracts	72,000	Honduras	Competitive	TBD	GOH
TOTAL		<u>7,382,000</u>				

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MONITORING AND EVALUATION PLAN

I. PROJECT MONITORING

The Forestry Development Project (FDP) monitoring system will continue to measure progress towards achievement of project objectives, and thus inform management decisions. The current information system, developed by COHDEFOR during the first years of the project, will be updated and continue to be operated by the Project Implementation Unit. Project-funded training and additional equipment will help increase COHDEFOR's use of Geographic Information Systems (GIS) and Global Positioning Systems (GPS) as monitoring tools. This activity will be coordinated with the other donors involved in providing assistance to COHDEFOR in this area. Project-funded TA will be procured locally by COHDEFOR to assist it in the development of the information required for the Protected Areas Component.

In the course of monitoring, data will be gathered by COHDEFOR into this upgraded information system to maintain monthly updated data and generate quarterly reports. New sources of information will be integrated to include data on all new project indicators at the purpose and output levels contained in the revised logframe (see Annex A). A project-funded baseline study of selected logframe indicators will be contracted by COHDEFOR during the first four months of the project extension in order to better assess project progress. USAID (ANRO) will assist in the development of the data collection mechanisms and in reviewing the accuracy of the data. All data relating to participation and benefit indicators will be disaggregated by gender.

Monthly meetings and quarterly reviews, with the participation of COHDEFOR's technical and administrative staff assigned to the project, will be conducted jointly with USAID project staff to review the quality of the information gathered, analyze the Project's progress and provide the necessary feedback to the implementing parties. COHDEFOR will submit a technical progress report to USAID on a quarterly basis. Each semester, COHDEFOR and USAID will compare the project's progress toward its outputs with the annual operating plan to evaluate progress made and plan accordingly.

Special systematic processes will be developed by COHDEFOR to monitor and evaluate the approval and implementation of forest management plans and timber sales. Additionally, COHDEFOR will develop and implement a fire reporting and fire data collection system that will provide reliable forest fire statistics. Project-funded TA will assist COHDEFOR in developing these systems in accordance with the Project's Implementation Plan (Annex C).

In the Forest Management component, the project will fund special studies on important specific issues to better measure the project's impact and to plan future activities at the national level. These studies will include regeneration of the areas harvested; involvement of the local population (both men and women) in forest protection and soil conservation; suitability of the incentives program; storage and maintenance of fire fighting equipment; and cattle grazing in

public forest areas. Project-funded off-shore and local TA will be contracted by USAID and COHDEFOR, respectively, to carry out these services.

Information from project monitoring will also be analyzed by the Mission to measure those indicators relating to the FDP's contribution to Mission Strategic Objective No. 2, "Effective Stewardship of Key Natural Resources for Sustainable Economic Growth." The FDP information will serve to measure the project's contribution to all three Performance Indicators for this Objective:

- increased area of pine forest under effective forest management program;
- increased number of declared protected areas placed under management nationwide; and
- soil erosion losses reduced on treated hillside farms.

In the case of the Protected Areas Component, some baseline data on the ten pilot protected areas, generated over the past ten years, is available in the form of reports, maps, and operational plans. As the project begins, this baseline data will be updated, consolidated and expanded by COHDEFOR. Other baseline information will need to be gathered or updated by COHDEFOR in areas such as community participation in the management of pilot areas and public awareness of the importance of protected areas and biodiversity. Regarding the latter, the Mission anticipates that the FDP will coordinate baseline data gathering and annual reviews with the Honduran Environmental Protection Fund Project (522-0385).

Additional diagnostic studies (i.e. rapid resource inventories, land tenure and socioeconomic studies) will include the use of the in-country geographic information systems (GIS). Any new socioeconomic studies under the Protected Areas Component will follow the general guidelines used in previous project analyses of this type.

II. EVALUATIONS

A final evaluation, to be contracted by USAID, will be carried out in the last semester of the LOP to assess project results, including whether the project purpose was achieved and the project's overall contribution to the Mission's Strategic Objective No. 2. The evaluation will identify all significant project impacts, and the follow-on activities that the GOH must carry out to achieve sustainability of those project activities that promote better forest practices and increase the forest area under approved management plans and protected area programs.

**THE DESIRED ROLE OF THE UNITED STATES PEACE CORPS (USPC)
IN THE PROTECTED AREAS COMPONENT OF THE FORESTRY
DEVELOPMENT PROJECT (522-0246)**

Note: This document was prepared by the USPC/Honduras during the FDP's extension design process and was slightly edited by USAID for its inclusion as an annex to this Project Paper Supplement. This document will be updated by USPC during the implementation of the FDP.

I. BACKGROUND/Framework

USAID/Honduras and COHDEFOR are preparing an extension to the FDP, which will extend current project activities from 1995 to 1997. A new component to the project will be Protected Areas. USAID and COHDEFOR have sought input from the USPC for the design of this new component. USPC's planned collaboration with the FDP is based on its current Project Plans for 1991-1997: Support to Management of the National Wildlands/Protected Areas System of Honduras, and Environmental Awareness/Education in Honduras. The goals, objectives and milestones of the USPC Project are:

- (1) training/operating 20 management teams (COHDEFOR + Peace Corps Volunteers (PCVs) + Non-Government Organizations (NGOs) + other host country counterparts) at the field level/protected area management unit;
- (2) developing 20 operational or management plans and beginning their implementation;
- (3) supporting and strengthening the development of COHDEFOR's Department of Protected Areas and Wildlife (DAPVS) and 10 NGOs within the buffer zones; and
- (4) implementing pilot buffer zone management activities, such as environmental education, soil conservation, organic farming, agroforestry, basic forestry practices, small business income generation projects, gender issues and youth development among others.

Hands-on training is a basic input in order to achieve self-sufficiency and self-supporting actions on the part of host country counterparts and local beneficiaries. Of these 20 target operational plans, 7 have been completed over the past 4 years using a participatory training approach through PCVs, COHDEFOR, and NGOs, and are currently being implemented by COHDEFOR and NGO personnel.

II. SCOPE AND ROLE OF USPC COLLABORATION

USPC/Honduras will assign approximately 60 PCVs who will provide technical assistance to COHDEFOR, NGOs, and other local/community support groups, to develop the capacity to manage "in situ" selected priority protected areas under the FDP. To this end, PCVs will

support training and community participation and involvement activities which will be key in facilitating sustainability of FDP's interventions.

PCVs' collaboration with the FDP will be mainly at the local level of the selected priority protected area as described below. However, as the project progresses, the following plans will be modified to meet the specific needs of each protected area.

A. National Level

1. *Department of Protected Areas and Wildlife Management (DAPVS)*

During 1995 and 1996, one PCV will be assigned to COHDEFOR's DAPVS in an advisory role to the Wildlife Management Unit. The PCV will carry out the tentative projects and activities outlined in the Volunteer Placement Assessment (VPA) form prepared together with DAPVS' staff counterparts. His/her major duties will be to support DAPVS in the following areas: development of a national strategy on wildlife management in protected areas, development of wildlife inventories and habitat evaluations, implementation of national norms for wildlife management and sporting activities, development and implementation of a registration system for wildlife farms.

2. *Associate Peace Corps Director (APCD)*

The APCD will participate in quarterly project progress reviews and follow-up meetings at the request of DAPVS and/or the project coordinator/manager. Role: Project advisor and PCV co-supervisor.

B. Protected Area/Local Level

Even though PCVs will be assigned primarily to COHDEFOR, their work will also extend to NGOs and other grassroots/local organizations. Also, PCVs can be assigned directly to NGOs that may be made responsible for the management of a given pilot protected area.

Role of the PCV

The role of the PCV assigned to a specific protected area will be defined in the VPA prepared 6 months to a year in advance of his/her arrival to Honduras, but no later than August of every year. However, based on PCV professional background and prior experience, the following roles can be anticipated:

- * PCVs with a M.Sc. and 3-5 years of field experience will be assigned as technical advisors to the pilot protected areas' administrators (funded by COHDEFOR), who will be the PCVs' immediate counterparts;

- * PCVs with B.Sc. with no field experience will be assigned in a technical support capacity to the immediate COHDEFOR or NGO counterparts or management teams in each pilot protected area;
- * PCVs can also effectively play the "liaison" and/or "facilitator" role between COHDEFOR, NGOs, other host country agencies (HCA), local and grassroots organizations and community groups. However, to execute this task effectively and avoid communication problems or misunderstandings, critical issues and lines of communication must be defined between all the parties involved.
- * Based on experience and leadership skills, PCVs could become "trainers of trainers" or facilitators helping host country counterparts to develop technical skills and self-empowerment.

In addition to the PCV to be assigned to DAPVS' Wildlife Management Unit in COHDEFOR's central office, up to 4 PCVs will be assigned on a cluster/integrated programming basis per priority protected area, for the ten pilot areas of FDP, as follows:

PROTECTED AREA	NUMBER OF VOLUNTEERS		
	1995	1996	1997
1. NP* Celaque	3	3	3
2. NP Sta Barbara	2	2	1
3. NP Montana de Yoro	1	2	2
4. NP Pico Bonito	2	3	3
5. NP Agalta	4	4	4
6. NP Pico Pijol	2	2	2
7. NP La Muralla	1	2	2
8. NP Capiro Calentura	1	1	1
9. WR** Texiguat	1	2	2
10. WRs Bahia Chismuyo & Las Iguanas	0	1 ?	1 ?
TOTAL	17	22	20

- * NP - National Park
- ** WR - Wildlife Reserve

III. EXPECTATIONS AND RESPONSIBILITIES

A. Host Country Agency: COHDEFOR/DAPVS – Regional Implementation Units

Once the PCV arrives on site, the host country counterpart (to be assigned by COHDEFOR) will be responsible for providing the PCV with an orientation of the pilot protected area, surrounding communities and local agencies during the first three months of service. During the two years of PCV service, COHDEFOR will:

- (1) together with APCD conduct a site survey and prepare a VPA for every PCV assignment;
- (2) assign a "highly responsible/motivated" counterpart for the PCV for two or more years;
- (3) provide transportation and travel expenses (same rate as the counterpart);
- (4) provide office space, clerical support, and other logistical support (phone, fax, computer, film, mail, paper, etc.), where available;
- (5) include PCVs in work-related meetings, proposal writing, review of work-related documents, and task forces on a par with the counterpart;
- (6) invite PCVs to social and cultural events, on a par with the counterpart;
- (7) approve vacation and absence from site by immediate supervisor and based on work plans, if the supervisor is located at the site;
- (8) review work plans and progress reports and give feedback to PCVs and counterparts;
- (9) participate in USPC's training sessions and in-service training events, sharing expenses with the host country counterpart.

B. USPC/Honduras and PCVs

The following describes the responsibilities of USPC/Honduras and the PCVs:

- (1) The APCD will conduct site surveys, develop VPAs, carry out in-service training events, participate in quarterly meetings, pay site visits to each PCV at least twice a year, and send a summary of PCV quarterly reports to HCAs, among others.
- (2) The APCD will act as the liaison and facilitator between PCVs and the host country counterpart(s), supervisor(s), co-worker(s), and project beneficiaries for the purpose of communication, support, and performance appraisal.
- (3) PCVs and counterpart(s) will prepare quarterly workplans and progress reports on the PCV's support to the FDP. Submission of these documents to HCAs and USPC is mandatory.

- (4) PCVs will program vacation and notify their host country counterpart(s) in advance about absences from site, unless there is an emergency (PCVs are entitled to a 24 days vacation per year).
- (5) PCVs will provide HCAs with copies of technical information at the end of their 2-year service, including slides, pictures and other educational materials from USPC and equipment or materials donated from other sources. Payment for copies of slides and photos produced or paid by PCVs will be reimbursed by DAPVS.
- (6) PCVs carry out all work activities together with their host country counterpart(s), giving them the leadership role while working as a team.
- (7) PCVs provide HCA and USPC positive and constructive feedback on work related activities (technical issues) by means of progress reports and personal communication to counterparts. Any "sensitive data/information or concern" should be handled and discussed in advance with host country officials/counterparts, APCD, USPC, and USAID, prior to sharing it with outside sources.
- (8) PCVs will prepare with their host country counterparts(s) a final technical report within the last 6 months of service and have a debriefing with HCAs and USPC together.
- (9) PCVs will perform other responsibilities as requested and assigned by HCA and/or APCD and USPC.

IV. MOU/AGREEMENT FOR USPC/COHDEFOR TECHNICAL COOPERATION

Early in 1995, either a Memo of Understanding or an agreement will be negotiated with COHDEFOR to spell out the content and mutual responsibilities for 1995-97.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

LAC-IEE-95-04

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Honduras

Project Title : Forestry Development Project
(Amendment)

Project Number : 522-0246

Funding : \$19,140,000

Life of Project :

IEE Prepared by : Margaret Harritt, MEO

Recommended Threshold Decision: Categorical Exclusion/
Positive Determination.

Bureau Threshold Decision : Concur with Recommendation

Comments

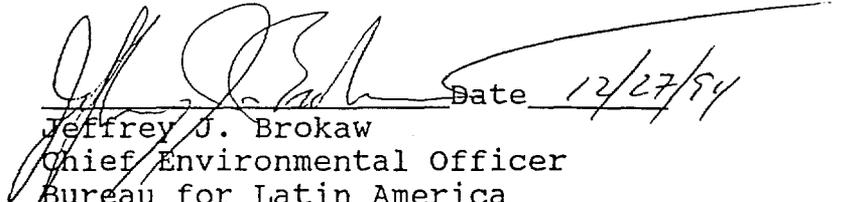
Categorical exclusion issued for technical assistance, training, and logistical field support for component two, Protected Areas and Wildlife Management.

Positive decision for operational management plans under component two. For activities under component two that require an environmental assessment (EA), scope of work for EA shall be submitted to LAC Chief Environmental Officer for approval prior to conducting EA.

Any component one activities that were not considered in the previous project EA, which may have a significant environmental impact, should be evaluated in an EA.

ENVIRONMENTAL THRESHOLD
DECISION

LAC-IEE-95-04


Date 12/27/94
Jeffrey J. Brokaw
Chief Environmental Officer
Bureau for Latin America
and the Caribbean

Copy to : Marshall Brown, Mission Director
USAID/ Honduras

Copy to : John Warren, ANRO
USAID/Honduras

Copy to : Margaret Harritt, MEO
USAID/Honduras

Copy to : Wayne Williams, REA/CEN

Copy to : Kraig Baier, LAC/CEN

Copy to : IEE Files