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DEVELOPMENT**



**ANNUAL BUDGET SUBMISSION
FY 1979**

USAID HONDURAS

**DEPARTMENT
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SUMMARY NARRATIVE STATEMENT

PROGRAM GOALS AND STRATEGIES

Objectives

A.I.D. will support development goals and strategies in Honduras which are consistent with the Congressional Mandate, which promote growth with justice and greater equity and which are realistic and realizable. The policy and program choices are however, not as obvious as the objectives.

Background

The process of development in Honduras, as we have come to think of development, is of fairly recent origin. The World Bank has observed that "The first serious government attempts to activate the economy were initiated in 1950." Development was haphazard. Real GDP per capita grew by only 19% between 1950 and 1975, i.e., an average of about 0.7% per year. Since 1972 the Government of Honduras has demonstrated an increased will to accelerate the process of development, to allocate the necessary resources which give some promise of significant achievement and to increase efforts markedly to reach the disadvantaged poor, particularly the rural poor.

Honduras' poor economic and social condition and severe development constraints make prescription a difficult task. Indeed prescription by external agencies is no longer acceptable. The Government of Honduras is beginning to be discriminating about aid and is less inclined to accept proposals of external agencies before reaching a judgement as to the suitability for application in Honduras. This new attitude of self-confidence is hopeful and may result in less distortion in the composition of the national development plans than has occurred in times past.

Nevertheless, the analytical basis for decision-making -- at all levels -- and the systematic consideration of alternative policies and courses of action continue to be weak. Improvement in analytical capacities of the Government of Honduras is essential and a high priority area for international financing agencies, particularly A.I.D.

An assessment of development prospects requires examination of political and cultural considerations as well as economic and social factors. Honduras has lagged behind the other Central American countries in development and, together with Haiti and Bolivia, has trailed other Latin American countries. Historically, Honduras was a backwater --

a country of farmers, landholders and miners -- and was never in the mainstream of political, economic or social life during Spanish colonial times nor in the early days of independence. The territory, except for isolated areas, was largely mountainous, rocky and inhospitable with occasional fertile valleys, and low-lying fertile coastal areas where malaria and other diseases were endemic.

Until recently, i.e., until the last quarter century, the Honduran people had generally been relatively satisfied with a fairly low level of development aspirations and expectations. Thus, economic change and accompanying social ferment have been relatively new phenomena, and disruption and violence until now have been rare occurrences. There are relatively few families of wealth -- even modest wealth. Land, the traditional source of wealth, is less important than previously, given agrarian reform and the Government's new predominance in forestry matters.

Current Focus, Factors and Obstacles

The increased attention to development matters results from several principal factors. A major impetus has been provided by the military officers who assumed power in 1972 and 1974. They are reform-minded. They have placed qualified technocrats in key ministerial positions to run the institutional processes of governing. They are amenable to modern methods of planning and they aim at improving the civilian administrative structure.

They responded to pressures for major agrarian reform, sanctioning the takeover of invaded private lands within a temporary, legal framework. While they continue to reaffirm frequently that agrarian reform is a cornerstone of the Government's policy, agrarian reform has slowed considerably. It has, nevertheless, achieved substantial resettlement of the landless. The provision of governmental credit and coordinated technical assistance has dragged, demonstrating dramatic weaknesses in the governmental delivery systems. This is a weakness in all sectors and a high priority area for development assistance.

They decided that the vast forest resources should be exploited in the national interest, with due consideration for environmental conservation, and created what appears to be a well-run government corporation.

They seek to accelerate infrastructure development and to obtain extensive external financing to put a basic infrastructure in place as a foundation for continued development. The country's absorptive capacity for external aid for infrastructure development is presently considerably greater than its absorptive capacity for aid intended to

benefit directly the poorest Hondurans.

Another change agent has been the campesino federations, i.e., the militant peasant organizations. These were an outgrowth of the banana workers strike of 1954 which gave labor the right to organize. These campesino groups along with the labor unions, although divided, have been major promoters of economic and social reform. They remain divided along ideological lines.

The autonomous university, which absorbs 17% of governmental allocations for education is potentially a force for change. While vocal, the faculty and student body are considerably more restrained in demeanor than are those in most other Latin American universities. There is now a move to create a second university, but its establishment as a full-pledged institution of higher learning is a long way off.

An important factor in the economic and social make up of the country is the aggressive and new industrial and business interests. These have tended to ally themselves with the traditional large landowners. In some instances they are one and the same. This group understandably found the Government's agrarian reform posture unsettling. Private investment in agricultural lands has lagged and will continue to lag until the Government's intentions become more clear. Private bank lending e.g., for commercial agricultural purposes, had dropped sharply. There will continue to be some differences between this alliance of industry and landed, and, the Government well into the eighties. Inevitably, the high rate of public investment will impose constraints on expansion of credit for private sector investment if inflation is to be kept within some reasonable bounds. The role of the Central Bank can be expected to increase over the next decade as an arbiter in this situation.

And, of course, a major influence for change has been the international aiding agencies themselves. To some extent the influence of agencies and so-called experts has perhaps been too pronounced. This too is changing, but the occurrence illustrates the scarcity of Honduran human resources and the dependency, to some extent even now, on external technical assistance to shape the development effort.

The human resource deficit can only be assumed at this point. Data are lacking and no serious attempt to assess the deficit is underway, and, no efforts are yet contemplated as to how national institutions can be strengthened or created to produce qualified Hondurans to overcome the present scarcity and the prospective greater scarcity of qualified human resources. This difficulty permeates the entire public sector operations and is a high priority area for

development assistance.

The problem of planning and analysis, the weakness of the delivery system, and the scarcity of human resources are cited above. A fourth area for attention is the structure of government to carry out the development effort.

The machinery of government is probably more suitable for governmental operations of a decade or two ago -- with personnel to match. Jobs are not classified on any comparable basis with the private sector. Except in selected autonomous agencies, compensation of government employees is low, discouraging new accessions of competent personnel. Many Hondurans seek employment in the private sector or in international organizations where pay is higher. Yet general increases in public salary schedules are not practicable and where persons are competent, turnover will continue to be high.

The governmental structure cannot cope in an orderly fashion with the present complex developmental problems, policies and programs of today. The leadership is overburdened with a highly centralized decision making process. Complex developmental activity which customarily involves several agencies is frequently handled through cumbersome committees which tends to diffuse responsibilities, to create even larger problems of coordination and to delay implementation. Perhaps more importantly, committee discussions tend to focus on problems of a particular program or project rather than on broader governmental, or sector-wide, concerns and policies. Thus governmental efforts tend toward further fragmentation of efforts rather than toward consolidation and coordination.

Given the impetus to accelerate development, the processes of government continue to have the characteristics of crisis management. Thus, existing governmental operations constitute a major obstacle to development and limit the absorptive capacity for efficient and effective use of external aid and assistance. This general area of organization for development is one where external development assistance is warranted.

The most positive and hopeful sign which holds much promise for development of Honduras is the Hondurans themselves. Hondurans are serious people and their commitment to development at this time is strong and sure. Consequently the environment for cooperation helps to assure close collaborative action. Not only is there an appropriate development environment in Honduras, there is a favorable disposition on the part of major donors -- multilateral and bilateral -- to help Honduras accelerate its development. Honduras is on the threshold -- some would say over the threshold -- of major development accomplishment.

Nevertheless, programs to benefit poor Hondurans are still insufficient and most can expect to see little positive governmental benefits over the next several years. The issue that faces the Government of Honduras, and A.I.D., is how to accelerate programs which will aid the disadvantaged poor. Certainly, the stated objectives and concerns of the Honduran Government for improving the lot of the poor Hondurans provide a suitable framework for an A.I.D. program under the Mandate. The strategy to be followed will be to design and carry out programs more adapted to overcoming the obstacles in the four major areas of planning and analysis development management, delivery systems, and the scarcity of human resources. The existing and proposed program aims at increasing the Government's capability to reach increasing numbers of poor Hondurans by working directly to overcome these obstacles.

In pursuing this development assistance strategy, we will be guided by three important principles:

FIRST: The program will clearly place highest priority on the development of agriculture. To a lesser extent, though still requiring a significant effort, the program will address problems and opportunities in the health sector. Education will be under review as a possible area to receive significant A.I.D. resources over the next several years, especially in basic formal and non-formal education where A.I.D. resources are already contributing to important systemic changes. Urbanization, which is likely to put increasing strains on Honduran society over the next several years, is likely to bring with it a series of problems. Toward the latter part of the planning period, the Mission may wish to assist in addressing critical problems of Urban Development. (A DAP update, which we expect to submit in mid 1978, after the Mission has a better analytical base, will elaborate these priorities).

SECOND: The program approach will be sectoral, in the first instance involving comprehensive analysis of sectors, the refocusing and re-programming, as necessary, of existing projects within the evolving sectoral strategy, and the design of a program in support of sector-wide goals.

THIRD: Major sectoral analytical and design efforts will be undertaken one-at-a-time, to permit the concentration of Mission staff efforts and, within a country program level which is reasonable, to permit the application of a level of resources necessary to bring a critical mass of resources to bear in effecting changes in sector policies, strategies, organization and execution.

A.I.D. RESOURCES IN SUPPORT OF PROGRAM

GOALS AND STRATEGIES

A. AGRICULTURE

The GOH and USAID are collaborating in the preparation of a second sector program which is to be initiated in FY 1979. The program, with A.I.D. Loan and Grant financial support, will build up upon the foundation of GOH commitment and resources already allocated as well as prior A.I.D. assistance including the FY 1974 Agriculture Sector Loan, the Core Services Grant and subsequent project assistance.

The essential first step in developing an assistance package which can support improved execution and impact of sector programs is to develop improved analytical underpinnings. (The Scope of Work for the sector Assessment is included in the Submission.)

Initial discussions with the GOH have led us to certain preliminary conclusions with regard to the content of the FY 1979 Sector Program. These conclusions are set forth in the Project Identification Document which accompanies this submission. The broad areas identified for possible A.I.D. financial support include: (a) planning, analysis, organization and coordination; (b) a more orderly agricultural marketing structure with greater capacity and outreach; (c) strengthening and rationalization of delivery systems (public and private) with expanded outreach; (d) an expansion of the trained human resources base in the sector and of the capacity of Honduras to produce well trained agriculturists; and, (e) small-scale, rural infrastructure to support an expansion of outreach of the sector structure. Until obstacles in these areas are overcome, the ability of the GOH to reach and serve the small farmer effectively will be severely compromised.

The Mission will maintain a continuing review of the existing program within the framework of the analytical process and re-examination of our sector strategy. Ongoing projects will be reviewed and, as appropriate, refocused to ensure compatibility with the evolving sector strategy. At this point, the Mission does not foresee major changes in the content of the existing programs, but we cannot be certain until the analytical process is further along.

Ongoing sector program activities are designed to benefit small farmers with emphasis on those organized into groups and especially agrarian reform groups -- for reasons of cost-effectiveness of public sector services and their greater potential for varied, higher income, productive activity. The Mission strategy has been to

strengthen the capacity of sector institutions to serve groups of farmers. Projects established within this framework since 1975 including the use of grants, loans and PL 480 resources, are discussed below.

Implementation of the Rural Recovery II Loan for Access Roads and Agricultural Credit will be in full execution. An estimated 400 kilometers of farm-to-market roads will have been constructed or improved, benefitting approximately 14,000 farm families, most of whom are organized into groups. The \$5.0 million credit element of the loan and counterpart funds provide production credit to groups of small farmers, and for technical assistance and training to improve operations of the National Development Bank (BNF). Farm investment credit is a major component of the Small Farmer Technologies Loan/Grant project. By FY 1979 a significant farm planning capacity will have been developed (under the same project) and will be offering advice to farmers preparing comprehensive farm investment plans. These farmers will have access to BNF credit and to new technologies appropriate to their needs, some of which should result from R&D efforts of the Pan American Agriculture School financed under the project. At the same time, A.I.D. will be continuing technical and training assistance to the Honduran Agricultural Research Service to strengthen that institution and its capability to carry out and disseminate the results of adaptive agronomic research.

A capacity to identify non-traditional crops with export potential, to do feasibility testing on their production (including processing) and marketing, and to stimulate and finance production will have been established with support of the Agro-Industrial Export Development grant project. This A.I.D. supported activity offers the prospects of increased income for farm producers (such as the agrarian reform farmers now producing tomatoes in the Comayagua Valley) and employment opportunities in food processing for rural laborers. Similarly, employment benefits as well as improved access to markets and public services are expected results of the Rural Access Trails project. The Aguan Valley Rural Electrification Project will, during FY 1979, be well on the way to completing its objectives of installing reliable, low-cost transmission lines and providing electricity to homes in the area of significant agrarian reform activity and great economic potential. Electrification in the Valley will provide an important stimulus for the entry and establishment of business and for more jobs.

Assistance furnished through the Small Farmer Organizations grant will be helping to create and strengthen farm service centers as sources of inputs and channels for marketing farm produce, this project will be designed within the framework of the sector assessment. The Water Resources Management program of the GOH with A.I.D.

loan financing will be strengthening the Government's capacity to manage and coordinate the use of this vital national resource, especially as it serves agricultural users. PL-480 Title I Sales proceeds will continue to provide financing for agricultural activities such as the grains price stabilization program and the emergency plant pest and disease funds.

Rural residents should receive some tangible benefits from the implementation of national nutrition plans, including those activities receiving A.I.D. loan and grant financial support, such as community water systems and nutrition education. The program will also introduce new food crops and develop fresh water fishponds.

B. HEALTH AND POPULATION

Hondurans suffer the third worst general health conditions in Latin America. Only in Haiti and Bolivia are conditions worse. National statistics tell the tale. The infant mortality rate is an estimated 117 per thousand; malnutrition affects 75% of rural children under five; moribidity is extremely high; and, the average life expectancy is 52 years. For too many Hondurans illness is nearly constant, especially in rural areas where conditions are markedly worse than in the urban centers.

The Honduran Government has recognized the scope of national health problems and has made a serious commitment to overcome them in the shortest possible period. The centerpiece of the Health Ministry's strategy to expand basic health services to the 70% of Hondurans living in rural areas is the Rural Penetration Program. Under this program 500 rural health centers will be placed in operation by 1980. Nearly half of the centers plus eight hospitals and two regional medical centers will be financed under an IDB loan signed in 1976. The centers, to be staffed largely by paramedical personnel, are the foundation of the pyramidal structure of service facilities, within which patients are referred progressively to higher levels with increasingly complete medical services. An ongoing A.I.D. grant project, Integrated Rural Health Services, is assisting the MOH to train paramedical personnel (in basic health and family planning skills) who will staff the centers.

While considerable health infrastructure will be in place by 1980, the health sector can generally be characterized as being in the very early stages of development. Trained human resources are scarce at all levels of the system, at the national planning level, at the regional sanitary districts and at the level of the rural health posts. Medicines and medical supplies do not reach end users. Budgetary resources for normal operations are not available when

needed and operations at all levels are chronically paralyzed for lack of funds to purchase paper, gasoline, spare parts or other minor items. Analytical, planning, and management capacities are extremely weak as are information systems which could provide the basis for improved planning.

The GOH has indicated strong interest in assistance for a comprehensive analysis of the current situation in the sector as a basis for an initial sector program which would begin to attack major constraints in a systematic fashion. They believe, as we do, that the inter-related problems of health should be treated as a whole to maximize the impact of their solutions. Therefore, the Mission is proposing to assist the Government with a Sector Assessment under a grant project beginning in FY 1979. Preliminary reconnaissance data examination, training and design of the Assessment will begin in FY 1978, with the intensive assessment phase beginning in early 1979. We expect this to be a wide-ranging analytical undertaking. It should be possible, by FY 1980, to formulate a program of assistance to the Health Sector which might include \$15 to \$20 million of A.I.D. loan and grant resources. Such a program would likely focus on improvements in national analysis, planning, policy and evaluation; improvements in health services delivery systems, public and private; human resources development -- both training and strengthening the national capacity to produce trained health personnel; and, Nutrition, an area where Honduras has recently begun to focus and an area which, by 1980, may require additional assistance.

The GOH does not have a national population or demographic policy; nor do we expect that it will adopt one within the next few years. In spite of one of the highest (estimated 3.5%) natural growth rates in the world, the Government is reluctant to move openly in this area. Vocal elements in Honduras society would vigorously oppose a public population policy and would cite as support for their position, the fact that some areas of this country are sparsely populated and the still unsettled problems with Honduras' densely populated neighbor, El Salvador. The Mission will encourage increased externally-assisted population activities in Honduras only as a direct consequence of arrangements set-up with no A.I.D. bilateral or USAID identification.

C. EDUCATION AND HUMAN RESOURCES

GOH programs in fundamental education for the rural poor will continue to receive A.I.D. assistance under the Rural Reconstruction II - Primary Schools Loan and the proposed Rural Education grant project. The objectives of the Central and Satellite primary schools and the non-formal education programs have been to raise skills levels in rural areas by attracting children and adults to more relevant, effective and community based education. One of the most critical and widespread problems confronting Honduras' development efforts has been her undeveloped human resources base, largely comprising people with insufficient training to exploit opportunities to improve their quality of life. New methods and curriculum, as well as improved facilities, have been introduced in some areas (primarily the North Coast) with A.I.D. assistance. These innovations are supportive of GOH and A.I.D. objectives and programs in other areas such as agriculture, health and nutrition and will help to bring eventually to significant numbers of the rural poor improved skills and concepts for application in these respects through both the informal and formal systems.

The Mission will continue to support the attainment of these objectives by offering appropriate assistance for rural primary, non-formal and vocational education. Further assistance might be provided, for example, to ensure that additional important curriculum areas are developed and introduced in primary and non-formal programs as a follow-on to earlier A.I.D. assistance. Also, the Mission will be prepared to consider broader assistance programs of a sectoral or subsectoral nature by FY 1980 or FY 1981. Even if assistance were requested, the Mission would require as a first step much more extensive analytical work than has yet been produced.

D. OTHER

Honduras continues to be a predominantly rural country. However, the process of urban population growth is already beginning to change the face of the country and to confront the people and the Government with unfamiliar and difficult problems. New job opportunities are being created only very slowly and urban unemployment is thought to be increasing rapidly. Shanty settlements are increasing and public services and utilities are woefully inadequate to the needs of the new residents. Coherent plans for urban growth are not being prepared or implemented - probably due to the fact that the capacity to do so is nearly non-existent. Unless the Government begins to confront systematically the problems of urbanization within the next several years, dramatic increases in urban poverty should be anticipated with attendant tensions and other negative manifestations.

It would be appropriate for A.I.D. to consider assisting the GOH to deal with the problems of increased urban poverty before they reach unmanageable proportions. The Mission is inclined to respond positively to appropriate, modest requests for assistance until such time as the GOH commits itself a broader policy of urban improvement and development. Should the GOH then approach A.I.D. for assistance to a program which would entail major impact on urban poverty, the Mission would propose to agree to undertake a through analysis which could well result in significant loan assistance by 1981.

ECONOMIC PROSPECTS AND ISSUES 1979 - 1983

Current indications are -- barring another natural disaster of the magnitude of the 1974 hurricane -- that Honduras will experience moderate rates of growth during the 1979-1983 period, while completing major, basic infrastructure works essential to sustain future growth at relatively higher levels.

A principal determinant of Honduras' economic prospects will be the level of public sector investment. Estimates of investment levels vary, but it is clear that public fixed investment will increase substantially. Based on World Bank projections (assuming the El Cajón hydroelectric project starts in 1978), the level of fixed public investment will rise over 100% between 1976 and 1981, from L.230 to L.472 million. GOH projections for the same period show an increase of 175% based on more optimistic assumptions regarding rates of project execution and new financial commitments. Underlying the World Bank's projections is the assumption that there will be considerable slippage in execution of investment projects. The GOH projections assume that investments will be carried out pretty much as planned with only some delay and that financing for the priority projects for which financing is now uncertain will be secured.

The tables on the following page provide a summary of the two projections of public fixed investment for the 1977-1981 period. There are no reliable data on investment plans for the 1982/83 period.

The increasing level of public fixed investment raises several important issues that could affect Honduras' economic prospects and are of concern to A.I.D. It is uncertain, even accepting the World Bank's lower estimates, that public sector agencies have the capacity to plan, design and execute investments which, in total, would more than double in five years. While over 50% of investment is likely to occur in basic infrastructure, where demonstrated absorptive capacity, though limited, is highest, there remains a significant level of investment planned for the social and productive sectors where present capacity is severely limited. GOH officials have recognized these constraints and are committed to improving the performance of these sectors. There is no question that substantially increased planning, analysis and management capacity is critical to achievement of the higher levels of public sector investment which are planned. A.I.D. programs during the period will reflect this need.

Another closely related issue concerns the composition of investment projects. The high proportion of investment in basic infrastructure as compared to investment in the productive sectors, can affect the economic and social outlook. Productivity increases will be lower

WORLD BANK ESTIMATES OF PUBLIC FIXED INVESTMENT

(All estimates in millions of current LEMPIRAS; 2L=1 U.S.\$)

<u>Type</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Infrastructure <u>1/</u>	139	170	160	228	287
Social Sectors <u>2/</u>	81	69	67	69	82
Productive Sectors <u>3/</u> (of which Agriculture)	41 (19)	78 (14)	81 (20)	77 (24)	103 (38)
Total	261	317	308	374	472

GOH ESTIMATES OF PUBLIC FIXED INVESTMENT

Infrastructure <u>1/</u> (of which financing uncertain)	174 (-)	184 (18)	193 (40)	295 (79)	391 (148)
Social Sectors <u>2/</u> (of which financing uncertain)	111 (14)	96 (40)	86 (45)	67 (46)	57 (47)
Productive Sectors <u>3/</u> (of which financing uncertain) (of which Agriculture-all financed)	113 (6) (63)	182 (26) (59)	211 (31) (41)	198 (30) (35)	184 (29) (5)
Total (of which financing uncertain)	398 (20)	462 (84)	490 (116)	560 (155)	632 (224)

1/ Includes: Transportation, Communications and Energy.

2/ Includes: Education, Health and Welfare, Housing and Urban Development.

3/ Includes: Agriculture, Forestry, Tourism and Industry.

in the short run due to a higher capital/output ratio in the basic infrastructure sector compared to the productive sector. Thus growth rates could be lower than would be expected were there greater investment in the productive sector. Certainly, accomplishment of the GOH's goal of directly improving the lives of the rural poor by increasing their productivity, income and access to social services will take longer to achieve unless significant investments are made in these areas. Overcoming the limited public sector absorptive capacity for social investments and "little people infrastructure" such as access trails, community grain storage facilities, and rural electrification can affect positively and immediately the lives of the rural poor without sacrificing higher growth rates in the intermediate term.

Even with significant external financing, estimated at 80% of projected public sector investment, the GOH will probably need to impose new taxes and further improve its tax administration to increase its revenue collection to support the investment program, to provide planned increased services to a population growing at 3.5%, and to meet increasing debt servicing costs. In 1975, a series of tax changes and administrative reforms were introduced, which, along with the 1974 banana tax increase, are expected to yield enough additional revenues through 1978 to keep the budget deficit within reasonable limits. If tax collection improvements are not continued and rate changes are not made, the budget deficit will rise during the 1979-1983 period, forcing increased public borrowing and either increases in inflationary pressures or lower levels of private investment. The GOH will have to maintain its momentum in this area and resist counterpressures to raising the revenue needed to keep the budget deficit within manageable limits. On the basis of its performance in this area over recent years, it can be expected that the GOH will continue to take the necessary steps to meet requirements for domestic financing.

A final issue concerning the level of investment relates to the balance of payments. With an increasing debt servicing burden, net public capital inflows and the smaller net private inflows will more than likely be insufficient to cover expected current account deficits over the next several years. These deficits are expected to increase as a result of increasing net factor payments deficits, even though exports might grow faster than imports. Current high world market prices for Honduras' exports, e.g. coffee, have produced a surplus in the balance of payments, but these high prices are not expected to be maintained over the longer period. Therefore, as export prices return to more normal levels, an increasing drain on GOH international reserves can be expected to result in the need for additional external financing. This support could come from various sources including the IMF, the Central American Monetary Stabilization Fund, the Venezuelan Oil Fund, and supplier's credits. The

most beneficial form of assistance would be greater external project financing which would also reduce the budget deficit. For further analysis we refer the reader to the most recent World Bank Economic Report.

ZERO BASED BUDGETING

1. The decision packages for alternative FY 1979 program, work force and operating expense levels (as detailed in Table V) were developed using the following guidelines:

a) Generally, on-going projects would be given the highest priority with a view to completing important work already initiated and to avoid a break in continuity and momentum.

b) New projects (or components of projects) would be placed in rank order according to the necessity for beginning or expanding the activity in FY 1979 rather than a later year.

c) OPGs receiving funds before FY 1979 but not listed in the FY 1978 Congressional Presentation would be placed in the Expanded Current Level Decision Package.

2. The Minimum Decision Package allows the Mission to continue approved projects without interruption and provides partial funding for the proposed Agriculture Sector II Project so that the highest priority components (analysis, planning and organization, education and a minimal effort in delivery systems and marketing) will reinforce and maintain progress achieved under the first Agriculture Sector Program. Work force increments of professionals are made in both staff and technical offices to permit effective management of the grant and loan portfolio. Operating expenses are increased to cover local and international travel and communications costs for the work force.

3. The Current Decision Package expands financing for the delivery systems and marketing components of the proposed Agriculture Sector II Project to allow a scale of effort more appropriate to the problems to be addressed. An additional professional is added to the Food and Agricultural Office to cope with a generally increase workload and local travel costs are added to the operating expenses budget for this individual.

4. The Expanded Current Decision Package begins a new analytical effort in the health area (see the Health Sector Planning PID). Funding is also provided for OPGs which were not contemplated at the time of the FY 1978 Congressional Presentation. To guide our new initiative in health, two new positions are added with budgets for local travel.

5. The Proposed Decision Package expands the breadth of our efforts in agriculture to provide supporting infrastructure for the marketing and delivery systems elements, it adds a new OPG, and raises our overall program level over that of FY 1978. This package should not

be postponed since it is required to extend the outreach of the marketing delivery system. The addition of the "Little People Infrastructure" component to the Agriculture Sector II Project would increase the general level of activity in the Engineering Development Office sufficiently to warrant the addition of another professional complete with travel budget.

COUNTRY/PROGRAM: HONDURAS

Table I
Long Range Program Plan
(\$000)

	<u>1978</u>	<u>1979</u> <u>Request</u>	<u>Planning Period</u>			
			<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Food/Nutrition						
Grants	2,759	4,337	2,465	1,840	2,600	450
Loans	5,000	21,000	-	-	25,000	-
Population						
Grants	145	180	175	20	20	20
Loans	-	-	-	-	-	-
Commodities	117	156	195	210	263	309
Health						
Grants	460	865	2,000	150	350	2,000
Loans	-	-	15,000	-	-	15,000
Education						
Grants	713	555	200	150	150	150
Loans	-	-	-	-	-	-
Selected Development Activities						
Grants	890	1,042	425	3,000	200	250
Loans	-	-	-	15,000	-	-
Total Functional Accounts						
Grants	4,967	6,979	5,265	5,160	3,320	2,870
Loans	5,000	21,000	15,000	15,000	25,000	15,000
Commodities (Pop)	117	156	195	210	263	309
P.L. 480 (non-add)						
Title I	1,700	1,700	1,700	1,700	1,700	1,700
Title II	4,228	4,271	4,375	4,487	4,598	4,713
Housing Investment Guaranties (non-add)	-	-	-	-	-	-

DAP DOCUMENTATION SCHEDULE

PROGRAM YEAR	DOCUMENTS TO BE USED AS BASIS FOR PROGRAM PLANNING	DATE APPROVED OR SENT TO AID/W OR TO BE SUBMITTED
	Original DAP	9/73
	DAP Revision	8/78
	Analytical Description of Poor Majority	8/78
FY 1979	Summary Strategy Statement	8/78
	Sector Assessment (Specify): Agriculture	9/73
	Ag. Revision	11/77
	Other (Specify):	
	Original DAP	same
	DAP Revision	same
	Analytical Description of Poor Majority	same
FY 1980	Summary Strategy Statement	same
	Sector Assessment (Specify): Health	10/79
	Other (Specify):	
	Original DAP	
	DAP Revision	
	Analytical Description of Poor Majority	
FY 1981	Summary Strategy Statement	
	Sector Assessment (Specify): Urban	12/80
	Other (Specify):	

COUNTRY PROGRAM: HONDURAS

Table II

Funding Levels for FY 1977, FY 1978, FY 1979
(in \$000)

	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
Food/Nutrition			
Grants	888	2,759	4,337
Loans	16,000	5,000	21,000
Population/Health			
Grants	267	605	1,045
Loans	-	-	-
Commodities	64	117	156
(Population)			
(Grants)	(120)	(145)	(180)
(Loans)	-	-	-
(Commodities)	(64)	(117)	(156)
(Health)			
(Grants)	(147)	(460)	(865)
(Loans)	-	-	-
Education			
Grants	422	713	555
Loans	2,500	-	-
Selected Development Activities			
Grants	311	890	1,042
Loans	-	-	-
Sub-Total			
Grants	1,888	4,967	6,979
Loans	18,500	5,000	21,000
Commodities	64	117	156
Total	20,452	10,084	28,135
P.L. 480			
Title I	1,700	1,700	1,700
Title II	2,045	4,228	4,271

AGENCY FOR INTERNATIONAL DEVELOPMENT				1. TRANSACTION CODE A A = ADD C = CHANGE D = DELETE		2. ABS/CP DOCUMENT CODE 6				
ABS/CP SUMMARY - TABLE III										
3. COUNTRY/ENTITY HONDURAS			4. DOCUMENT REVISION NO. <input type="checkbox"/>	5. OPERATIONAL YEAR FY 7/8		6. BUREAU/OFFICE A. SYMBOL LA B. CODE [05]		7. GEOGRAPHIC CODE [522]		
8. TYPE DATA 1 1 = ABS 2 = ABS REVISION 3 = CP 4 = CP NOTIFICATION					9. TYPE ASSISTANCE 1 1 = PROJECT 2 = PROGRAM					
10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR OBLIG.	13. EST. FY AUTH. OBLIG. FINAL	14. APPROPRIATION	15. PRIMARY PURPOSE CODE	16. GRANT INDICATOR	17. BUDGETS (IN \$ 000)			
							77 AY	78 OY	79 BY	LOP
	<u>Education and Human Resources Development</u>									
	<u>GRANTS</u>									
0119	Rural Education*	3	79	EH	623B	GC	-	300	300	750
0121	Development Management	4	79	EH	664B	GC	357	363	200	1,000
0147	Hermandad (OPG)*	-	77	EH	612B	GC	15	-	15	30
0000.3	Technical Support	N/A	Cont.	EH	690B	GC	50	50	40	Cont.
	Sub-Total						422	713	555	1,780
	<u>LOANS</u>									
0121	Development Mgmt.	-	77	EH	664B	L	2,500	-	-	2,500
	<u>Selected Development Activities</u>									
	<u>GRANTS</u>									
0073	Special Development Activities	1	Cont.	ST	700B	GC	50	50	50	Cont.
0120	Agro-Industrial Export Development	1	79	ST	253B	GC	140	580	480	1,700
0137	Rural Trails	1	79	ST	132B	GC	-	134	266	400
0128	Pespire Valley Integrated Development (OPG)*	1	79	ST	132B	GC	56	66	56	200
	To be selected (OPG)	-	80	ST	N/A	GN	-	-	75	250
0000.4	Technical Support	N/A	Cont.	ST	790B	GC	65	60	115	Cont.
	Sub-Total						311	890	1,042	2,550
	*See Project Narrative.						18. DATE DOCUMENT RECEIVED IN AID/W MM DD YY			

COUNTRY/PROGRAM		PROJECT TITLE			
HONDURAS		TECHNICAL SUPPORT			
ONGOING PROJECT		PROJECT NUMBER		APPROPRIATION	
BUDGET DATA - TABLE IV		522-0000.1		FN	
INITIAL OBLIGATION		AS APPROVED		REVISION	
FY CONT		FY CONT		FY N/A	
FINAL OBLIGATION		AS APPROVED		REVISION	
FY CONT		FY CONT		FY N/A	
TOTAL COST		AS APPROVED		REVISION	
CONT		CONT		N/A	
DATE PP/REVISION		DATE PP/REVISION		DATE PP/REVISION	
DATE LAST PAR		DATE LAST PAR		DATE NEXT PAR	
N/A		N/A		N/A	

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977-1/				ESTIMATED FY 1978				ESTIMATED FY 1979			
	OBLIG- ATION	EXPN- DITURES	PIPE- LINE	FUND- PERIOD	OBLIG- ATION	EXPN- DITURES	PIPE- LINE	FUND- PERIOD	OBLIG- ATION	EXPN- DITURES	PIPE- LINE	FUND- PERIOD
PROJECT TOTAL	340	358	64		330	360	34		190	197	27	
1. Cadaster Project Monitor	25	45	12		55	53	14	1/78	60	57	17	1/79- 12/79
2. T.A. Ag. Sector Assessment and Project Development	196	166	30		200	220	10	Various	50	60	-	Various
3. T.A. Ag. Research Project Development	54	54	-		-	-	-	-	-	-	-	-
4. T.A. Small Farmer Organizations Project Development	47	30	17		-	17	-	-	-	-	-	-
5. Training/Other Costs	10	25	5		15	15	5	Various	15	15	5	Various
6. T.A. GOH Development Plan	-	-	-		30	30	-	Various	30	30	-	Various
7. ST T.A., Evaluations, Translations, Miscellaneous	8	38	-		30	25	5	Various	35	35	5	Various
HOST COUNTRY INPUT	N/A				N/A				N/A			

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED		
	FY 1977	FY 1978	FY 1979
DH	2	-	-
PASA	2	3	3
CONTRACT	-	-	-
	1	1	-

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYB LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 6 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

COUNTRY/PROGRAM HONDURAS	PROJECT TITLE TECHNICAL SUPPORT	INITIAL OBLIGATION FINAL OBLIGATION	AS APPROVED FY CONT	REVISION FY N/A	DATE PP/REVISION N/A
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 522-0000.2	TOTAL COST	AS APPROVED FY CONT	REVISION FY N/A	DATE NEXT PAR N/A
	APPROPRIATION PH		AS APPROVED CONT	REVISION N/A	DATE NEXT PAR N/A

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIGATION	EXPEN-DITURES	PIPE-LINE	OBLIGATION	EXPEN-DITURES	PIPE-LINE	OBLIGATION	EXPEN-DITURES	PIPE-LINE
PROJECT TOTAL	27	45	7	240	211	36	35	61	10
1. TA for PL-480 II - Health Impact Evaluation	-	25	-	-	-	-	-	-	-
2. Reconnaissance surveys and Health Sector Planning PP Development	-	-	-	174	149	25	Various	25	-
3. Training	-	-	-	36	30	6	Various	11	5
4. MOH Statistics Miscellaneous TA	27	20	7	30	32	5	Various	25	5
PROJECT TOTAL	27	45	7	240	211	36	35	61	10

HOST COUNTRY INPUT	PARTICIPANTS PROGRAMMED		
	FY 1977	FY 1978	FY 1979
PERSONNEL ON BOARD AS OF	9/30/77	9/30/78	9/30/79
DH	-	2	-
PASA	-	3	2
CONTRACT	-	-	-

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

COUNTRY/PROGRAM HONDURAS	PROJECT TITLE TECHNICAL SUPPORT	PROJECT NUMBER 522-0000.3	APPROPRIATION		AS APPROVED FY CONT	REVISION FY N/A	DATE PP/REVISION N/A
			EH	CONT			
ONGOING PROJECT							
BUDGET DATA -							
TABLE IV							

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977-1/				ESTIMATED FY 1978				ESTIMATED FY 1979			
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	4/ PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	4/ PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	4/ PERIOD (FR-TO)
PROJECT TOTAL	50	150	20		50	55	15		40	40	15	
1. Development Management Project Development and Miscellaneous	-	120	-		-	-	-		-	-	-	
2. Short-term T.A., Data gathering, Evaluations	35	15	20		35	40	15	Various	25	30	10	Various
3. Training (e.g. National Development Plan)	15	15	-		15	15	-	Various	15	10	5	Various
HOST COUNTRY INPUT	4				4				4			

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 6 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			
	FY 1977	FY 1978	FY 1979	FY 1979
9/30/77				
9/30/78				
9/30/79				
DH				
FASA				
CONTRACT				

COUNTRY/PROGRAM HONDURAS	PROJECT TITLE TECHNICAL SUPPORT	INITIAL OBLIGATION FY CONT	AS APPROVED FY CONT	REVISION FY N/A	DATE FR/REVISION N/A
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 522-0000.4	FINAL OBLIGATION FY CONT	AS APPROVED FY CONT	REVISION FY N/A	DATE LAST PAR N/A
	APPROPRIATION ST	TOTAL COST	AS APPROVED CONT	REVISION N/A	DATE NEXT PAR N/A

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977				ESTIMATED FY 1978				ESTIMATED FY 1979		
	OBLIGATION	EXPEN-DITURES	PIPE-LINE	4/	OBLIGATION	EXPEN-DITURES	PIPE-LINE	4/			
PROJECT TOTAL	65	82	7		60	55	9		115	90	25
1. Rural Electrification Project Development	12	12	-		-	-	-		-	-	-
2. Rural Trails Project Development	10	10	-		-	-	-		-	-	-
3. National Housing Policy Planning TA	19	19	-		10	10	-	Various	-	-	-
4. Training/Other costs	7	4	3		15	15	-	Various	15	15	-
5. Short term TA, Evaluation, Data Collection, and Urban Sector Assessment.	17	37	4		35	30	9	Various	100	75	25
HOST COUNTRY INPUT	N/A				N/A				N/A		

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			1/	2/	3/	4/
	FY 1977	FY 1978	FY 1979				
NON-CONTRACT				SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II	EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS	LONG-TERM - INCLUDES 9 MONTHS OR MORE	For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.
LONG-TERM							
SHORT-TERM	1						
CONTRACT							
CONTRACT	1		1				

AID 1330-8 (2-77)

PROJECT TITLE: Special Development Activities, 522-0053

Progress to Date: From FY 1966 through FY 1977, some 540 small projects, primarily rural schools and village potable water systems, will have been supported by Special Development Activities (SDA) funds. A.I.D. contributes an average of approximately \$1,500 per project, usually for the purchase of construction materials. Community groups supply the skilled and unskilled labor necessary to complete construction. In attempting to use these funds for innovative purposes as well as meeting fundamental community needs, during the past year SDA financing has been used for small village electric systems, small housing projects, and construction of child feeding centers. Recently SDA projects have also been used to support construction of three rural foot trails and bridges on an experimental basis, in preparation for a new Rural Trails grant project to be initiated in FY 1978. Funds are approved on a priority basis for projects which provide direct assistance to and immediate beneficial impact for low income groups.

PROJECT TITLE: Agro-Industrial Export Development, 522-0120

Progress to Date: The first eight months of project implementation have been very productive. Under the institutionalization component, the long term advisor came on-board in September 1976 and training programs scheduled to begin in FY77 are in the final planning stages. An agribusiness seminar, presented by INCAE, (The Central American Graduate School of Business Administration), is scheduled for June 1977 for 35 people from government agencies participating in the project. One participant (financed with pre-project funds) will return in June from a special 1 year USDA course in agribusiness. Four more participants will be selected for a Masters Degree program in agribusiness beginning in September 1977.

Under the processed vegetables component, the tomato harvest (with 60 manzanas cultivated by newly participating small farmer groups) was excellent and, with the help of processing T.A., a sample shipment of tomato paste has been prepared for the U.S. market. A base-line study has been contracted to determine the effects of the project on small farmers during the first year. Proposals for developing and implementing a long-term marketing strategy for processed vegetables has been received and a contractor will be selected shortly. Candidates are also being reviewed to select a tomato specialist who will assist small farmer groups to expand tomato production during the next planting season.

Under the fresh produce component, experimental plantings for five crops - green beans, cucumbers, tomatos, summer squash and okra - are underway and will be expanded to include highland crops such as strawberries and asparagus. Feasibility studies have begun in three valleys to determine the best location(s) for a fresh produce packing plant.

PROJECT TITLE: Small Farmer Technologies, 522-0123

Progress to Date: The initial grant Project Agreement was signed in September, 1976. The Ministry of Natural Resources is currently negotiating contracts with three of the six technicians who will make up the Farm Planning Advisory Group. Three contracts already have been signed and the entire 12-man group should be working by June 1, 1977. A contract is also being negotiated with the Pan American Agricultural School to begin Research and Development activities and some of the training activities funded by the Project. This contract will be signed o/a June 1st. A loan of \$6.0 million which provides for a Capital Development Fund and additional training is expected to be signed within the next few months.

PROJECT TITLE: Nutrition, 522-0124

Progress to Date: The long-term contract advisor came on-board in October 1976. Since that time, the advisor and SAPLAN (the national nutrition coordinating and planning body in the National Planning Council) have concentrated on developing detailed implementation plans for the discrete components of the loan. The following loan-funded activities are expected to begin shortly: a) the expansion of soy production and its introduction into the rural diet, b) the expansion of production of sorghum, c) the construction of demonstration fish ponds and fingerling production centers, d) the initiation of community food projects, and e) the construction of latrines. The initiation of the construction of wells will be delayed by bidding procedures for materials, e.g. hand pumps and pipe, until November 1977.

Grant funded activities have been delayed in part due to the concentration on meeting conditions precedent for the loan components. However, the income, expenditure and consumption survey has been designed and interviewers are now being trained. Field work should begin in June. The pilot nutrition surveillance system is in the last stages of design and should begin operating in July. Most of the nutrition education activities are still in the preliminary design stage, however, the training of nutrition technicians should begin in the next few months.

PROJECT TITLE: Integrated Rural Health Services, 522-0130

Progress to Date: Final plans are expected to be approved in June, 1977 for the rehabilitation/modification of two paramedical training centers and for the construction of a third center. Construction work on all three centers is expected to begin in August with rehabilitation work targeted for completion by December, 1977 and the new center by March, 1977. Equipment for the three centers has been ordered. The GOH is proceeding to recruit and hire Auxiliary Nurses, Empirical Midwives and Community Health Workers to staff rural health facilities, the construction of which is proceeding under an IDB-supported project. The 1977 training of paramedical personnel has begun in various ad hoc sites pending the construction of the training centers. 230 Auxiliary Nurses, 233 Midwives and 131 Health Workers are now in training. Eight graduate nurse instructors have returned from 14 weeks of training in female health and family planning. 14 MOH executive personnel have observed their training at Harbor General Hospital. The future of the graduate nurse training component is uncertain at this time due to a decision to discontinue the centrally funded Harbor General Hospital program. An in-country training program is under consideration. This Project is scheduled for a through, joint GOH/AID evaluation in July, 1977.

PROJECT TITLE: Water Resources Management, 522-0134

Progress to Date: A contract for technical and consulting services and academic and short term training with the Consortium for International Development (consisting of six western U.S. universities) was signed in mid-May, 1976. Twelve of fifteen participants have been selected and will begin on June 1st a specially tailored 15 month academic program at Utah State University. The training program will encompass a wide range of water and land-related water resource problems and management subjects. Upon completion of the training, the participants will be capable of filling middle and senior level jobs as managers and coordinators of water resource use. Project vehicles have been ordered. A Hydrological Resource Unit has been established in the Ministry of Natural Resources to coordinate the use of water by various government programs and projects. A draft national Water Law has been prepared. Contracted technical assistance and water resource studies will begin in June, 1976. By November, 1976, priority areas for more intensive study will have been identified and selected.

PROJECT NARRATIVE STATEMENT

CORE SERVICES, 522-0118

The PROP for this Project along with subsequent amendments were approved for funding from FY 1974 through FY 1977 for a total of \$1.8 million. Some elements later were deleted, reducing obligations through FY 1977 to less than \$1.6 million. At this time, the Mission proposes a one-year extension through FY 1978 and an additional \$140,000 in grant funds to bring the life-of-project cost to an estimated total of \$1.74 million.

The original PROP was approved in FY 1974 as a companion to the Agriculture Sector Loan (025) with the stated purpose of strengthening the four core GOH institutions in the agriculture sector. The proposed extension is directed at the continuing this process of institutional strengthening during a critical period as the GOH, with A.I.D. assistance, accelerates improvements in its planning and analytical capacity and in structural organization within the sector.

A.I.D. project inputs thus far have been concentrated on assistance to the Ministry of Natural Resources (MNR) and the National Development Bank, with a considerably lower level of assistance to the National Agrarian Institute (INA), and the National Planning Council. The Mission expects to direct the FY 1978 funds requested to the same institutions, roughly in the same relative proportions with special concentration on the MNR.

The Government has recognized the imperative, in part as a result of the Tripartite Commission meetings in March, to increase the capacity and effectiveness of agriculture sector institutions. The joint analytical process over the next 18 months will identify many needs. Some needs are already being identified by the GOH and it will want to accelerate the process by making at least incremental changes as soon as it is feasible. Core Services funds will be employed, consistent with its approved purpose, to assist the GOH at key points to keep their momentum until the greater resources of the Agriculture Sector II Program come on stream.

The primary target of FY 1978 project financing will be the Ministry of Natural Resources which with its modest, but relatively better, analytical capability has taken the lead in beginning to identify some institutional weaknesses and areas for study. Core Services funds will support studies of the organization, including its centralized and regionalized functions and operations, including the provision of technical assistance and training as appropriate. Funds will be provided, for instance, to the MNR to help develop plans

based on one key decision already taken, to provide planning, budgeting and coordination capacity and authority to its regional offices. This is regarded as a key step to changing organizational arrangements within the sector so that its institution can be more responsive

to their clients. Support for the implementation of the decision, firstly the development of an execution plan, will be provided and will include technical assistance. Occasional short-term technical assistance and training may also be provided to the BNF as part of continuing efforts to introduce improvements in its analytical and planning capacity, the organization, and the functioning of that institution. Assistance to the BNF is foreseen in areas such as credit policy and operations.

INA seems to have emerged, albeit in a weakened state, from a period of confusion and turmoil, and the Mission would consider providing modest short-term technical and training assistance to the Institute to improve its planning and its ability to work with other institutions, such as the BNF, in identifying the needs and ways to meet the needs of its client reform settlements.

In sum, A.I.D. funds under the extension of this Project will be used in coordination with other available resources to strengthen these core institutions in areas vital to achievement of the objectives of A.I.D.-supported sector programs. The resources requested in FY 1978 for this area are tentatively planned for use in the following manner:

Short-term technical assistance, est. 18 W/M	- \$105
Short-term training	- 25
Commodities	- 0
Other Costs - e.g. Invitational Travel, local training support cost	- 10
TOTAL	<u>\$140</u>

PROJECT NARRATIVE AND PROGRESS STATEMENT

Rural Education, 522-0119

As discussed in Tegucigalpa 0524, the Mission has decided not to go ahead with either the grant or the loan component in FY 1977. In fact, we are only including the grant obligation in FY 1978 and FY 1979 in this year's ABS summary tables.

The Rural Education Project would be utilized to bring efforts begun under the Rural Reconstruction II - Pilot Schools Loan and the Non-Formal Rural Education Project to full flower in the North Coast region. This could include the development of curriculum supplements in subjects such as health and nutrition and the provision of related audio-visual materials.

Project design work could be completed in the first half of FY 1978 and a Project Agreement signed in the third quarter.

The following is a tentative budget for FY 1979:

	<u>FY 79</u> <u>(\$000)</u>
T.A. in educational research, evaluation and delivery systems and primary school curriculum and materials.	200
Commodities, e.g. audio-visual equipment and other costs.	<u>100</u>
TOTAL	300

PROJECT NARRATIVE AND PROGRESS STATEMENT

Development Management, 522-0121

A.I.D. is financing contracted technical consultants to assist the GOH in an analysis of public sector management problems and training programs and to help establish priorities for action to combat the problems. A U.S. consulting firm is in country and is working with a team of GOH officials on the analysis. Using findings of the study, the joint team will recommend a plan for improving public sector management training and the possible creation of a consulting capacity within the Government. This plan will then form the basis for a project to be reviewed by the Government of Honduras in July and for submission to AID/W in August. If approved, the initial grant Project Agreement would be signed in September and project operations would begin in early FY78.

The FY 1979 budget request of \$300,000 tentatively is expected to finance 30 months of US and 3rd country participant training and approximately 48 months of short and long term consultant services. Reference is made to the Project Review Paper approved for this Project. While it remains generally valid in terms of budget detail, the Mission, at this point, expects the emphasis of the finally designed Project to shift to the training component.

PROJECT NARRATIVE STATEMENT

Pespire Valley Integrated Development - OPG - 522-0128

The FY 1978 budget for this project has been increased by \$10,000 to a new total of \$66,000 to provide for an increase to the OPG's revolving credit fund (called production incentives in the OPG proposal). The fund is needed to finance one year's working capital for a mango jelly plant which will process locally available mangoes and provide employment opportunities for village women. The plant will not have access to commercial credit.

A preliminary feasibility study shows that the plant will suffer a cash flow problem due to the concentration of production activity during a three - four month period and the dispersion of marketing activity over a twelve month period. The amount of money currently available in this category - \$2,000 - will not be sufficient to cover production costs for the coming year when production will be expanded to almost full capacity. The FY 1978 budget increase brings the total life of project costs to \$200,000.

PROJECT NARRATIVE STATEMENT

Integrated Rural Health Services, 522-0130

Due to revisions in training plans for paramedic personnel and to budgetary constraints, the Ministry of Health has had to reduce the number of training centers proposed in the PP to three centers instead of six. Partially offsetting the concomitant reduction in construction costs are projected cost increases for the construction/rehabilitation of the three remaining centers and the salary of the long term advisor. Life of project costs are reduced to a new total of \$1,404,000. Expected yearly obligations are detailed as follows:

<u>FY</u>	<u>PP Obligations</u> (<u>\$000</u>)	<u>Replanned</u> <u>Obligations</u> (<u>\$000</u>)
1976	120	120
TQ	30	30
1977	240	240
1978	344	290
1979	350	360
1980	<u>350</u>	<u>364</u>
	1,434	1,404

Despite these changes, the somewhat larger configuration of the first center for training paramedics and modification of plans for training community health workers and empirical midwives will permit the training of the original planned number of auxiliary nurses and slightly larger numbers of community health workers and empirical midwives. An evaluation scheduled for July 1977 will review other potential changes in funding levels stemming from modifications of paramedic training (shorter training periods, more personnel) and possible requirements for additional TA and training.

PROJECT NARRATIVE AND PROGRESS STATEMENT

Rural Trails, 522-0137

This project is currently in the design stage. Three small pilot projects have actually been completed using financing from Special Development Activity funds. Feasibility work has been started with the selection of a model trail and studies conducted to determine actual construction costs, transportation costs and projected savings to users, and other benefits which would accrue to isolated village dwellers as a result of improved communications and transportation. The Project Paper tentatively is scheduled to be submitted in September 1977. If approved, project implementation should begin in the first quarter of FY 1978.

The budget request for FY 1979 is \$266,000 to be disbursed over two years to fund approximately 124,000 work/days of unskilled labor, tools and materials for approximately 178 km of trails. These figures necessarily are subject to change as the Mission completes project development analytical work.

PROJECT NARRATIVE STATEMENT

Rural Electrification, 522-0138

The Mission has requested authorization of the Rural Electrification Loan in FY 1977 rather than in FY 1978 as presented in the FY 1978 Congressional Presentation. The request was made because of the great interest in the project on the part of the GOH and the fact that project development proceeded ahead of schedule.

Encouraged by the GOH which feels that electrification is very important to the success of the overall Aguán Valley development program, the National Electrical Energy Company (ENEE) has been studying the prospects for a rural electrification project in this area for several years. Thus, ENEE was able to present a time-phased plan for all project activities to USAID/H in mid 1976. Only a few additional feasibility studies were required to complete project development. The DAEC approved the Project in March, 1977. Authorization is pending final AID/W action.

PROJECT NARRATIVE AND PROGRESS STATEMENT

Agricultural Research, 522-0139

The Project Paper is scheduled tentatively for submission in August 1977. The submission date is subject to change depending on the time required to field the contracted technical services necessary to complete project development work with the GOH.

Preliminary estimates of obligations in FY 1979 by input: \$000

1. Technical Assistance to Research Service (1 yr. contract extension, 4-5 w/y of services)	270
2. Lt Training to upgrade professional staff of the SIA (15 w/y)	210
3. Laboratory library operations-services and/ or commodities.	220
4. Improved communications Research/Extension/ Farmer	<u>50</u>
	\$ 750

Project Narrative and Progress Statement

Small Farmer Organizations, 522-0140

The Project Paper for this activity will be submitted in October, 1977. Therefore, the budget figures for FY79, provided below, must be considered provisional. The bases for the FY79 Budget request are: the expected start-up of 4 additional Regional Service Centers and operational subsidies for these, and the previously established centers; and, the continued technical assistance to these Centers during the fiscal year as well as training of the Centers' staff and the campesino para-technicians. The following inputs are proposed together with the estimated amount of funds necessary:

1. <u>Regional Service Centers</u>	\$ <u>280,000</u>
Start-up costs for 4 centers and partial operating costs for all centers.	
2. <u>Technical Assistance to Centers</u>	\$ <u>150,000</u>
36 WM in farm management, credit, and production.	
3. <u>Training</u>	\$ <u>120,000</u>
Staff of regional centers and para-technical personnel.	
 TOTAL FY79	 \$ <u>550,000</u>

PROJECT NARRATIVE STATEMENT

Hermandad, 522-0147 (OPG)

In early FY 1977, the Mission received a proposal for the construction of a small, rural leadership center in San Marcos de Ocotepeque (located in Western Honduras, one of the poorest areas of the country). As a result of the Mission's review, it was suggested that the PVO (Hermandad) reduce the size of the proposed training facility until experience could demonstrate the effectiveness of the PVO's approach to community non-formal education and demonstrate that there was indeed local demand for a larger facility.

A revised proposal has been received recently and on that basis we expect to obligate \$15,000 in the 4th quarter of FY 1977 for the construction of and partial operating costs for the training center. If experience after a period of one year shows that the building should be enlarged, USAID expects to increase the OPG by an additional \$15,000 in FY 1979 for additions to the training center.

TABLE V - FY 1979 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGE/PROGRAM ACTIVITY/SUPPORT ITEM	DECISION UNIT	REVISED BY		CONSOLIDATED BY		
			RESOURCE REQUIREMENTS				
			CUMULATIVE INVESTING EXPENSES \$/S (000)		WORK FORCE (OR OTHER) INCREMENT CUMULATIVE		PROGRAM FUNDING (000)
			US	FN	US	FN	
	Decision Package - Minimum:						
	Work Force and Operating Expenses (Assuming no FY 1979 obligations)		508	30	30	30	
1.	0123 Small Farmer Technologies (GO)	FN		-	-	197	
2.	0139 Agricultural Research (GO)	FN		-	-	947	
3.	0120 Agro-Industrial Export Development (GO)	SDA		-	-	1,427	
4.	0124 Nutrition (GO)	FN		-	-	1,577	
5.	0137 Rural Trails (GO)	SDA		-	-	1,843	
6.	0130 Integrated Rural Health Services	H&P		-	-	2,203	
7.	PL-480 Title I	-		-	-	3,903	
8.	0140 Small Farmer Organizations (GO)	FN		-	-	4,453	
9.	0121 Development Management (GO)	EHR		-	-	4,653	
10.	0119 Rural Education (GO)	EHR		-	-	4,953	
11.	0128 Pespire Valley Integrated Development-OPG (GO)	SDA		-	-	5,009	
12.	PL-480 Title II	-		-	-	9,280	
13.	0150 Agriculture Sector II (L&GN)- Planning, Analysis, Education, Marketing and Delivery Systems.	FN		-	-	19,280	
14.	0073 Special Development Activities (GO)	SDA		-	-	19,330	
15.	Work Force Increment Program Office	-		-	-	19,330	
16.	Work Force Increment Capital Resources Development Office	-		1	31	-	
17.	Work Force Increment Food and Agricultural Office	-		1	32	19,330	
18.	Work Force Increment Human Resources Development Office	-		1	33	19,330	
	1/ Increase for local and international travel and communications.	-	515 ^{1/}	1	2	34	

TABLE V - FY 1979 PROPOSED PROGRAM RANKING

RANK	DECISION UNIT	REVISOR	CONSOLIDATED BY	DECISION PACKAGE/PROGRAM ACTIVITY/SUPPORT ITEM		CUMULATIVE MISSION OPERATING EXPENSES (000)		RESOURCE REQUIREMENTS (000)		PROGRAM FUNDING (000)				
				DESCRIPTION	ACCT	INCR	FN	US	FN	US	INCR	FN	US	
														INCR
19.				Decision Package - Current:										
				0150 Agriculture Sector II - Delivery Systems and Marketing (L)	FN	-	516 ^{2/}	34	33	5,000	24,330			
20.				Work Force Increment Food and Agricultural Office	-	1		35	33	-	24,330			
21.				Decision Package - Current - Expansion:										
				0148 Health Sector Planning (GN)	H	-		35	33	475	24,805			
22.				0147 Hermandad - Non-Formal Community Education	EH	-		35	33	15	24,820			
23.				0149 La Fragua Ag. Diversification and Housing (GO)	FN	-		35	33	160	24,980			
24.				To be selected - OPGs (GO)	FN	-		35	33	340	25,320			
25.				To be selected - OPG (GO)	H	-		35	33	175	25,495			
26.				Work Force Increment Human Resources Development Office	-	2	517 ^{2/}	37	33	-	25,495			
27.				Decision Package - Proposed										
				0150 Agriculture Sector II (L) - Little People Infrastructure	FN	-		37	33	8,000	33,495			
28.				To be selected - OPG (GN)	SDA	-		37	33	75	33,570			
29.				Work Force Increment Engineering Development Office	-	1	518 ^{2/}	37	34	-	33,570			
				^{2/} Increase for local travel.										

PL-480 Title I: Narrative

The Mission submitted its request for a FY 1978-81 Core Program, which included loan forgiveness provisions, in February 1977. This document is still relevant and illustrates the direct linkages between Title I and the Mission's development strategy in Honduras. Title I resources and the loan forgiveness incentive will be utilized to encourage the GOH to adopt policies and take on new initiatives to improve the performance of small farm agriculture and to obtain important nutrition objectives. In FY 1979 the Mission expects to sign an agreement for at least 15,000 metric tons of wheat with an estimated value of \$1.7 million. There is a possibility that other commodities may be requested for the FY 1979 Agreement depending on further GOH and USAID analyses and negotiation. For further discussion of the Mission strategy to integrate PL-480 resources into country development planning, refer to the section of this ABS relating to PL-480 Title II.

Country/Program HONDURAS

PL-480 Title I Agreements and Shipments

Commodity	FY 1977 Estimate			FY 1978 Request		
	Agreements (MT)	Shipments (MT)	Carryover to FY '78 (MT)	Agreements (\$) (MT)	Shipments (\$) (MT)	Carryover to FY '79
Wheat	15,000	15,000	- 0 -	1.7 15,000	1.7 15,000	- 0 -
	FY 1979 Request					
Commodity	Agreements (\$) (MT)	Shipments (\$) (MT)	Carryover to FY 1980 (MT)			
Wheat	1.7 15,000	1.7 15,000	- 0 -			

P.L. 480 TITLE II IN HONDURAS

I. THE PREVIEW AND PERSPECTIVE

Honduras is a poor country. Malnutrition affects perhaps 75% of children under 5 years of age. Governmental resources for feeding programs are limited. The Government of Honduras cannot afford to finance all the nutritional interventions which might be desirable - although it could perhaps afford to do more.

There are no Honduran national goals for feeding programs, no systematic basis for setting priorities, no analytical process for identifying goals, or priorities, or, examination of cost/benefits of varying programs in either political, economic, social or nutritional terms.

Objectives are pretty much projectized according to purposes and practices of the specific operational agencies. There is, however, no attempt to establish what the nation's supplementary feeding needs are, nor any comprehension of the extent the needs are being met -- or should be met -- nor any plan as to how to deal with the national need over any time span, nor any real assessment as to whether or to what extent, for example P.L. 480 Title II commodities are having a beneficial effect on the nutritional status of the entire population, or, even that portion of the population currently being aided.

National and foreign feeding programs follow pretty much their own separate courses and inclinations although there are efforts to relate some foreign programs with certain ongoing and proposed national efforts in specific instances.

P.L. 480 Title II commodities in this, or for that matter virtually every country of the world where there are P.L. 480 Title II programs, have been regarded as commodities to be used for specific projects -- rather than to be employed to serve broad goals and national purposes. Specific distributor organizations, e.g., VolAgs, in contrast do have specific institutional purposes and project objectives, and in some cases institutional national development goals, which may, or may not, be significant in terms of national goals of the countries.

In Honduras perhaps 15% of the population benefits from feeding programs or food subsidies, i.e., 20% of a potential nutritional target group. Perhaps 10% of the population, i.e., 13.3% of a potential target group are recipients of Title II commodities. Probably 5% of the prime nutritional target group (pregnant women, infants and nursing mothers) receive Title II foods, and 33% of primary school age children (a second priority group) receive Title II foods.

II. MISSION STRATEGY

The GOH, with A.I.D. assistance, has recently taken the first steps to initiate an analytical process to better define its overall nutrition strategy and within that strategy, the role of feeding programs in general and Title II programs specifically. In September 1976, a Project Agreement was signed with the GOH for grant assistance to support the efforts of a newly created nutritional planning unit (SAPLAN) within the National Economic Planning Council (CONSUPLANE). SAPLAN has been charged with the formulation of an operational GOH nutrition strategy.

The formulation of a Honduran nutrition strategy cannot be done overnight - however, the process has begun. SAPLAN is currently beginning data collection through an income, expenditures and consumption survey and will initiate shortly a pilot nutritional surveillance system. It is hoped that these activities will provide a disaggregated and detailed description of malnutrition in Honduras so that future interventions can be tailored to fit specific needs.

In addition to data collection, SAPLAN will be involved in the evaluation of current and proposed nutrition interventions, including feeding programs.

To focus attention on supplemental feeding programs in Honduras, the Mission is currently financing an evaluation of the impact of the activities being carried out by CRS and CARE and a review of overall supplemental feeding. The evaluation will develop baseline information, provide a frank appraisal of feeding activities and make recommendations for future P.L. 480 Title II programming.

The Mission's strategy in analysis of Title II feeding programs will be complemented with a collaborative effort to find the common bond of purposes and coincidence of objectives with the two VolAgs, CARE and CRS, which handle the bulk of Title II commodities. To this end, the establishment of a working group has been proposed by the Mission to develop a consensus, which if reached could have far-ranging consequences for mutually-supportive discussions with the Government of Honduras and for the character and content of USG-supported feeding programs.

III. FUTURE PROGRAMS AND PROJECTS

It would be premature to conclude on the level of assistance and nature of future P.L. 480 Title II supported programs and projects. This should be the outcome of existing programs and projects, the

results of the analytical process as they become available, the results of the collaborative process, and close cooperation in program development with the Government of Honduras. In addition, the USAID has a favorable disposition to use OPG moneys to supplement and help make more constructive and beneficial the employment of the P.L. 480 Title II resource in support of the Government's development plans, including national nutritional goals. Furthermore, the Mission would be favorably disposed to agree to the use of P.L. 480 Title I commodities as well as sales proceeds to encourage increased Government involvement in feeding programs.

While program and project design should be carefully elaborated, pragmatism will also guide us in considering:

- What proportion of nutritional requirements of the country should be met through feeding programs?
- What time frame should be anticipated for improving national agricultural productive capacity - perhaps a precondition to expanded nationally directed and supported feeding programs?
- How can programs proposed for initiation be used as inducements for the GOH to carry out appropriately-sized food programs, and, carry an appropriate load of any cooperative external agency efforts?
- How can P.L. 480 Title II resources be used to fit in with the national development goals of individual VolAgs.?

In light of the above, the VolAg. Title II commodity tables for FY 1979 - 1983 (see pages 59-78) represent the Mission's judgement of the best levels of assistance based on current priorities and information and are subject to change as the analytical process moves forward. It should be noted that the only difference between the VolAg. proposals and the tables as they appear is in the multi-year strategy of the School Feeding component of the CARE program. The difference is explained in section V, 1 below.

The following pages discuss separately each of the VolAgs. programs.

IV. P.L. 480 TITLE II MANAGEMENT - CRS/HONDURASA. PROGRAM IMPLEMENTATION - RECIPIENT CATEGORY

Catholic Relief Services distributed through Caritas, P.L. 480 Title II food under two program categories, i.e., Maternal Child Health and Food for Work. Each is discussed below.

1. Maternal Child Health

The Title II program for this category continues to be handled through about 724 food distribution centers which are sponsored by the Caritas Farmers Housewives Clubs. A description of the Housewives Clubs is provided in A.I.D. TO CIRC A-4 dated March 7, 1975.

During FY 1976, 25,000 pre-school age children and pregnant and nursing mothers received supplementary Title II food assistance. Approximately 600,000 pounds of P.L. 480 food valued at \$162,473 were distributed under this category. The program provides Title II Rolled Oats, CSM and Vegetable Oil. The mothers participate in the program by assisting in the preparation of Title II and local food-stuffs.

The Housewives Clubs, which are affiliated with the Diocesan Caritas offices, offer a variety of training programs with the objective of promoting as much participation as possible, of community members.

The training encompasses topics such as:

- Nutrition
- Women and Social Change
- Family Integration,
- Dignity of Women
- Responsible Paternity
- Organization and Objectives of the Housewives Clubs
- Health and Hygiene
- Home Improvements
- Justice, Liberty and Marriage
- Moral Formation of Children
- Child Care
- Manual Arts

Training is normally carried out by about 75 women promoters. These same women frequently visit the clubs to motivate the women to sponsor programs which include family gardens, domestic animal raising, home improvements and health.

Most of the activities carried out by the clubs are self-financed. Each club sponsors fundraising activities through bazaars, cake sales, dances, and others to support their community programs. While there are no records to determine the amount of funds that are collected from the clubs' various activities, it is estimated that during the past year about \$100,000 were raised.

The overall local contributions to the MCH program were as follows:

Inland Transportation (Title II Food)	\$ 6,228
Salaries (teachers, promoters, nurses)	45,187
Estimated value of volunteer labor	<u>348,625</u>
TOTAL	<u>\$ 400,040</u>

Although some strides have been made in integrating the MCH program in harmony with some of the GOH plans and Mission priorities, progress has been slow. The Mission will seek to focus attention on this matter by working closely with the National Planning Council (CONSUPLANE) and the VolAg.

2. Food for Work

Significant local community support has been an important ingredient in implementing the Food for Work program. During FY 1976 the program continued to be targeted on unemployed or underemployed persons in poor rural communities.

This category of programming has significant potential for increased activity, especially in terms of rural infrastructure development. However, because CRS/Caritas has not been successful in negotiating with the GOH a larger financial contribution for the P.L. 480 Title II inland transportation and warehousing costs, no increase in number of recipients has been possible to date.

In FY 1976, the following Food for Work projects were completed by CRS/Caritas. (See page 53)

The average number of workers involved in accomplishing these projects totaled 6,406. Under this category, 3,844,101 pounds of food valued at \$1,041,049, were distributed. The number of man/days worked totaled 768,720 with the value of the labor estimated at \$1,153,040. Other local contributions were as follows:

Inland Transportation	\$ 24,911
Salaries (promoters, warehusmen, other)	<u>45,000</u>
TOTAL	<u>\$ 69,911</u>

FFW PROJECTS COMPLETED DURING FY/1976

TYPE	No. of Projects	Area * Manzanas	UNITS	KMS
Sugar Cane	1	5		
Basic Grains	774	19,874		
Fruits & Veg.	516	777		
Community Wells	46		46	
Potable Water Storage	41		41	
Irrigation System	6		6	
Fish Ponds	15		15	
Health Centers	7		7	
Child Feeding Centers	26		26	
Community Centers	164		164	
Housing Projects	20		736	
Housing Repairs	62		1,127	
Environmental Sanitation	27		27	
Latrine Construc- tions	31		1,120	
School Constructions	68		68 (144 class- rooms)	
School Repairs	43		43	
Family Gardens	41		136	
Penetration Roads	59			255
Road Repairs	133			597
Street Repairs	45			84
Small Bridge Construction	14		14	
Domestic Animal Rais- ing	9		9	
Beekeeping	1		100	
Artesan Industry	16		16	
Carpentry Shops	3		450	
TOTALS	2,168	20,656	4,151	936

* 1 Manzana = 1.7 acres

B. CONTROLS - RECORDS

Generally, the records concerning the receipt, transportation, warehousing, inventories, and distribution of the P.L. 480 Title II commodities are adequate, although some deficiencies continue to exist. For example, according to the most recent CRS internal audit for the period July 1, 1975 to December 31, 1976 the following deficiencies were noted:

1. Shipping Master Ledger was not complete and accurate, e.g., the recorded marine losses and/or internal losses did not correspond with the losses in the survey reports and/or Caritas Outturn reports.
2. While individual shipments were properly reconciled, this information was not contained in the summary section of the shipping Master Ledger.

Although an improved record keeping system has been noted by the Mission over the past year, continued emphasis will have to be given in this area by CRS/Caritas.

C. STAFF

No significant changes have been noted in the CRS/Caritas staff responsible for the Title II Program, and the Program Assistant's position remains vacant.

D. FINANCING - P.L. 480 TITLE II

The GOH's Ministry of Public Health continues to provide Caritas with the financial support for inland transportation and warehousing of the P.L. 480 Title II foods. The amount of \$50,000 annually as reported in the FY 1978 ABS remains unchanged, and has made it very difficult for CRS/Caritas to consider any increase in Title II Programming.

E. AUDITS

A copy of the CRS/Honduras P.L. 480 Title II Report of Audit for the period July 1, 1975 - December 31, 1976, was submitted to the Mission in mid-February 1977.

The report indicated that the management of the Title II program was reasonably effective but could be strengthened by:

1. Timely reporting from the Caritas Offices.
2. Improving Surveillance.
3. Follow up procedures for processing internal losses/damages and claims.

The CRS/H Director has reported to the Mission that appropriate action has now been taken to follow up on the recommendations made in the report.

One recommendation which merits more follow up action by the Mission concerns the Food for Work Program. According to the Audit Report, "there is no system on the reporting of the accomplishments of the projects. Project files maintained by Caritas offices do not have records of quantities of food distributed and for what duration of time".

V. P.L. 480 TITLE II - CARE HONDURAS

A. BACKGROUND

During FY 1976 and FY 1977 the CARE P.L. 480 Title II Program continued its implementation process with a view towards giving continuing emphasis to the integration of Title II foods in conjunction with other CARE socio-economic development programs. The areas of activity and types of program in which CARE has carried out this process are outlined on p.p. 37-38-39 of the FY 1978 ABS.

The multi-year strategy presented in the FY 1978 ABS is essentially the same for FY 1979, with the exception of the School Feeding Program, and the commodity tables which have been updated through 1983. The issue of the School Feeding Program will be discussed in more detail below.

With respect to nutrition education as part of the overall strategy to combat malnutrition, CARE/Honduras, in collaboration with the Peace Corps have published a nutrition field manual.

The manual entitled: "¿Bien Nutrido o Desnutrido? Enseñar la Nutrición en el Campo" (Well Nourished or Malnourished? Teaching Nutrition in the Field), was written by two Peace Corps volunteers. The manual was based on three nutrition courses that were given to the Presidents of the Farmers Housewives Clubs (see item IV A 1 above). The manual is intended to encourage and promote nutrition education in the rural areas of Honduras. It is the first known manual of this nature that has been published in Honduras. It has been distributed to teachers, nutritionists, nurses, and health and nutrition promoters.

B. PROGRAM IMPLEMENTATION - RECIPIENT CATEGORY

1. School Feeding

Per STATE 277492 the Mission has approved for FY 1978 the number of recipients for the School Feeding Program at 150,000. However, CARE's proposal to the Mission for FY 1979 and 1980 is to increase the

number of beneficiaries to 180,000.

The USAID's posture concerning this category was manifested in the FY 1978 ABS (see page 44). The Mission has reconsidered the recipient levels presented in the FY 1978 as follows:

FY 1978	150,000
FY 1979	150,000
FY 1980	125,000
FY 1981	100,000
FY 1982	75,000
FY 1983	50,000

The schedule outlined is tentative and will be reviewed in light of the current evaluation. Also, as the analytical process continues, we will work with the VolAg and the GOH as it develops a policy which is consistent with their educational development and national nutritional objectives, including increased employment of national resources in programs such as School Feeding.

2. Maternal Child Health

The expansion in number of recipients under this category has been slow in being carried out as planned in CARE's multi-year program.

One important element of this program is the nutrition education and family planning guidance that is to be given to mothers at the rural health centers where Title II food distributions are carried out.

3. Other Child Feeding

Title II assistance under this category is small and reaches children from one to five years of age. Food distribution is carried out through day care centers, orphanages and child feeding centers in the rural areas.

4. Food for Work

See following table (page 57) of Food for Work projects completed under this category.

CARE - HONDURASFOOD-FOR-WORK ACCOMPLISHMENTSFY 1976

INDICATORS	FY 1976 TOTALS
No. of Families	42,091
Man-Days	252,546
Value of Work	Lps. 757,638

BREAKDOWN OF COMPLETED PROJECTS

1. Housing Construction	425 houses
2. School Construction	25 classrooms
3. Road Construction	325 Kms.
4. Aqueducts Installation	10 rural aqueducts
5. Bridge Construction	5 wooden bridges
6. Warehouse Construction	4 warehouses
7. Water Pump Installation	10 water pumps
8. Road Improvement	155 Kms.
9. Latrine Construction and Installation	219 Latrines
10. Construction of Child-Feeding Centers	4 feeding centers
11. Construction of Storage Tanks	3 tanks
12. Construction of Fish Ponds	2 fish ponds
13. Gardens	125 "Manzanas"
14. Drainages	1 project
15. Street Improvement	15 Kms.
16. Various Crops	75 "Manzanas"

VI. MANAGEMENT - TITLE II PROGRAM - CARE

A. STAFF

A CARE staff of six international and twenty-nine national staff members are working on P.L. 480 projects. The CARE offices are located in Tegucigalpa, San Pedro Sula and Puerto Cortes.

B. COMMODITY ACCOUNTABILITY AND CONTROL

1. Port Handling Procedures

Prior to shipment of P.L. 480 Title II foods from the U.S., CARE receives shipping advices from their New York Office. Bills of lading and other documents are forwarded to CARE's port office for customs clearing and processing.

All Title II commodities arrive at Puerto Cortes. A resident CARE employee clears, receives, and dispatches the food to the CARE main warehouse in San Pedro Sula.

As soon as the independent survey and outturn reports are completed, copies are sent to the CARE headquarters in New York.

A receipting system is used for the commodity transportation from Puerto Cortes to San Pedro Sula and to Tegucigalpa. These receipts include information such as quantities and destination, date dispatched, and the railway or truck waybill number. All information is forwarded to the CARE - Tegucigalpa office.

2. Warehousing and Inventory Control Process

Warehousing procedures are closely supervised by CARE at the port, San Pedro Sula, and Tegucigalpa. Adequate warehousing practices have been established. Each warehouse maintains inventory records on a first-in-first-out basis. Before commodities are released from the warehouse a delivery order is prepared by a CARE representative. Physical inventories are taken monthly and reconciled. CARE provides inventory summaries to the USAID.

3. Food Distribution

The Tegucigalpa office maintains records for each distribution center. Food dispatches are made twice yearly to schools, and four times a year to other types of centers, and are done on the basis of a receipting system which require the name, address, and signature of the individual receiving the commodities. Each center is supposed to provide CARE with monthly receipt and distribution reports.

PL 480 TITLE II COMMODITY TABLES

FY 1979

I. Country: HONDURAS

Sponsor's Name: CRS

A. Maternal and Child Health

Total Recipients: 30,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
30,000	Rolled Oats	164	53
30,000	C. S. M.	164	93
30,000	Soybean Oil	164	276
30,000	N.F.D.Milk	<u>328</u>	<u>486</u>

Total MCH: 820 908

B. School Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total School Feeding:

C. Other Child Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total Other Child Feeding:

TABLE 1 (cont.)

D. Food for Work		Total Recipients: 25,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
25,000	C. S. M.	681	386
25,000	Bulgur	681	114
25,000	Soybean Oil	<u>10</u>	<u>70</u>
Total of Food for Work:		<u>1,372</u>	<u>570</u>

FY 1980

I. Country: HONDURAS

Sponsor's Name: CRS

A. Maternal and Child Health

Total Recipients: 30,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
30,000	Rolled Oats	164	54
30,000	C. S. M.	164	95
30,000	Soybean Oil	164	283
30,000	N.F.D.Milk	<u>328</u>	<u>498</u>

Total MCH:		<u>820</u>	<u>930</u>
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B. School Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total School Feeding:

C. Other Child Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total Other Child Feeding:

TABLE 2 (cont.)

D. Food for Work		Total Recipients: 25,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
25,000	C. S. M.	681	396
25,000	Bulgur	681	117
25,000	Soybean Oil	<u>10</u>	<u>72</u>
Total of Food for Work:		<u>1,372</u>	<u>585</u>

FY 1981

I. Country: HONDURAS

Sponsor's Name: CRS

A. Maternal and Child Health

Total Recipients: 30,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
30,000	Rolled Oats	164	55
30,000	C. S. M.	164	97
30,000	Soybean Oil	164	290
30,000	N.F.D.Milk	<u>328</u>	<u>510</u>

Total MCH:

820 952

B. School Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total School Feeding:

C. Other Child Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total Other Child Feeding:

TABLE 3 (cont.)

D. Food for Work		Total Recipients: 25,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
25,000	C. S. M.	681	406
25,000	Bulgur	681	120
25,000	Soybean Oil	<u>10</u>	<u>74</u>
Total of Food for Work:		<u>1,372</u>	<u>600</u>

FY 1982

I. Country: HONDURAS

Sponsor's Name: CRS

A. Maternal and Child Health

Total Recipients: 30,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
30,000	Rolled Oats	164	56
30,000	C. S. M.	164	99
30,000	Soybean Oil	164	297
30,000	N.F.D.Milk	<u>328</u>	<u>523</u>

Total MCH:

820

975

B. School Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total School Feeding:

C. Other Child Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total Other Child Feeding:

TABLE 4 (cont.)

D. Food for Work		Total Recipients: 25,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
25,000	C. S. M.	681	416
25,000	Bulgur	681	123
25,000	Soybean Oil	<u>10</u>	<u>76</u>
Total of Food for Work:		<u>1,372</u>	<u>615</u>

FY 1983

I. Country: HONDURAS

Sponsor's Name: CRS

A. Maternal and Child Health

Total Recipients: 30,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
30,000	Rolled Oats	164	57
30,000	C. S. M.	164	101
30,000	Soybean Oil	164	304
30,000	N.F.D.Milk	<u>328</u>	<u>536</u>

Total MCH:

820 998

B. School Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total School Feeding:

C. Other Child Feeding

Total Recipients:
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
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Total Other Child Feeding:

TABLE 5 (cont.)

D. Food for Work		Total Recipients: 25,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
25,000	C. S. M.	681	426
25,000	Bulgur	681	126
25,000	Soybean Oil	<u>10</u>	<u>78</u>
Total of Food for Work:		<u>1,372</u>	<u>630</u>

PL 480 TITLE II COMMODITY TABLES

FY 1979

I. Country: HONDURAS Sponsor's Name: CARE, INC.

A. Maternal and Child Health Total Recipients: 100,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands) <u>Dollars</u>
100,000	W. S. B.	816.5	223
100,000	Bulgur	381	64
100,000	Flour	381	70
100,000	Veg. Oil	544	381
100,000	C. S. M.	272	155
100,000	N.F.D.M.	816.5	1,208
Total MCH:		<u>3,211</u>	<u>2,101</u>

B. School Feeding Total Recipients: 150,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	(Thousands) <u>Dollars</u>
150,000	W. S. B.	1,360	376
150,000	C. S. M.	273	155
Total School Feeding:		<u>1,633</u>	<u>531</u>

C. Other Child Feeding Total Recipients: 4,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4,000	W. S. B.	65	17
4,000	Bulgur	37	6
4,000	Flour	22	3
4,000	Veg. Oil	22	15
4,000	C. S. M.	11	6
4,000	N.F.D.M.	33	48
Total Other Child Feeding:		<u>190</u>	<u>95</u>

TABLE 1 (cont.)

D. Food for Work		Total Recipients: 4,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4,000	W. S. B.	109	30
4,000	Bulgur	109	18
4,000	Flour	44	8
4,000	Veg. Oil	15	10
Total of Food for Work:		<u>277</u>	<u>66</u>

FY 1980

I. Country: HONDURAS

Sponsor's Name: CARE, INC.

A. Maternal and Child Health

Total Recipients: 100,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
100,000	Bulgur	381	228
100,000	W. S. B.	816.5	66
100,000	Flour	381	72
100,000	Veg. Oil	544	390
100,000	C. S. M.	272	159
100,000	N.F.D.M.	816.5	1,238
Total MCH:		<u>3,211</u>	<u>2,153</u>

B. School Feeding

Total Recipients: 125,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
125,000	W. S. B.	1,134	385
125,000	C. S. M.	228	159
Total School Feeding:		<u>1,362</u>	<u>544</u>

C. Other Child Feeding

Total Recipients: 4,500
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4,500	W. S. B.	73	17
4,500	Bulgur	42	6
4,500	Flour	24	3
4,500	Veg. Oil	24	15
4,500	C. S. M.	12	6
4,500	N.F.D.M.	37	49
Total Other Child Feeding:		<u>212</u>	<u>96</u>

TABLE 2 (cont.)

D. Food for Work		Total Recipients: 4,500 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4,500	W. S. B.	122	31
4,500	Bulgur	122	18
4,500	Flour	49	8
4,500	Veg. Oil	<u>17</u>	<u>10</u>
Total of Food for Work:		<u>310</u>	<u>67</u>

FY 1981

I. Country: HONDURAS

Sponsor's Name: CARE, INC.

A. Maternal and Child Health

Total Recipients: 120,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
120,000	Bulgur	457	234
120,000	W. S. B.	980	68
120,000	Flour	457	74
120,000	Veg. Oil	653	400
120,000	C. S. M.	327	163
120,000	N.F.D.M.	980	<u>1,269</u>

Total MCH: 3,854 2,208

B. School Feeding

Total Recipients: 100,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
100,000	W. S. B.	907	395
100,000	C. S. M.	181	<u>163</u>

Total School Feeding: 1,088 558

C. Other Child Feeding

Total Recipients: 4,500
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4,500	W. S. B.	73	18
4,500	Bulgur	42	6
4,500	Flour	24	3
4,500	Veg. Oil	24	16
4,500	C. S. M.	12	6
4,500	N.F.D.M.	37	<u>50</u>

Total Other Child Feeding: 212 99

TABLE 3 (cont.)

D. Food for Work		Total Recipients: 5,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
5,000	W. S. B.	136	32
5,000	Bulgur	136	19
5,000	Flour	54	8
5,000	Veg. Oil	<u>19</u>	<u>11</u>
Total of Food for Work:		<u>345</u>	<u>70</u>

FY 1982

I. Country: HONDURAS

Sponsor's Name: CARE, INC.

A. Maternal and Child Health

Total Recipients: 140,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
140,000	W. S. B.	1,143	240
140,000	Bulgur	533	70
140,000	Flour	533	76
140,000	Veg. Oil	762	410
140,000	C. S. M.	381	167
140,000	N.F.D.M.	<u>1,143</u>	<u>1,301</u>

Total MCH: 4,495 2,264

B. School Feeding

Total Recipients: 75,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
75,000	W. S. B.	680	405
75,000	C. S. M.	<u>136</u>	<u>167</u>

Total School Feeding: 816 572

C. Other Child Feeding

Total Recipients: 4,500
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4,500	W. S. B.	73	18
4,500	Bulgur	42	6
4,500	Flour	24	3
4,500	Veg. Oil	24	16
4,500	C. S. M.	12	6
4,500	N.F. D.M.	<u>37</u>	<u>51</u>

Total Other Child Feeding: 212 100

TABLE 4 (cont.)

D. Food for Work		Total Recipients: 5,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
5,000	W. S. B.	136	33
5,000	Bulgur	136	19
5,000	Flour	54	8
5,000	Veg. Oil	<u>19</u>	<u>11</u>
Total of Food for Work:		<u>345</u>	<u>71</u>

FY 1983

I. Country: HONDURAS

Sponsor's Name: CARE, INC.

A. Maternal and Child Health Total Recipients: 160,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
160,000	W. S. B.	1,306	246
160,000	Bulgur	610	72
160,000	Flour	610	78
160,000	Veg. Oil	871	420
160,000	C. S. M.	435	171
160,000	N.F.D.M.	<u>1,306</u>	<u>1,333</u>
Total MCH:		<u>5,138</u>	<u>2,320</u>

B. School Feeding Total Recipients: 50,000
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
50,000	W. S. B.	453	415
50,000	C. S. M.	<u>90</u>	<u>171</u>
Total School Feeding:		<u>543</u>	<u>586</u>

C. Other Child Feeding Total Recipients: 4,500
(Thousands)

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
4,500	W. S. B.	73	18
4,500	Bulgur	42	7
4,500	Flour	24	4
4,500	Veg. Oil	24	16
4,500	C. S. M.	12	7
4,500	N.F.D.M.	<u>37</u>	<u>52</u>
Total Other Child Feeding:		<u>212</u>	<u>104</u>

TABLE 5 (cont.)

D. Food for Work		Total Recipients: 5,000 (Thousands)	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS</u>	<u>Dollars</u>
5,000	W. S. B.	136	34
5,000	Bulgur	136	20
5,000	Flour	54	9
5,000	Veg. Oil	<u>19</u>	<u>12</u>
Total of Food for Work:		<u>345</u>	<u>75</u>

Country/Program: HONDURAS

Technical Assistance to Cooperatives
(Obligation basis - \$000)

<u>Grants</u> ^{1/}	<u>FY1977</u>	<u>FY1978</u>	<u>FY1979</u>
Agro-Industrial Export Development: 522-0120	-	70	65
Small Farmer Technologies: 522-0123	14	4	-
Pespire Valley Integrated Development (OPG): 522-0128	52	52	52
Small Farmer Organizations: 522-0140	-	206	194
Agriculture Sector II	-	-	<u>2/</u>
<u>Loans</u> ^{1/}			
Small Farmer Technologies: 522-T-032	341	-	-
Agricultural Sector II: 522-0150	-	-	<u>2/</u>
	<u>407</u>	<u>332</u>	<u>311</u>

^{1/} Includes direct technical assistance to cooperatives and technical assistance to government or private agencies who work with, promote, or support cooperatives. Includes under grants, technical advisors, funding for participants, commodities and other costs, and under loans, only the cost of technical advisors and training.

^{2/} Agriculture Sector II will include assistance to cooperatives, but the precise amount is uncertain at this time.

Contraceptive Supply Tables - Introduction

Tables 1, 2 and 3 which follow have been prepared to reflect fully the needs of the Mission's bilateral family planning activities. Table 1 was developed by the Mission to be used in lieu of the format provided in the ABS guidance which proved to be unsuitable for planning and budgeting purposes. The data presented in Table I show expected increases in the use of bilaterally supplied contraceptives in the Ministry of Health's program for expanding services provided to the population, especially to the vast rural majority.

Honduras currently does not support a policy for achieving replacement growth rates. Existing GOH policy provides for making available family planning services in public facilities for those voluntarily seeking such services. While the Mission will assist GOH planners to develop a capacity to analyze demographic trends and incorporate demographic considerations into the planning process in terms of projected demand for public services, the prospects for a comprehensive population policy in the short run are almost nil. Until a population policy has been adopted by the GOH, the Mission continues to consider it inappropriate to invest bilateral programs with planning or designs that are not fully subscribed to by the GOH. It is also inappropriate to overload the distribution system with contraceptives which even the most optimistic projections would indicate are unrealistic. Recent experience with condoms has reconfirmed Mission views in this respect. In preparing its estimates, the Mission has made mildly optimistic assumptions about program expansion and has provided for adequate reserve supplies to cover interruptions in deliver.

The following notes are keyed to and explain the data contained in Table 1, Item I. -- projected number of active users in the MOH's integrated rural health program.

Item II. -- the MOH computerized client data system indicates that 71% of the active users in 1976 preferred oral contraception, while 27% accepted I.U.D.'s and 2% used other methods of contraception.

A. In projecting contraceptive needs for succeeding years the MOH has decided to decrease the use of pills and increase the use of IUD's by 5% per year as follows:

<u>CY</u>	<u>PILLS</u>	<u>IUD</u>	<u>OTHER</u>
78	70%	28%	2%
79	65%	33%	2%
80	60%	38%	2%

The Mission has assumed that oral acceptors will remain at 60% in 1981.

B. At the present time the experience of the MOH is that condoms are acceptable to very few Hondurans and are not yet a practicable modality in FP programs. Mission observation confirms this percep-

tion. Currently only about .5% of the active users prefer condoms.

The Honduran Family Planning Association (AHPF) is planning, with World Education, Inc. assistance, to mount an education program directed at increasing the use of condoms for family planning purposes. Until this campaign can be implemented and its effectiveness demonstrated, the Mission will continue to exercise proper caution to assure that the overall effort to expand the availability of family planning is not prejudiced by the intrusion of methods of contraception and redundant supplies of contraceptives, as occurred in 1976, which may be inherently objectionable to users and, therefore, counterproductive to program objectives. The Mission has assumed modest increases in condom users through 1981 based on the current rate of acceptance and the possible impact of the AHPF program on demand from MOH facilities.

Table I

HONDURAS Bilateral Contraceptive Supply Requirements
Orals and Condoms - All Figures in Thousands

	Calendar Year					
	1976	1977	1978	1979	1980	1981
Total Women in Fertile Ages (15 - 44)	648	671	694	719	744	770
I. Total Bilateral Users Ministry of Health Program	28	30	46	65	84	102
II. Bilateral Contraceptive Needs						
A. <u>Orals</u> - total expected use by year	258	273	419	549	655	796
I x (Y) x 13= cycles	(Y=.71)	(Y=.70)	(Y=.70)	(Y=.65)	(Y=.60)	(Y=.60)
B. <u>Condoms</u> = total expected use by year	14	15	32	65	101	153
I x (Y) x 100 = pieces	(Y=.005)	(Y=.005)	(Y=.007)	(Y=.01)	(Y=.012)	(Y=.015)

Table 2

AID Bilateral Logistic and Financial Analysis
of Orals

(000 of cycles)

A. AID Inventory Analysis	Calendar Year				
	1977	1978	1979	1980	1981
1. Beginning of year stock	611	338	275	328	398
2. Add: Requested deliveries	-0-	356	602	725	866
3. Less: Expected Use	273	419	549	655	796
4. End of Year Stock	338	275	328	398	468

To be completed by AID/Washington

B. Financial Analysis (FY 78)

1. CY 1979 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 78 (to be determined by AID/W)

C. Financial Analysis (FY 79)

1. CY 1980 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase (To be determined by AID/W)
3. Estimated total cost for FY 1979 (To be determined by AID/W)

Table 3

AID Bilateral Logistic and Financial Analysis of Condoms

(000 of pieces)

A. AID Inventory Analysis	Calendar Year				
	1977	1978	1979	1980	1981
1. Beginning of year stock	943	18	32	50	76
2. Add: Requested deliveries	-0-	46	83	127	167
3. Less: Expected Use	15	32	65	101	153
4. End of year stock	18*	32	50	76	90

To be completed by AID/Washington

D. Financial Analysis (FY 78)

1. CY 1978 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 78 (to be determined by AID/W)

C. Financial Analysis (FY 79)

1. CY 1979 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase (to be determined by AID/W)
3. Estimated total cost for FY 1979 (to be determined by AID/W)

*910 thousand pieces will be declared excess to the MOH Program and turned over to FPIA for distribution through private family planning organization sponsored programs. This is a one time transaction because FPIA has its own supply channels and will not need, nor be able to use any further supplies from the Mission.

Country Program: Honduras

EVALUATION SCHEDULE, GRANTS FY 78-79*

Project Title and Number	Last Evaluation Submission Date	Number of Last PAR	Date of Submission FY 78 and/or FY 79 Evaluation	Period Covered Next Evaluation	Remarks
522-0105 Agricultural Coops	12/76	76-4	4/78	10/76- EOP, 3/78	
522-0108 Non-Formal Rural Ed	N/A	N/A	10/77, 10/78	6/76- 9/77	
522-0119 Core Services	12/76	76-3	10/77, 1/79	12/76- 9/77	
522-0120 Agro-Industrial Export Development	N/A	N/A	7/78, 7/79	9/76- 6/77	
522-0123 Small Farmer Technologies	N/A	N/A	11/77, 11/78	9/76-10/77	
522-0124 Nutrition	N/A	N/A	9/78, 9/79	9/76- 8/77	
522-0128 Pespire Valley Int. Dev.	N/A	N/A	10/77, 10/78	9/76- 9/77	
522-0130 Integrated Rural Health Services	N/A	N/A	7/78, 7/79	5/76- 6/77	
522-0134 Water Resources Mgmt.	N/A	N/A	11/77, 11/78	6/76-10/77	
<u>Other Evaluations</u>					
PL-480 Title II	N/A	N/A	3/78, 3/79	N/A	Impact Evaluation
AIFLD	4/77	77-1	3/78, 3/79	3/77- 2/78	

*For projects with approved PPs only.

Country Program: Honduras

EVALUATION SCHEDULE, LOANS FY 78-79

Project Title and Number	Last Evaluation Submission Date	Number of Last Submission PAR	Date of Submission FY 78 and/or FY 79 Evaluation	Period Covered Next Evaluation	Remarks
522-W-022 Municipal Development Bank	1/77	N/A	10/77	1/77- 9/77	
522-W-023 Savings and Loan System	9/76	N/A	7/78	8/76- 6/77 <u>1/</u>	
522-T-024 National Cadaster	7/76	N/A	7/78	7/76- 6/77	
522-T-025 Agriculture Sector	12/76	N/A	12/77	12/76-11/77	
522-T-029 Nutrition	-	N/A	10/77	10/76- 9/77	
522-T-030 Ag. Credit and Access Roads	-	N/A	1/78	12/76-12/77	
522-V-031 Rural Primary Schools	-	N/A	1/78	12/76-12/77	
522-T-032 Small Farmer Technologies	-	N/A	11/77	-10/77	Loan not yet signed

Other Evaluations

PCGP (Productive Credit Guarantee Program)

1/77-12/77

PL-480 Title I

12/76^{2/} 12/77, 12/78 12/76-11/77

1/ Implementation Letter No. 1 states that Project Evaluations should be conducted in July (rather than in April as shown on the original PPT network) to correspond with annual credit evaluations of the various participating parties.

2/ Self-Help Report.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE	1. TRANSACTION CODE <input checked="" type="checkbox"/> A A = ADD <input type="checkbox"/> C C = CHANGE <input type="checkbox"/> D D = DELETE	PID 2. DOCUMENT CODE
--	--	---------------------------------------

3. COUNTRY/ENTITY HONDURAS	4. DOCUMENT REVISION NUMBER
--------------------------------------	------------------------------------

5. PROJECT NUMBER (7 DIGITS) <input type="checkbox"/> 522-0148	6. BUREAU/OFFICE A. SYMBOL LA B. CODE 05	7. PROJECT TITLE (MAXIMUM 40 CHARACTERS) <input type="checkbox"/> HEALTH SECTOR PLANNING
--	---	--

8. PROPOSED NEXT DOCUMENT A. <input type="checkbox"/> 2 = PRP B. DATE MM YY <input type="checkbox"/> 8 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 3 = PP	10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 =) <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:80%;">FUNDING SOURCE</th> <th style="width:20%;">AMOUNT</th> </tr> <tr> <td>A. AID APPROPRIATED</td> <td style="text-align: right;">475</td> </tr> <tr> <td>B. OTHER U.S. 1.</td> <td></td> </tr> <tr> <td> 2.</td> <td></td> </tr> <tr> <td>C. HOST COUNTRY</td> <td style="text-align: right;">160</td> </tr> <tr> <td>D. OTHER DONOR(S)</td> <td></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">635</td> </tr> </table>	FUNDING SOURCE	AMOUNT	A. AID APPROPRIATED	475	B. OTHER U.S. 1.		2.		C. HOST COUNTRY	160	D. OTHER DONOR(S)		TOTAL	635
FUNDING SOURCE	AMOUNT														
A. AID APPROPRIATED	475														
B. OTHER U.S. 1.															
2.															
C. HOST COUNTRY	160														
D. OTHER DONOR(S)															
TOTAL	635														

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY <input type="checkbox"/> 7 <input type="checkbox"/> 9 b. FINAL FY <input type="checkbox"/> 7 <input type="checkbox"/> 9	
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11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)							
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 79		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) H	580B	520		475		475	
(2)							
(3)							
(4)							
TOTAL				475		475	

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)
 530B

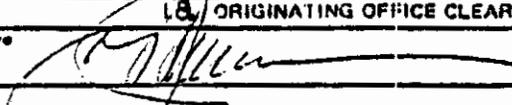
13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)	14. SECONDARY PURPOSE CODE
--	-----------------------------------

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 To improve the health status of the Honduran populace

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)
 To strengthen the analytical capacities in health planning and management of the Ministry of Health

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

1. Scope of Work Team, 5WM, \$30,000	TOTAL \$210,000
2. Baseline Studies and PP preparation, 24 WM, \$144,000	
3. Training, \$36,000	

18. ORIGINATING OFFICE CLEARANCE Signature:  Title: J. B. Robinson, Director USAID/H Date Signed: MM DD YY <input type="checkbox"/> 0 <input type="checkbox"/> 6 <input type="checkbox"/> 0 <input type="checkbox"/> 1 <input type="checkbox"/> 7 <input type="checkbox"/> 7	19. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
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HEALTH SECTOR PLANNING DEVELOPMENT PID

I. THE PROBLEM TO BE ADDRESSED

Even though the Government of Honduras has stressed increased health care service coverage of the rural population, health status indicators continue to lag behind those of other Latin American countries. With infant mortality rates hovering around 117/1000 live births, and an average life expectancy of only 52 years, the health status of the population is one of the lowest in the Western Hemisphere. The principal causes of death and morbidity continue to be environmentally related and preventable diseases.

In 1975, 48 percent of the deaths registered occurred in the under 15 age group. The five principal causes were:

- Enteritis and other diarrhea-related diseases
- Heart diseases
- Pneumonia
- Bronchitis and asthma
- Other diseases of the digestive tract.

The first five causes of morbidity among the general Honduran population exhibit many of the same characteristics:

- Intestinal infection
- Diarrheal diseases
- Influenza
- Amoebiasis
- Bronchitis

These problems are especially severe in the rural population which comprises about 70 percent of the total population. The Government of Honduras has begun to create a large physical infrastructure to address the health needs of the rural poor. This program of extension of coverage has been assisted by a \$14.0 million dollar loan from the IDB for construction and partial equipping of 243 out of a projected total of 500 rural health posts, supplementing the Ministry of Health's (MOH) current system - eight emergency health centers and two regional hospitals.

While a larger health infrastructure in rural areas may be a necessary condition for the extension of coverage of the Government's health delivery system, MOH officials are concerned that the expanded system may prove to be too burdensome for the available and projected human and financial resources. The MOH believes that additional

human and financial resources can not be obtained in the near term but has not been able to project the magnitude of these shortages nor identify the specific areas in which the shortages will occur. Obviously, it is difficult to weight alternative courses of action to minimize the expected shortages under these conditions.

It is likely that additional requirements will have to be met through improved allocation of existing resources, at least over the next three years. The health sector is already absorbing between 10-15 percent of the national budget.

II. PROPOSED RESPONSE

A. PROJECT PURPOSE

The project purpose is to strengthen the analytical capacities in health planning and management of the MOH. This increased capacity can improve decision making and resource allocation and allow a reasonably effective and efficient low-cost delivery of health services to those parts of the population which now receive few or no health services. The result should be an improvement in the health status of the Honduran population - the project's goal.

Obviously, the achievement of the project's goal will depend upon a much larger effort than that which could be mounted under a project of this size. This project simply lays the foundation for such an effort by providing the beginnings of a data and analytical base and a few, but key, trained people. The Mission has in mind the probability of following this project with a comprehensive health sector program as early as FY 1980. In this respect it should be noted that the Minister of Health strongly supports the development of an analytical process of this character which can, of course, be expected to spin off benefits in the interim.

It should also be noted that the achievement of the project's goal is dependent upon advances in the nutritional status of Hondurans. The Mission will seek to better define the linkages (e.g. nutrition and preventive health measures) between health and agricultural programs in Honduras.

B. PROJECT DESCRIPTION

The proposed project will have two components: technical assistance and training.

Over a two year period technical assistance will be sought from a

variety of sources such as the U.S. Public Health Service, University of Texas, the Johns Hopkins School of Hygiene and Public Health, and others. This technical assistance would include several long-term and short-term consultants.

The following services (outputs) would be rendered:

1. To prepare in collaboration with the Ministry of Health and CONSUPLANE a number of studies that would lay the analytical base for planning in the health sector. These studies will cover six major areas:

a. Patterns of Health Status

A variety of epidemiological studies to ascertain the patterns of mortality and morbidity within the different population and socioeconomic clusters in Honduras. The studies would result in a description of specific target groups, suggestions for appropriate health interventions and would provide a firm foundation for future evaluations.

b. Financing

Different modes of improving efficiency of existing financial mechanisms, new sources of revenue, projected costs (both direct and indirect) of current and proposed programs, and budgeting processes should be examined.

c. Administration and Planning

These studies will include a thorough evaluation of existing subsystems of management, personnel, information, supervision, logistics, and maintenance. The analyses should focus on all levels of organization within the health sector and not just concentrate on central organizations. In addition, different planning models, particularly for human resource production and location of support systems, such as storage facilities, should be explored.

d. Human Resources

Because of a chronic shortage of trained manpower at all levels of the health delivery system, a variety of static and dynamic studies should be launched that will cover the following manpower issues:

- Analysis of tasks
- Recruitment, selection, and placement
- Training

- Promotion and incentives
- Staff mix and category

e. Environmental Sanitation

These analyses will determine the existence and adequacy of water supply; excreta and solid waste disposal; and food control systems. The studies of water supply and excreta disposal, which will probably be sample surveys rather than national surveys, will be coordinated with the activities under the Nutrition Loan. Other items of interest would be analyses of animal health, vector control, and occupational health hazards.

f. Dynamics of Change

Rapid changes are taking place in the administration and delivery of health care in Honduras. Providers and users of health services need to adapt to the new changes if there is hope for quick, efficient implementation. Similarly, changes in the decision-making process imply acceptability and adaptation by civil servants to administrative innovations.

Studies in this area will include analyses at the community level of the interaction between providers and users of health services, analysis of groups and organizations where interests might be affected by innovations, and attitudinal studies of providers of health services.

2. While the project begins an analytical process which will be continued under the proposed health sector program to come on line in late FY 1980, one early output of the process will be a Health Sector Assessment to be completed in early FY 1980.

3. The other component of this project will provide training at all levels of the Ministry of Health for those planning and administrative skills that are most necessary, but are least available. Education will be offered in areas such as:

- Health administration and planning
- Economics and finance
- Accounting
- Environmental sanitation
- Information systems
- Logistics
- Maintenance (equipment, vehicles and buildings)
- Supervision
- Statistics
- Data collection
- Community organization

Training will either be done through scholarships or by bringing instructors to Honduras to give the courses within the Honduran context.

C. ASSUMPTIONS

1. That interest in the analysis of constraints to health sector improvement and improvement in health planning research will remain high within the Government of Honduras.

2. That a political crisis will not divert attention and resources away from the delivery of health services.

D. OTHER RELATED ACTIVITIES

As discussed above, the Inter-American Development Bank (IDB) has recently extended a \$14,0 million loan to Honduras for the construction and partial equipping of a substantial portion of the physical infrastructure of the health delivery system, which supplements their previous loan for the construction of the high technology University Teaching Hospital in Tegucigalpa. However, there are many questions about how these facilities are going to be maintained, supplied, manned, and supervised. Furthermore, the costs of providing rural services need to be analyzed and related to likely available budgetary resources.

In conjunction with the IDB Loan, PAHO has been providing technical assistance in several health areas including planning, administration, MCH, and biostatistics. Many of these activities will go hand in glove with the proposed health sector studies.

Much of the analyses to be done in the health sector can build on the 1975 Nutrition Sector Assessment and the recent Nutrition Project. For example, the development of the nutrition surveillance system will provide a natural vehicle for epidemiological data collections.

The Integrated Rural Health Services program will provide a continuing opportunity and base for upgrading the MOH capability for training paramedic and supervisory personnel by incorporations into and improvements of the curricula provided at the program's training centers. It is expected that the studies completed in the course of the project, and the baseline data acquired, will be introduced, as appropriate, into the specific courses provided the auxiliary nurses, community health workers and midwives who will receive training in the next three years and who will staff the rural penetration program.

E. ALTERNATIVES

One alternative to this project is to simply not provide any planning assistance to the Ministry of Health. Given the current rate of investment in health facilities and the problems that loom ahead, a financial crisis will not be avoided. The result could be a more inefficient and ineffective health delivery system. At the very least, planning efforts offer the possibility of softening the impact of the coming crisis.

F. BENEFICIARIES

The direct beneficiaries will be the personnel of the Ministry of Health who collaborate with the project and who receive the proposed training. The indirect beneficiaries will be the rural poor by virtue of the increased effectiveness and efficiency of the health delivery system.

G. SPREAD EFFECTS

Spread effects to sectors outside of health are not felt to be important to the success of this project. What is important is that the use of techniques for increasing the effectiveness and efficiency of the health delivery system - including future investments in the system - becomes part of the normal operation of the MOH at both the national and regional levels.

Particular attention will have to be paid to the creation of the conviction that the new techniques are relevant and important. The growing awareness within the MOH that they are facing a financial crisis may facilitate the process. In addition, the level of sophistication of the analytical and managerial techniques must be chosen carefully so as not to exceed the Government's ability to adopt them.

III. FINANCIAL REQUIREMENTS

- | | | |
|----|--------------------------------|-----------------|
| A. | Estimated total project cost: | \$635,000 |
| B. | Estimated A.I.D. contribution: | \$475,000 Grant |
| C. | Estimated GOH contribution: | \$160,000 |
1. Office space and secretarial support.
 2. Salaries of counterpart personnel and trainees.
 3. Certain office materials.
 4. Computer time and materials.
 5. Vehicular and logistical support.

D. Project duration: 2 years.

IV. RESOURCES REQUIRED TO DEVELOP PROJECT

Expert Consultancy:

1. Scope of Work Team - To develop a detailed work plan for the content, timing, and costs of the subsequent health sector studies.

5 man-months at \$6,000/mm = \$ 30,000

2. Baseline studies and PP preparation.

24 man-months at \$6,000/mm = \$144,000

3. Training/Health Planning \$ 36,000

TOTAL \$210,000

(Source: Mission Technical Support Project)

Time frame: PP - July, 1978

V. ISSUES

1. Does the MOH have the necessary human, financial, and physical resources available to commit to a large health planning project, remembering that certain staff members may be selected for training? It will be the task of the scope of work team to work out detailed counterpart requirements and recommend a workable solution.

2. Should the scope of the Health Sector Planning project include training in areas such as health administration, logistics, accounting and supervision? The need to increase the efficiency of resource allocation and utilization in the health sector will require efforts to introduce new techniques of management as well as of those of global sector planning. A limited training effort in management at this stage will also serve to involve lower and mid-management levels of the GOH in analysis of a very practicable nature - thus building up interest and enthusiasm.

ILLUSTRATIVE BUDGET

	(Thousands US\$)		
	<u>FY 1979*</u>	<u>FY 1980</u>	<u>TOTAL</u>
<u>A.I.D. Inputs</u>			
Technical Assistance:			
Long-term Advisors	100	55	155
Short-term Advisors	72	72	144
Training:			
Long-term (Out-of-country)	60	40	100
Short-term (In-country)	35	35	70
Commodities:			
Computer software	<u>4</u>	<u>2</u>	<u>6</u>
	270	205	475
<u>GOH Counterpart</u>			<u>160</u>
TOTAL PROJECT COST			635

*Project Agreement will obligate \$475,000 in FY 1979.

ILLUSTRATIVE TRAINING COMPONENT

Training

	<u>1 year training</u>
Social Scientist	10,000 X 2 = 20,000
Economist (2)	10,000 X 4 = 40,000
Health Planners	10,000 X 2 = 20,000
Health Administrators	10,000 X 2 = 20,000
	<hr/>
	\$100,000

Short-Term

	<u>1 month part-time</u>
Courses - Logistics	500 X 8 = 4,000
Supervision	500 X 20 = 10,000
Accounting	500 X 7 = 3,500
Information Systems	500 X 10 = 5,000
Data Collection	500 X 50 = 25,000
Environmental Sanitation	500 X 5 = 2,500
Statistics	500 X 20 = 10,000
Administration	500 X 20 = 10,000
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	\$70,000

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE				1. TRANSACTION CODE <input type="checkbox"/> A A = ADD <input type="checkbox"/> C C = CHANGE <input type="checkbox"/> D D = DELETE		PID 2. DOCUMENT CODE 1	
3. COUNTRY/ENTITY HONDURAS			4. DOCUMENT REVISION NUMBER <input type="checkbox"/>				
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11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)							
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 79		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) EV	100B	050	220	2,000	21,000	4,000	21,000
(2)							
(3)							
(4)							
TOTAL				2,000	21,000	4,000	21,000
12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)							
13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH) LAB INTR EOTY						14. SECONDARY PURPOSE CODE	
15. PROJECT GOAL (MAXIMUM 240 CHARACTERS) To increase the income of the rural poor in Honduras.							
16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS) To develop a more rational, flexible and effective agriculture sector structure with a considerably greater outreach and an expanded trained human resource base, which will render the structure more responsive to the needs of poor people.							
17. PLANNING RESOURCE REQUIREMENTS (sta//funds)							
1. Agriculture Sector Assessment \$196,000 2. PRP development \$100,000							
18. ORIGINATING OFFICE CLEARANCE Signature:  Title: J. B. Robinson, Director, USAID/H Date Signed: MM DD YY 06 01 77				19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY			

STATEMENT OF THE PROBLEM AND PROPOSED RESPONSE

I. INTRODUCTION

Honduras' agricultural (including forestry) resources comprise the country's principal resource base. Over two-thirds of the country's population are rural, most of whom depend on these resources for their survival. These people who are closest to the country's potential wealth are also the country's poorest, most of whom exist on less than \$100 per capita annually. One way of stating the problem is that the resources either have not been exploited or have been exploited unwisely. For example, of the country's estimated 3.4 million hectares of potentially suitable farm land, only 20 percent is cultivated, with another 7 percent lying fallow. The remainder is unused or is in improved pasture. Where land is in use, average yields and income per land unit are far below the land potential. And to the extent that the land resource is being exploited, benefits have been flowing unevenly. For example, 3 percent of farm holdings constituted nearly 50 percent of all land in farms (1965 census). Nearly 30 percent of the country's 178,000 farmers have holdings of less than three and one-half hectares and over two-thirds have holdings of less than six and one-quarter hectares. In 1965 there were 175,000 landless laborers. The slash and burn pattern persists, even though an agrarian reform alternative has become available for some, with the result that resources are irreversibly being depleted.

Over the past few years, the GOH has determined that improving rural income, particularly through agrarian reform and increasing agricultural production are the Government's two highest priority objectives. During the March 1977 Tripartite Commission (IBRD-BID-AID) meetings in Tegucigalpa, the importance of these objectives was restated. The most serious problems inhibiting progress in achieving these objectives were set forth as follows: (a) weakness in agricultural sector analysis and planning; (b) ineffective coordination among and program implementation by the public agricultural agencies; (c) inadequate incentives for increasing agricultural production and expanding exports; (d) deficiencies in the agricultural support services delivery systems; and, (e) the scarcity of qualified professional personnel to meet current and future manpower needs of the agricultural sector. We agree with this statement of constraints.

Attention has been given to these constraint areas during recent years, but the GOH is now beginning to treat these problems more systematically. Significant financial resources have been made available for development of the sector, both resources of the Government and of international agencies. But in some key areas the level

of resources has been insufficient and in other areas the resources are not moving, to a large extent because of bottlenecks which have proven to be more intractable than project designers had anticipated. As an example of the former, the 1974 Agriculture Sector Loan provided some \$1.4 million for higher level agricultural training and \$800 thousand for technical assistance in planning and analysis, all of which is now committed eighteen months before the loan's original terminal date. On the other hand, resources for credit, programmed particularly for agrarian reform farms in the same loan, have not yet moved mainly because of shortcomings in the sector decision-making process (concerning, for example selection of participating groups); problems in coordinating the efforts of the sector institutions (for example, to provide technical assistance in farm planning and determine credit worthiness); and weaknesses in the participating institutions and particularly in respect to several aspects of the operations of the Banco Nacional de Fomento (BNF), the credit agency. To some extent these problems are being addressed through projects developed subsequent to the sector loan, but not nearly sufficiently.

Indicative of our approach leading to the proposed program in FY 1979 are the following guidelines: First it is our intention to concentrate resources in areas of critical need where opportunities are obvious and the level of supporting resources is far below what is required - e.g., agricultural education. Priority attention will be given to breaking bottlenecks that prevent the effective use of the considerable resources available from international agencies, i.e., institutional constraints of the public sector - lack of sufficient analysis, planning and coordination, as well as structural shortcomings - and of the private sector particularly as they relate to the effective delivery of services to the farmer and to the marketing of farm output. We will not provide resources where bottlenecks prevent their effective and immediate use, i.e., credit.

Second: We intend to support the GOH in providing a focus for all agriculture sector activities including existing A.I.D. projects and those planned for FY 1978 through an analytical effort which will continue over the next eighteen months culminating in the A.I.D. sector loan and grant. This process will be largely a self-contained effort.

Third: We intend to concentrate over the next eighteen months on implementation of existing programs but we will be prepared to re-program existing resources (consistent with project objectives) to support opportunities as the analytical and focusing effort evolves.

Fourth: We will provide optimum support as in the past to the Government's agrarian reform program. However, the target group for the proposed program will not be limited to agrarian reform beneficiaries who perhaps have been overgeneralized as the rural poor.

The proposed program will encompass several activities all designed to address critical constraints in the sector. They are discussed below with a brief characterization of the constraint area addressed.

II. RATIONALE AND PROPOSED ACTIVITIES

A. PLANNING, ANALYSIS, COORDINATION AND STRUCTURE

The Problem

The structure of the agricultural sector is of comparatively recent origin. There are three agencies with broad mandates and others charged with highly specialized functions. The Ministry of Natural Resources (MNR) combines functions unrelated to agriculture such as mineral resources. The Banco Nacional de Fomento (BNF) was created in 1950 and, like many development institutions of this era, combines a variety of functions in addition to lending, for example, price stabilization of basic foods, and subsidized food stores in poor barrios. The National Agrarian Institute (INA) with its charge of operating the Agrarian Reform was until recently a microcosm of most of the principal agricultural agencies.

The governmental agencies with their separate mandates have established institutional structures and processes intended to serve their special needs but have not allowed for structural parallelism and ease of coordination in the field. While the general lines of policy for the sector are to some extent laid out through the five-year plans and the annual operational plan, managed by CONSUPLANE, there has not been until recently a general policy body for the agricultural sector, and it is questionable that even this can satisfactorily fulfill the functions for which it was established. The sector Coordinating Committee established in connection with the A.I.D. sector program in 1974 has not been able to effect the necessary coordination among the institutions.

Prior to the first A.I.D. sector loan, a sector assessment was made. A GOH unit had been established to produce various analyses and later became the present sector analysis unit within the Ministry of Natural Resources. It has undertaken a number of analyses financed under the sector loan. Over the last three years a Tripartite Study Commission composed of IBRD, IDB and AID has helped to focus attention on the sector in a constructive way. It provided further stimulus for Hondurans to look at their agricultural sector more analytically. As a consequence of these efforts combined with an extensive data accumulation on cropping and crop production, there is a data base on which a stepped-up analytical process can be based. The general

problems and obstacles are now identified. Through a careful analytical process over the next year and one half -- and longer -- they will be examined. The principal areas for strengthening have also been identified: (1) planning and analysis; (2) structural organization and coordination; (3) incentive policies and marketing assurances; (4) delivery systems for technical and financial assistance; and, (5) more production of qualified human resources in the areas needed.

The Response

A. (1) Planning and Analysis. Planning and analysis in isolation would be a sterile exercise. It must be directed through organized processes to the development and fulfillment of policy. It must be aimed at the development and evaluation of alternative courses of action. There is a good beginning at CONSUPLANE and in the MNR. Planning and Analysis in the BNF and INA is weak and institution-oriented. It is not sector-oriented, or rural income-oriented or rural poor-oriented or, for that matter even production-oriented, although it is more the last than the first three. All institutions need better analysis at their headquarters as well as in their regional offices. All require additional qualified staff. All require a steady flow of qualified experts although all should substitute as soon as possible national talent for imported technical experts who cannot be expected to weigh the actions to be taken by the GOH with the same judgemental consideration.

We can anticipate that the sector loan will support improvements in the three principal agencies, CONSUPLANE and possibly others. Only in this way can the policy formulating and policy executing mechanism be well-served.

(2) Structural Organization and Coordination. The importance of this area would be difficult to overestimate, interalia because of the topsy-like growth of governmental organizations as well as the need for decentralization of functions and rationalization and rendering of structure. Given the complexity of the organizational task, plans need to be devised and executed to rationalize the sector. Given the changes which will be required in organic laws, resolution will not occur overnight but changes should be effected within a framework of eventual goals. For example, it may or may not be timely to detach mining and minerals from the Ministry of Natural Resources, but a greater degree of independence and latitude could be an interim step to allow for more top-level MNR attention to be devoted to the problems of agriculture and the rural sector.

Several issues concerning organizational structure are now facing the Government including the disposition of certain functions presently carried out by the Banco Nacional de Fomento. These issues must be

resolved soon to permit the Bank to improve significantly its agricultural credit operations and to allow for more effective management of the other functions with which it is charged. These problems of structure are complicated by another important issue: how best to involve the private sector, particularly cooperatives and campesino federations in the provision of technical services and marketing. The issue is how will the balance be struck. Analysis will be required to determine the interim steps toward a goal of organizational structures and systems which can be expected to provide a viable framework to the year 2000 -- a perspective plan of twenty years is none too long given the importance of the sector and resources to be directed to it. Decisions in this regard will have important implications for the construction of delivery systems and the financing and operation of farm infrastructure and services.

These elements -- Planning and Analysis, and Organization and Coordination -- will require considerable resources during the proposed four-year period of the sector program and even before. Planning staffs at headquarters and in the field will have to be strengthened or established. Analysis of all kinds is required. Choices have to be considered. Cost/benefits have to be assessed. Conclusions on what is and what is not realistic have to be reached. Policy decisions have to be made. Plans of execution have to be devised and executed. For a lesser analytical effort by comparison, the 1974 Agriculture Sector program and related projects committed well over \$1 million in less than two years. We expect that \$4 million over the period of the program will be required for the overall effort, for which we foresee the need to provide largely grant funds since utmost flexibility in the use of funds will be required in this particularly sensitive and critical area. Moreover, this is an area, various aspects of which will require support before the sector loan agreement is negotiated and signed and before conditions precedent are met, a process which inevitably consumes months despite the best efforts of A.I.D. Missions and governments. Grant funds can also be made available on a more timely basis.

B. INCENTIVE POLICIES/MARKETING

The Problem

Honduras at present has the least stable and consistent agriculture commodity price conditions of any Central American Country. Farmers, both large and small, do not have adequate market outlets which stimulate sufficient and rational production. The Banco Nacional de Fomento operates a system of purchasing, storage and selling of basic grains which is of limited value to the small farmer since storage facilities frequently are inaccessible to him and there is no organized system for

collecting grain at the farm. Because of the BNF presence in the market, both cooperatives and private entrepreneurs have been discouraged from entering into marketing activities. Price policies for agricultural products are confusing, with resulting unclear signals being passed to the farmer. At times it is not clear whether the function of BNF marketing operations is to stabilize prices, or to support prices, or to simply act as a grain trader in the market place. Insufficient analysis exists to predict with any confidence the effect which certain pricing decisions might have on farm-gate prices and no systematic program exists for generating such analysis.

There needs to be a more orderly marketing structure with greater capacity and outreach. The Government is now considering the restructuring of the grain marketing function of the BNF including the possibility that it will be transferred to a new institute. The Mission is proposing the use of FY 1977 P.L. 480 Title I proceeds on a grant basis as an incentive to this restructuring effort. There appears to be a general consensus developing that the public sector should limit its operating facilities to a minimum to effect stable prices for limited food crops and focus on developing the policy framework to stimulate private sector participation.

The Response

In support of the restructuring of the basic grains marketing program we would propose to finance with loan funds technical assistance (for policy and operations), training, and improvements to existing facilities. We would expect Title I proceeds to be directed but not limited to inventory capital for grain buying. We estimate A.I.D., supplementing P.L. 480 proceeds, loan financing for this element up to \$3 million. We view the marketing element as one which is intimately related to the delivery system and to agricultural infrastructure for small farmers which would be financed in another element of the loan.

C. DELIVERY SYSTEMS

The Problem

There are formal and informal delivery systems in existence now in both the public and private sector. Institutional structures exist which can be integrated, for example, the campesino federations and cooperatives. Each of the governmental agencies has delivery systems which operate with varying degrees of effectiveness. A serious problem is that coverage of both systems is severely limited. There is a deficit of trained extension agents and although the MNR has doubled its extension staff since 1974, the large majority of farms in the

country are not receiving the benefits of farm technology proven to be effective in Honduras. Another problem is that resources are not available within the system in the amounts required and to the extent required. If vehicles are available, gas may not be. Staffs cannot be augmented adequately; office equipment is inadequate. Although manpower is a constraint, the present staff is often inefficiently utilized as a result of inadequate support. Problems of a similar nature exist in the National Agrarian Institute's operations and the Banco de Fomento has a set of problems which it has only begun to treat. The common problems are lack of authority in the field, lack of clear policy directives, and lack of resources to carry out missions assigned. The lack of coordination among public sector agencies has already been discussed.

Compounding these problems is a high rural illiteracy rate and limited experience with modern technologies. Rural inhabitants have received a low level of general education which limits the range of delivery systems that can be used to spread new technologies. This is true in Honduras as much as in any country in Latin America.

Beyond credit and technical assistance, the public sector through the MNR provides improved seed, a program which is being improved and a farm machinery rental program, also in the process of being improved. The BNF operates a chain of input supply stores. These are characterized by poor management and inefficiency. There appears to be general availability of production inputs through the private sector at present demand levels, but because of low volume these inputs usually are handled along with consumer goods and are relatively high priced. Often, BNF stores compete with cooperatives and other private stores by tying credit to input purchases from BNF.

It is obviously beyond the capability of the public sector to provide full services to the large majority of farmers in the country. Nor would it be appropriate. As discussed earlier, the extent to which the public sector should provide services is at issue. But it is clear that farmer organizations should play a significant and much more active role than heretofore in providing services to their members. While perhaps exaggerated, the three major campesino organizations (ANACH, FECORAH, and UNC) claim a membership of some 150,000 persons, compared to an estimated 378,000 rural families in 1976. In addition, the National Credit Union Federation (FACACH) and the National Development Foundation (FUNDESA) have become increasingly active in rural credit operations. A much more determined effort is required to tap the potential of these existing organizations, so that the private sector can better provide for its own needs and public sector services can become more cost effective.

A delivery system is being developed for farmer groups, most particularly agrarian reform groups, supported by an A.I.D. Loan/Grant for Small Farmer Technologies. The program will:

(1) Develop sound farm plans for multi-family and individual farm units, whose operators are members of groups.

(2) Establish a farm planning unit in Honduras capable of identifying and promoting the use of appropriate farm technologies for the marginal farmers (as groups or groups of individuals).

(3) Establish a source of credit for medium and long-term farm investments and, on a smaller scale, investment for rural craftment servicing the farming communities.

(4) Conduct training programs to upgrade the capacity of small farmers, to improve the competence of public and private agricultural extension services in preparing farm plans and broaden their familiarity with a wide range of rural technologies.

While the Government should continue and A.I.D. should support the development of a system to provide services to agrarian reform farmers, the definition of other groups must be sharpened and, in general, a cost effective means must be found to deliver services to the large majority of farmers outside the reform program and to make the incipient delivery system for the disadvantaged poor more efficient.

The Response

The A.I.D. response to the set of problems described above will be first, a thorough analysis of existing private and public sector delivery systems. Alternatives will be developed concerning the extent of public sector involvement. The means of strengthening farmer organizations to provide services to their membership will be explored. Related A.I.D. programs now in the development stage -- Agricultural Research and Small Farmer Organizations -- will be considered within the framework of the analytical effort.

Based on our best estimate of appropriate A.I.D. interventions, A.I.D. loan funds will be allocated to (a) the decentralized and coordinated operations of the public and private sector delivery systems, gradually phasing down as internal resources provide increasing support so that the system is fully supported internally upon termination of the program; (b) a significant technical assistance effort to expand the quality and outreach of the extension activities of the public sector and of the farmer organizations; (c) technical assistance and other inputs for public sector support services: statistics, market news services,

pest control, agricultural engineering, and grades and standards, and (d) technical assistance and other support for a concerted campesino training effort. In addition, we will consider how farmer organizations can act as agents in providing financing for farm inputs and other farm services. Finally, we expect that other constraints will present themselves as implementation of present programs unfolds and as analysis of the delivery systems proceeds. At this point, our best estimate is that A.I.D. loan funds in the amount of \$5 million will be necessary to strengthen the delivery system and overcome the constraints.

D. HUMAN RESOURCES

The Problem

Above all the scarcity of qualified human resources is a primary obstacle to continued progress in the sector. Needs are confidently presumed but, except for an analysis prepared by the Ministry of Natural Resources, of manpower needs in 1974, they are not known in any quantitative sense. Training activity is extensive and although a mechanism to coordinate selection of candidates for long-term training exists, in-country training is not coordinated and the advantages of closer relationships among the elements has not yet been comprehended. A forestry school, a center of excellence, has a present capacity in excess of requirements but provides no training in tree food crops. The principal national institution has neither a national faculty nor is the quality of instruction or institutional capacity what it should be. The Catacamas installation will become a three year college by 1980. The Panamerican School of Agriculture (Zamorano) is also a three year school that currently has some 40 Hondurans in each class and could accommodate an additional 20.

The 1974 sector program provided \$1.4 million for long-term training in agricultural sciences. A.I.D. is also providing support for in-service training and campesino training mostly associated with specific project objectives. The World Bank assisted in the strengthening of the National Agricultural School at Catacamas, and in a forthcoming loan is expected to lend further support. But much more needs to be done if Honduras is to produce the trained personnel required to manage the sector.

The Response

Our approach in this area will be to analyze the human resources needs of the sector and projected production of the in-country educational institutions, given present plans. With a view to establishing the institutional base in country to produce the large part of sector

resource requirements over the longer term and to provide for requirements over the intermediate term, we will explore the following program possibilities: To assist the Forestry School in Siguatepeque to expand its program into training in the area of tree crops and food crops for use on marginal lands; to strengthen the University of Honduras Agricultural School in La Ceiba; to create a new institution within the Ministry of Natural Resources which would (a) take three-year graduates and provide management training for agricultural institutions and (b) provide in-service training for personnel of agriculture sector institutions and campesino and other private sector organizations. The scholarship program for advanced training abroad will be expanded and efforts will be made to help "nationalize" the faculties of these institutions.

To support these efforts a sum of at least \$5 million in A.I.D. loan and grant funds will be required. Because of the desirability of integrating the university and institutional research capacity with the Ministry of Natural Resources Planning and Analysis staff, funds will be channeled through the MNR. Some of the funds will be on a grant basis.

E. SMALL FARMER INFRASTRUCTURE

The Problem

Only in the last generation of Hondurans has there been a reasonably adequate basic road system. The GOH has only recently begun seriously to undertake access road programs. Access jeep trails are largely non-existent. Yet, no less than 25 percent of Hondurans live in isolated mountain communities where small valley areas and mountainsides are cultivated intensively on relatively small plots. A large portion of potentially cultivable land in the public domain is largely not in use because it is essentially inaccessible to markets and inputs although foot-trails exist throughout these areas. It is interesting to note that an estimated 20 percent of BNF clients live more than one kilometer from the nearest road. It can be assumed that a much higher percentage of those who are not clients of the Bank live even further from roads. Needless to say, in these areas other infrastructure such as storage facilities does not exist. In fact, storage facilities throughout the country are scarce. On-farm storage is primitive and community storage is missing altogether.

What is needed, if indeed the Government is to achieve its policy objective of integrating the rural sector in the economy as a means of improving rural income and increasing production, is improvement in transport and other basic farm infrastructure to permit farmers

in remote areas -- and these are mostly small farmers -- access to inputs and access to markets.

The Response

We believe it is important that A.I.D. provide analytical and financial support in this area of small farmer infrastructure. Its importance as an integral element in an effective program to deal with real problems facing the small farmer is clear. And equally clearly, other international financial agencies are not providing sufficient assistance for these purposes. Our intention is to focus at an early stage on the institutional underpinning for the effort.

The analysis of the institutional structure, the delivery systems, and the marketing constraints will have to proceed apace with analysis of farm infrastructure needs although somewhat independently, we will continue analysis already begun leading to the location of rural trails. This effort and market analysis will determine the location of marketing infrastructure. In these respects, we intend to make some use of the concepts of central place theory.

We would expect to build over 500 kilometers of jeep trails over the four-year period of the program and we will explore the requirements for rural storage and input facilities. An approximation of A.I.D. financing for this effort is \$8 million.

III. SUMMARY OF PURPOSE AND OUTPUTS

Briefly stated, the purpose of this project is to develop a more rational, flexible and effective agriculture sector structure with considerably greater outreach and an expanded trained human resources base, which will render the structure more responsive to the needs of poor people. Each of the program's mutually reinforcing elements will contribute importantly to this purpose. A summary of the program's outputs follows, perforce at a high level of generalization:

- A. A more rational and flexible public sector institutional structure with decentralized functions; and, at both the national and regional levels, greatly increased analytical and planning capacity and effective coordination of planning and operations.
- B. A more orderly marketing structure with greater capacity and outreach.
- C. Strengthened and rationalized public and private sector delivery

systems with expanded outreach.

- D. An expanded human resource base and an increased Honduran capacity to produce the agricultural personnel required for the sector;
- E. Increased capacity to undertake infrastructure projects to provide access to markets and inputs for poor people.

IV. FINANCIAL RESOURCES REQUIRED

A loan for \$21 million and grant support for \$4 million will be required over the four-year period of program implementation. It should be noted that this level is modest in comparison to the amounts authorized or programmed by A.I.D. during the four-year period 1974-1978 for agriculture. Moreover, it is our intention that the sector approach will constitute the exclusive funding instrument for agriculture sector during the four-year period beginning in 1979. For this reason and to permit rapid response to changing circumstances and to problems unforeseen, the loan/grant program will be designed to provide flexibility in implementation. A tentative summary of resources by line item follows:

<u>ACTIVITY</u>	<u>A.I.D.</u>		<u>Country</u>	<u>Totals</u>
	<u>Loan</u>	<u>Grant</u>		
	<u>Planning, Analysis, Coordination and Structure</u>	1,000		
<u>Human Resources</u>	4,000	1,000	1,500	6,500
<u>Incentive Policies/Marketing</u>	3,000	-	2,000	5,000
<u>Delivery Systems</u>	5,000	-	2,500	7,500
<u>Small Farmer Infrastructure</u>	8,000	-	2,000	10,000
Totals	21,000	4,000	9,000	34,000

V. OTHER CONSIDERATIONS

A. MAJOR ASSUMPTIONS

Given the nature of program proposed, the only important assumption for the development and success of the program is that the present high priority on agricultural development will be sustained. The Government of Honduras has identified the principal obstacles to be overcome. There is a strong motivation to reorder the sector -- a sector which at present is in serious disarray. There is a cadre of excellence in the MNR, combined with outstanding leadership -- accustomed to an analytical approach -- which wants to deal with agricultural problems from a sector-wide viewpoint within a process which is responsive to overall governmental policy.

B. RELATED ACTIVITIES

The current A.I.D. program for the agriculture sector is an active one. The first Agriculture Sector Loan authorized in 1974 was designed to support the Government focus on lending to groups and particularly to support the Agrarian Reform Program. In addition to credit resources, it included funds for agricultural training, an improved seed program, access roads and planning, evaluation and coordination. The continuing Core Services grant project provides support to the Sector Program focusing particularly on the sector institutions. Subsequent development projects support the focus on group lending and particularly on agrarian reform groups. A Small Farmer Technologies grant/loan allocates \$5 million in investment credit and grant and loan funds for training and technical assistance in farm planning and intermediate technologies. An additional \$5 million for production credit was authorized as part of the Rural Reconstruction II program and is designed to complement the investment credit programmed under the Small Farmer Technologies loan. Most of the aforementioned credit funds remain available. Given the present pipeline perspective, we plan to include no funds for agriculture credit within the proposed sector program.

As an aside, and quite apart from the program described above, an emergency loan was authorized in late 1974 subsequent to a hurricane disaster, which provided \$9.5 million for principally production credit and \$3.0 million for grain buying. This loan is being terminated in June 1977.

In continued support of the agrarian reform effort and addressing the marketing constraint and unique opportunities in Honduras (the availability of transportation and marketing capacity of the multi-

national fruit companies), a grant project to develop exports of fresh and processed fruits and vegetables was initiated last year. We are now preparing grant projects for research and for Small Farmer Organizations and a loan for Water Resources Management, all intended for FY 1978 authorization. These projects will be developed within the framework of the analytical process for the Sector Program, which we are about to initiate.

Other international financial institutions are financing programs in the Honduran agriculture sector, and the necessary close coordination will be maintained. Of particular relevance will be the World Bank's second education loan providing additional inputs for the Agricultural School in Catacamas. We are in close contact with Bank personnel concerning this matter.

C. ALTERNATIVES

The rationale for the program is set forth in preceding sections of this paper. A sectoral approach has been selected (a) to provide a focus for the manifold and at times seemingly unrelated activities proceeding in the sector, (b) to bring significant resources to bear at once on the critical problem of the sector structure and (c) to permit simultaneous and therefore more rational treatment of the key, interrelated parts of the problem. In view of A.I.D.'s commitment to agriculture sector development in Honduras, the problems extant in the sector and the opportunities for significant progress, we see no acceptable alternatives to the sector approach and to the principal elements now proposed for analytical attention and financing.

D. BENEFICIARIES

The 1973 A.I.D. Sector Assessment defined the A.I.D. target group as two sub-groups:

1) Transitional Farmers - Those farmers with 3.5 to 34 hectares of land who had not yet evolved from "traditional" to "commercial" production, and who had under \$1,999 family income - estimated at 81,000 families.

2) Rural Labor Families - This includes 78,500 rural families without land, and 91,500 marginal farmers (with less than 3.5 hectares of land), who earn a major part of their income from wages.

Since 1974, with the advent of the Agricultural Sector Loan, and in response to a major GOH initiative in creating asentamientos (group farms) on previously unused lands, and settling thereon previously landless and subsistence families, the A.I.D. target group focus has

centered largely, though not exclusively, on this subgroup of the "Rural Labor Families" which now constitute some 25,000 families. This has been largely the focus since 1974. We intend to review the parameters of the target group using the 1973 Assessment definition as a point of reference. Profiles will be developed and the target group will be redefined with a view to expanding the benefits of A.I.D. and GOH programs to larger numbers of the rural poor.

While direct program beneficiaries will include agriculture sector personnel, the program will be designed principally to benefit the target group directly and immediately as well as over the long run.

E. SPREAD EFFECT

The program goes to the heart of the agriculture sector structure. It seeks to rationalize and strengthen the structure in such a way that it will become more flexible and responsive to the requirements of the sector and particularly to the needs of the poor. To the extent that the program is successful the sector structure will become self-correcting and will continually expand its outreach.

F. DEVELOPMENT OF THE PROJECT

The first step in the process of developing the program will be the preparation of a Sector Assessment, an effort to be undertaken by the GOH with A.I.D. support. A scope of work for the Assessment accompanies this document. We estimate the costs of the effort to be approximately \$200,000. The Assessment should be completed by November 1977. Subsequently, a Project Review Paper will be prepared with an expected completion date of March 1, 1978.

For both the Assessment and the PRP, we would expect to contract consultants, many of whom would contribute to both efforts. We have already begun the process of tentatively reserving consulting time as regards the Assessment. At present, we anticipate the need for one week of consultation in February 1978, of the Chief of the Rural Development Office, LA/DR. After PRP approval in March, we would expect to begin Intensive Review culminating in a Project Paper completed by August 1, 1978. We would again request consultation for one week, in July, of the Chief of the Rural Development office, LA/DR.

SCOPE OF WORK
FOR AN
AGRICULTURAL SECTOR ASSESSMENT FOR HONDURAS

A. Background

In late 1973 the USAID submitted an assessment of the agricultural sector in Honduras. In 1975, the Tripartite Group (IBRD-AID-BID) prepared an Agricultural/Rural Sector Survey for Honduras. These plus fifty or more other published reports are available for data reference and background.

B. Purpose

To prepare an updated Honduran agricultural sector assessment for submission to AID/W by November 15, 1977. The agricultural sector assessment in Honduras is visualized as a continuous exercise that is initially a joint effort of the Ministry of Natural Resources (MNR) and A.I.D. It is designed to become an institutionalized portion of the Honduran analytical policy development process.

C. Method

Using available source documents, conducting special field surveys or other necessary means of data collection, analyze the agricultural sector in Honduras, prepare the narrative description, statistical tables and other information needed to describe the sector in the more specific sense of "agriculture" rather than the broader sense of "Rural".

There will be an integrated team to perform the assessment. The MNR, acting through the Directorate of Sector Planning (DSP), will be responsible for mobilizing the Honduran members of the team with USAID responsible for securing the non-Honduran team members. In addition, consultants and TDY personnel from AID/W and other Missions will provide some selected special services as indicated in the sections below.

D. Summary Scope of Assessment

Section one will be a summary section. Section two will be an overall strategy for developing the Honduran agriculture sector and the consideration of alternatives. Section three will deal with goals and target groups. Section four will describe and assess the major agricultural resources. Section five will review performance in the agricultural sector, paying particular attention to the major constraints. Section six will set production targets, investment

costs and policy changes needed to overcome the major constraints. Section seven will identify how external resources, particularly those of A.I.D., can be used to bring about improvements in the agricultural sector.

SECTION ONE - SUMMARY

The summary section of the assessment will succinctly describe the current situation of the agricultural sector, including growth trends by region and product categories and, overall as a percentage of GDP. Sector goals, targets, and target groups will be indicated. Critical constraints impeding the sector's development and goal achievement will be set forth and specific recommendations outlined for overcoming these constraints over the short, medium, and long, term. Alternatives will be outlined for maximizing economic and social returns on investments considering the existing constraints and resource base. Finally, critical areas requiring additional study and analysis will be identified in recognition of the fact that continuous evaluation of the sector must be institutionalized if appropriate policy, strategy, and investment decisions are to be made over time.

SECTION TWO - OVERALL STRATEGY FOR DEVELOPING THE AGRICULTURE SECTOR

This portion of the assessment will describe the fundamentals of the Honduran Government's strategy for developing the agriculture sector over the long term as well as elaborate the various alternatives considered and the pros and cons of each.

This section will be prepared by the assessment team under the guidance of the principal GOH officials charged with agriculture sector development. The strategy developed will take into account the principal constraints identified in the sector, Government goals and policies, with particular reference to lower-income farm groups, the existing resource base, and on-going projects being developed in the sector with or without outside financial assistance. Estimates of the resources required to finance the development strategy for the sector will also be indicated.

SECTOR THREE - AGRICULTURE SECTOR GOALS AND TARGET GROUPS

Quantitative and qualitative targets and goals will be spelled out in this section along with the economic and social implications of their achievement. Special attention will be given to the under-utilized productive capacity in agriculture -- land and water resources, human resources and capital resources.

Target Group Analysis

The purpose of this analysis is to more specifically identify and define the target group or sub-groups in the farm areas for government program focus. The method will be through statistical analyses. Group problems will be analyzed and related to other information developed in this assessment so that constraints strategy, policies and programs are directed to the target groups and their problems.

1. Analytical Process

The analytical process for achieving this purpose is to select the variables, make a tentative identification of sub-groups, do quality-of-life analysis to determine poverty level, and adjust measurement factors until the target group is identified. For example, Honduras can be divided into regions on a geographical basis. Areas can be selected by income indicators; these areas should be large enough to justify a program but small enough to maintain homogeneity. A quality-of-life analysis should be done for these tentatively identified areas.

2. Criteria for Disaggregating Target Sub-Groups

The following criteria will be considered:

- a. Geographic: cropping regions, ecological zones, politico-administrative regions, or distance from urban center.
- b. Resources: land, labor, capital, and technology.
- c. Tenure: landless, squatters, sharecroppers, renters, titleholders, or multi-family farms.
- d. Production and Market Orientation:
 - (1) Primary crop or livestock
 - (2) Frequency of production
 - (3) Market orientation
 - (4) Market arrangements
 - (5) Location in relation to roads
 - (6) Type of transportation

e. Allocation of Resources: income, capital, land, time, and energy.

f. Socio-cultural uniformity:

(1) Variables: ethnic, identity, language, religion, family structure, or local organization.

(2) Nature and extent of participation: requires data on membership in organizations, degree of media presentation, number and type of links to national center, attitudes toward change agents, and basic services available.

(3) Institutions and social structures: to what extent they might expedite desired goals.

3. Data Collection

a. Census information: Census data presents national and departmental averages for many of the analytical variables. The problem is that these are distinct from the sub-groups to be identified. Therefore, one major task will be to do a statistical disaggregation of the data using municipio-level units. This will require a statistician/computer analyst for 2 months who can work in close collaboration with the Census Department.

b. Micro-level Data: The assessment requires farm level data which are not available in the census. For Honduras, some of this is available in the 1975 baseline study. However, some critical variables are not analyzed in this study, especially those relating to the resource base of farmer organizations. Building on this baseline survey an agricultural economist will work with a rural socialist (2 months), two field research supervisors and a team of ten field researches/interviewers to conduct a micro-level survey (6 weeks). The agricultural economist is required for one month to assist in designing the questionnaire for the study and, subsequently, to review and analyze the data developed by the survey team.

c. Survey Research Available: A preliminary listing of survey data available for the assessment shows the following:

Primary Sources

- | | |
|---|------|
| (1) Cadaster data for the Southern Region | 1976 |
| (2) SAPLAN nutrition data | 1975 |

- | | |
|---|-----------|
| (3) NFRE Project Easeline Survey for West and North | mid- 1977 |
| (4) ATAC Survey | 1975 |
| (5) SAPLAN Income/Expenditure Survey | 1977 |
| (6) CONSUPLANE Regionalization Study | 1976 |

Secondary Sources

- | | |
|---|------------|
| (1) White's sociological study of the South | 1972 |
| (2) Parson's study of agrarian reform | 1976 |
| (3) USAID Ag. and Education Assessments | 1973, 1976 |
| (4) INA/PROCCARA Study of farmer groups | 1977 |
| (5) Health Study of ANACH | 1977 |
| (6) CIDA marketing study | 1975 |

Preparation: Responsibility for overseeing the data collection, analysis and drafting of this section will be assigned to a member of the joint team. He will need statistical, computer and analytical services under a contract with a data processing firm. The time required for completing this section of the assessment will extend over a period of approximately 3 months. The work on this section should start no later than early June 1977.

SECTION FOUR - DESCRIPTION OF MAJOR AGRICULTURAL RESOURCES

A. Land and Climate

This section will analyze current use and further development potential within the limitations of land and climate.

Preparation: USAID Agricultural Office - 4 weeks.

B. Human Resources

A special manpower inventory of specialized human resources technical/professional in the agricultural sector must be initiated no later than August 1, 1977. EDUCREDITO is undertaking a human resource survey for all sectors and to the extent possible, information gathered for this will be used and analyzed for this more specialized survey. Also some manpower information is available within the MNR, CONSUPLANE and the Civil Service, and other may be taken from the most recent census. The most important part of this survey is to develop an inventory of trained agriculturists, and an analysis of needs in the sector. Also the survey should cover the production capacity and adequacy of training of each existing educational institution in Honduras which provides the sector with trained agriculturists. Finally some cost information on increasing institutional capability, inservice training needs, advanced foreign training, specialist training, etc., requires review. The survey needs to outline to what extent manpower deficiencies are constraining agricultural development and what strategy and program policies are needed to meet sector requirements for the next 10 to 20 years.

Preparation: A two man contract team, one with experience in conducting manpower research studies the other an educational economist - some local assistance will be given for data collection by the MNR. The time period required is 1 month.

C. Institutions

There are three principal public sector agricultural organizations in Honduras, plus a large number of specialized autonomous or semi-autonomous agencies and institutions. In addition, there are six principal organizations presently serving small farmers. The principal functions of these, their interrelationships with each other and the public sector will be described and analyzed so that constraints which hamper effective operations may be identified. Specific attention will be given to how these institutions presently service lower income farmers with a view to determining an appropriate mix of public/private delivery systems for adequately servicing the majority of small farmers in Honduras. Furthermore, the credit, marketing and

infrastructure information obtained from other sections of the assessment will be combined with the institutional information to provide a basis for a more comprehensive appreciation of the various delivery systems as they presently exist and the necessary steps required to assure a more rational structuring of these systems to minimize resource inputs while achieving maximum service to the target, farm groups. Consulting firm or individual consultants: 4 MM.

SECTION FIVE - REVIEW OF PERFORMANCE IN THE AGRICULTURE SECTOR

A. In Relation to the Total Economy

- Gross Domestic Product
- Per Capita Income and Distribution
- Agriculture Exports
- Population
- Employment
- Balance of Payments as Related to Exports and Imports of Major Commodities
- Price Trends for Agriculture Products Relative to the General Level of Prices and Credit

B. In Relation to Policy Formulation, Planning and Coordination

This portion will describe and critique the manner in which agriculture sector policy guidelines are developed and how they are implemented by the various agencies charged with their execution. Included, also, will be a review and analysis of budget allocations and expenditures in the public agriculture sector.

C. Performance Within the Agricultural Sector and Desired Level By 1985

This is a key part of the assessment and will cover principal agricultural products and amounts produced, principal producers, etc. For each of these products their relative importance to the economy and the target group will be covered. Expansion potential of the most beneficial products (in terms of income), the effect on labor and employment, export earnings, and new product opportunities will be discussed. As previously mentioned, during the preparation of this section the constraints ^{1/} will be flagged and recommendations for program strategy noted.

Preparation: This section will be prepared by an agricultural economist during last two weeks in July and first week of August.

^{1/} Among the constraints to be considered are the following:
(see next page)

1. Basic Crops:
Corn/sorghum - fruits, vegetables, beans, rice, other
2. Industrial Crops:
Bananas, sugar cane, oil palm, cotton, spices, other
3. Animal Products:
Beef, pork, poultry/eggs, dairy, fish, other
4. Forestry:
Logs, cut lumber and products of higher added value
5. Agro-industry: (Same as "C" above.)

1/

- Farm Level Constraints

1. Access to Productive Resources
 - a. Land and Land Tenure
 - b. Capital
 - c. Labor Supply
 - d. Technology
 - e. Other
2. Natural Constraints: Climate and Ecology
 - a. Natural Disasters
 - b. Other
3. Other

- Support System Constraints

1. Market and marketing constraints, supply, demand and price analyses.

- a. Dispersed Production
- b. High Transaction Costs
- c. High Physical Handling and Transport Costs
- d. Limited Credit for Marketing
- e. Market Information

2. Institutional Constraints

Analysis should focus on organizational, coordination, and personnel deficiencies, on services provided to or by farmer groups, credit institutions, the input supply system, research and technology services, other.

3. Policy Constraints

- a. Fiscal Policy
- b. Monetary Policy
- c. Price Policy
- d. Agrarian Reform Policy

D. Price Policies and Marketing

This part of the assessment will contain a description and critical analysis of the GOH's basic food commodities price stabilization and price incentives programs and policies. It will describe the methods and procedures for fixing prices and the rationale and means employed by the GOH to implement the programs. The adequacy, size, type, location and number of physical facilities will be included. The types and kinds of personnel employed within the organizational structure will also be reviewed. While this sounds like a major task it is not expected that this will result in an in-depth commodities storage and handling study. This section should clearly identify constraints to effective program implementation and brief scopes of work are to be prepared for additional studies as necessary. These scopes of work for future studies are to become part of the planned continuing analysis of the sector. As appropriate, this portion of the assessment will draw upon the planned Honduran Marketing Institute study.

Preparation: This section as well as the marketing section below, will be prepared by an agricultural consulting firm. The nature of this study and the credit study is best suited to staggered dates. Probably this and the market study can be started in early August. 2 weeks. In late September the follow-up visit for 2 or 3 additional weeks.

1. Price Stabilization (Same as "D" above.)
2. Price Incentives (Same as "D" above.)
3. Marketing Systems:

This section will contain a description and analysis of the marketing systems for agriculture products in Honduras. In addition to the available published reports and studies a canvass of selected wholesalers, retailers, processors, etc. will be made at various levels to identify constraints and to gain ideas and opinions of those active in the marketing system regarding its efficiency and effectiveness. Specific attention will be paid to the marketing problems of the target group farmers for obtaining inputs and selling output products. The effectiveness of farmer group activities in the market system will be investigated and the potential for strengthening and expanding such organizations analyzed. The four volume study prepared under sponsorship of the Canadian International Development Agency in 1975 will be a principal resource base. This section will contain recommendations for improving the market systems, particularly for basic foods, identify constraints which adversely affect small farmers and which identify, where possible, what GOH policy and organiza-

tional changes may be required.

Preparation: 1 month to 6 weeks. Agricultural consulting firm.

- (a) Inputs (Same as "3" above.)
- (b) Outputs (Same as "3" above.)

E. Credit

A study will be made of the credit system serving agriculture in Honduras with special analysis of the credit available to the target group. This will be based on institutional sources as well as non-institutional sources of credit. Information is needed on the use of tie-in roles, credit in kind, real interest charged, credit needs, etc. In addition to reviewing previous studies a field survey will be needed. The survey questionnaire must be designed and field tested to collect this data.

Preparation: An over-all period of two months may be required to complete this survey; however, it should be broken into two staggered periods. The design of form, selecting sample, and training interviewers takes place in July with the survey conducted in early September. Two credit specialists; 3-4 weeks each.

- (a) Institutional (Same as "E" above)
- (b) Non-institutional (Same as "E" above.)

SECTION SIX - PRODUCTION TARGETS, ACCOMPANYING POLICY CHANGES AND INVESTMENT COSTS

Given the production targets and constraints identified in the previous section, this section of the assessment will indicate the policy and institutional changes or modifications as well as the nature and levels of investment required to overcome constraints and achieve production targets. In short, this section of the assessment will set forth in some detail the Government's agricultural strategy and operational procedures for overcoming production constraints and achieving a more rational utilization of available resources in achieving production targets.

SECTION SEVEN - THE ROLE OF A.I.D. AND OTHER DONORS IN ADDRESSING AGRICULTURE SECTOR REQUIREMENTS

This concluding section of the assessment will identify priority interventions for foreign donor assistance considering the Government's strategy for the sector, the critical constraints identified by the assessment, particularly as they impinge on the target group, and the alternative choices articulated for resolving these constraints. From the ranking and interrelating of constraints bearing on the target farm group, a strategy for external donor, and especially A.I.D., assistance should emerge. The strategy will reflect frank judgements as to magnitudes and types of resources appropriate for A.I.D. to provide over a multiyear timeframe in the context of anticipated GOH commitments and policies, anticipated other donor agency resource flows, and the policies which guide A.I.D. assistance.