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**HONDURAS:**  
**INTERNATIONAL EXECUTIVE SERVICE CORPS**  
**(IESC) EVALUATION**

**PREPARED FOR**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**LAC/PS**  
**(CONTRACT NO. LAC-0619-C-00-7038)**

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**JANUARY 1989**

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EVALUATION OF INTERNATIONAL EXECUTIVE SERVICE CORPS  
(IESC) IN HONDURAS

I. EXECUTIVE SUMMARY

AID Project No. : 522-0258  
ISTI Contract No. : LAC 0619-C-00-7038  
Dates : November 16 - December 14, 1988  
Consultants : Donn R. Davis, Edward Licht

USAID/Honduras requested the consulting services of the International Science and Technology Institute, Inc. (ISTI) under the subject contract for an evaluation of IESC activities funded by USAID/Honduras. The scope of work of these services was:

1. Determine the effectiveness of IESC Volunteer Executives in assisting companies or organizations;
2. Determine guidelines for charging clients of IESC and make new recommendations, if necessary;
3. Research which sectors of the economy, and the size of the companies, are being assisted through this program and comment on the relative allocations;
4. Determine how IESC services currently are being promoted and make additional marketing recommendations, if necessary;
5. Determine the impact in 1988 of the new Tegucigalpa office on the IESC program and comment on divisions of responsibility and authority; and
6. Research, and make recommendations on the advisability of opening a new IESC office in La Ceiba to serve the local area.

The evaluation methodology involved planning, document review and interviews. The team met with ISTI staff in Washington, D.C. for a planning session and conferred with USAID/Tegucigalpa personnel to confirm their draft work plan. They also reviewed IESC files of past and present projects. Following this review of USAID files, IESC office files, and IESC client program files, the Consulting Team developed a questionnaire and conducted 50 interviews with IESC clients in San Pedro Sula and Tegucigalpa. The 50 interviews are considered to be a representative sample of the 186 completed projects in Honduras since 1983. In addition to the interviews in Tegucigalpa and San Pedro Sula, another 28 interviews were done in La Ceiba, in order to assess the demand for IESC services there.

Qualitative measurements were obtained in all cases. Quantitative measurements were recorded, to the extent that they were made available. The consultants also measured both the direct and indirect benefits from VE visits, direct benefits being those directly related to the client's initial request for technical assistance and indirect benefits comprising those benefits accrued outside of the original functional area.

The evidence arising from the review of files and the interviews strongly suggests that IESC clients are extremely positive with respect to Volunteer Executives' assistance. In the vast majority of cases, clients believed they received much more assistance than they had specifically requested. The evidence also shows that a clear majority wish to have a repeat visit and to see their respective Volunteer Executive (VE) again at some time in the future. One company has had several repeat visits from the same Volunteer. In fact, some kind of business/personal continuing relationship continues to exist between many clients and their VEs. In many cases, the client feels that the VE's skills, qualifications, enthusiasm, commitment, and general deportment provide substance for a role model for their own employees.

Currently IESC has no fixed fee for services rendered. The fee that is charged to a client is based on the local IESC officer's opinion of the individual client's ability to pay, with the objective of sharing the cost of services encouraged to the fullest extent possible. The opinion is obtained through an interview and a review of any financial information the IESC officer can obtain.

The IESC program in Honduras has three funding sources: USAID/Honduras, an IESC Core Grant and client contributions. In 1988, USAID/Honduras provided grant funding to subsidize, in varying amounts, the direct costs of Volunteer Executive services to micro, small and medium-sized businesses. These costs included the Volunteer Executives' per diem, air fare, translator costs and incidental expenses. USAID/Honduras also covered the operating costs of the IESC/Tegucigalpa office.

The IESC Core Grant supported the operating costs of the IESC/San Pedro Sula office and covered recruiting expenses for all projects in Honduras (average \$1,900 per project). These "recruiting expenses" include a portion of IESC overhead expenses at Stamford. The Country Director, however, has been advised from IESC headquarters that in 1989 the recruiting expenses will not be covered by the Core Grant. Instead, local clients or USAID will have to cover recruiting expenses in 1989.

Client contributions were made by large Honduran businesses who paid in full and small businesses who paid in part the direct costs of a VE's visit.

In general, IESC has provided tangible assistance to a wide range of clients both in terms of industry and in size. The size of projects reviewed ranged from a garment maker with 3 people to a sector study of 556 total employees in 12 companies. Additionally, wide industry diversification has been the rule.

The objectives of USAID/Honduras, in seeing that employment and production are

increasing in subsidized micro, small, and medium-sized companies, appear to be being met. Of the 50 companies interviewed, where fairly solid figures were provided, employment rose an average of 21 percent, production rose an average of 35 percent. Scrap was reduced by an average of 15 percent, which should impact profits by a similar percentage.

While some areas of assistance, like marketing, are more difficult to measure in the short term, it seems likely in these cases that sales will increase with time. In many cases, progress was clearly shown through the enhancement of product design or improved packaging. This type of improvement, however, is difficult to quantify. In companies which already were exporting, sales showed a marked increase where design or packaging improvements were made.

It seemed to the Consulting Team that increased resources could be allocated to the agricultural production area, since Honduras has an agriculturally-based economy. Other than that, the allocation of resources appeared to be meeting the stated requirements of USAID.

Currently, IESC markets its services through various chambers of commerce, private volunteer organizations (PVO's), development organizations, Rotary Clubs, personal acquaintances of IESC personnel, and by word of mouth. Potential clients also learn about the IESC program when an article appears in a newspaper, a magazine, or from a story on the radio. Responses from several clients interviewed suggested that a concerted public relations effort, which could include direct advertising, would develop new interest in the program.

The use of advisory boards in each city being served by the IESC is another means of effectively reaching some of the more difficult target sectors, such as micro businesses. Fresh interest in the program can be maintained if the boards are created on a revolving basis, with terms of one or two years. The program also could benefit from the local production of promotional materials. In the view

of the consultants, there are many highly positive cases in Honduras from which to draw examples. A formal marketing plan with a minimum number of targeted industries, by size, for each office would also be useful.

In 1988, IESC Honduras opened an office in Tegucigalpa which, since 1984, had been covered by the San Pedro Sula office. The decision to open the Tegucigalpa office was made due to the difficulty in trying to implement a distant marketing program and, most importantly, to support the Volunteer Executives in a city located some four and a half hours away by car. The record suggests that it was a wise decision to open an office in Tegucigalpa.

The Tegucigalpa office opened in 1988 with a staff of three, consisting of a field representative, a secretary, and a driver. In its first year, the Tegucigalpa office signed 33 projects out of a total of 62 for all of Honduras. To place it in perspective, of the 186 projects completed in Honduras between 1983 and 1988, 53% were in San Pedro Sula and 47% in Tegucigalpa. The client contribution trend in Tegucigalpa is particularly impressive. The average client contribution in Tegucigalpa in 1987 was \$632, while in 1988 it increased to \$3,417. This effort helped to raise the country average contribution total in 1987 from \$744 to \$2,428 in 1988. This effort is extremely important when considering possible budget restraints in the future.

Of particular importance to the overall IESC program is that the Tegucigalpa office was able to fully fund (not including Volunteer recruitment costs) 45% of its projects. It also was able to set-up "umbrella" projects, where several individual companies are served by a single Volunteer Executive. Organizational progress was made with the writing and implementation of formal job descriptions, which were drafted when the new office opened in Tegucigalpa.

The Consulting Team examined the advisability of opening a new IESC office in La Ceiba, which also would serve the surrounding communities of Trujillo, Tela,

Olanchito, and the Bay Islands. The team visited 28 potential clients and found the response to be uniformly favorable.

While business representatives in La Ceiba knew very little about the IESC program in Honduras, they expressed considerable interest in it. Visits were made to a wide range of businesses, and, of the total of 28 businesses visited, 18 expressed a strong interest in the program and are seriously interested in pursuing it, subject to cost. Visits were made to micro, small, medium and large businesses, including the following: department stores, furniture makers, a sausage factory, a dairy products company, a plastics products manufacturer, a feeder airline, and five agricultural production companies.

Because of the difficulty in establishing an effective and efficient support system, which is vital to the success of the IESC program, the Consulting Team agrees with the Country Director that the program would be best served by opening a new office in La Ceiba rather than trying to service it from San Pedro Sula. A considerable part of the success of the current IESC program in Honduras is the degree to which the Volunteer Executive receives support. The Consulting Team believes that if a competent field representative for La Ceiba is selected, there ought to be an average of some 30 projects per year, from that area, for the next three or four years.

While there are a few constraints to the IESC program in Honduras, the most notable being the economy itself and reduced subsidies in the future, these hurdles are not considered to be onerous.

As per the contract Scope of Work, the Consulting Team makes the following recommendations:

1) **Effectiveness of the IESC Program in Honduras**

- The Volunteer Executive part of the program is very successful. Leave it alone.

2) **Guidelines for Charging IESC Clients**

- In order to achieve the USAID objectives of assisting micro, small, and medium-sized businesses and still maintain a viable IESC program, establish the following guidelines for USAID financed projects:

(1) Tenure: Minimum of 1 month

(2) Client Contribution: Minimum (per month)

- A. \$1,000 - for artisan cooperatives or PVO's that organize micro industries, and agricultural and other cooperatives.
- B. \$1,500 - for small industries with more than 10 and up to 25 employees.
- C. \$3,000 - for medium-sized businesses or organizations with more than 25 employees,  
- for any feasibility study

3) **Sector Assistance**

- For track I assistance, where USAID is supporting micro, small, and medium-sized companies, IESC should:

(1) Focus more on agricultural production projects.

(2) Seek small companies with vertical integration possibilities for follow-up visits.

- (3) Try to increase the number of micro industries, recognizing that many can only participate as part of a group, for cost reasons.
- (4) Seek industry cooperatives in order to maximize the effect of the VE's time. Organize, as PVOs do, an audience of personnel from 10-20 small businesses for a VE to address, thereby expanding the number of businesses assisted by a single VE.
- (5) Determine quickly where encouraging/promoting exports is a realistic possibility for a micro or small industry and identify where the primary emphasis should be in order to increase production for the local market and/or assist the in the growth of the company.

#### 4) Promoting IESC Services

- The Country Director should, on a quarterly basis, set goals for the number of projects undertaken by the IESC. The distribution of projects should be projected by the size of the firms assisted and their respective sectors.
- The Country Director should establish and use a revolving advisory board for those IESC offices which do not now have one, and appoint to this board people who have direct access to businesses in the sectors which are difficult to access.
- The Country Director should create a budget for advertising.
- The IESC office should make periodic use of a good local public relations firm to communicate to the general public how the IESC program operates.
- The IESC office should produce a 1 or 2 page color brochure, with pictures and text in Spanish, describing the results of 10 or 15 VE visits to local companies or organizations in Honduras. Prior approval of the companies/organizations highlighted should be obtained.

5) **Impact Tegucigalpa Office**

- IESC Country Director should establish formal job descriptions for IESC personnel in Honduras and implement them.
- Increase the expenditure and communication authority of the field representative in Tegucigalpa.

6) **Expansion to La Ceiba**

- IESC should open a new office in La Ceiba, using the same criteria in the selection of a field representative to manage it as was done in Tegucigalpa.

7) **Other**

- An officer of USAID/Honduras should meet with each Volunteer Executive just prior to his/her leaving the country in order to obtain a closer perspective of the visit and the sector in which the VE was working.
- IESC Headquarters in Stamford, Connecticut should establish an information clearing house, or a computer data base, for equipment, machinery, and factories which are closed and considered to be out of date, or which manufacture units in quantities too small to be of interest in the United States.

## II.

## PROJECT CONTEXT

### II.1 The Honduran Economy

Honduras is a mountainous country with narrow coastal plains and river valleys. The economy is based on agriculture, but the country also has extensive forest and marine resources.

In 1987, Honduras had an unemployment rate of about 10 percent. Estimated per capita income is less than US 1,000 dollars, placing it among the lowest levels in Latin America.

In the early 1980's, Honduras, along with the other Central America economies, experienced a severe recession. Since that time, however, it has managed a steady, moderate growth rate of about 4.2 percent. This was achieved in part by sizeable U.S. economic assistance and by increased exports of bananas and coffee. Inflation in 1987 was an extremely low 4.5 percent.

Other economic indicators are as follows:

<u>ECONOMIC DATA</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
GDP Growth Rate (pct)	3.2	2.3	4.5
GDP Per Capita (current dollars)	868	913	943
Govt Spending (pct of GDP)	25.3	23.8	17.0
Inflation (pct) (1987 est'd)	3.4	4.4	4.5
Foreign Debt (billion dollars)	2.5	2.6	3.1
Debt Service (pct of Exports)	29.3	30.4	26.3
Exports (million dollars FOB)	918	1,022	993
Imports (million dollars CIF)	1,272	1,292	1,314

## II.2 USAID/Honduras Private Sector Strategy

One of the objectives of the IESC/Honduras program is to help ameliorate some of these economic conditions. Employment generation is a top priority, as is the increase of export earnings. IESC Volunteer Executive services have contributed directly to the growth of many of the businesses it has served.

Through a mix of projects designed to assist small and medium-sized businesses, promote non-traditional exports, and transfer technology and know-how, the USAID/Honduras Private Sector Office aims to fortify private sector activity. Support to the private sector is based on the premise that employment creation and foreign exchange generation will result more efficiently and rapidly from private, rather than public, sector growth.

Within this context, the IESC program has received support from USAID/Honduras. Through the expertise provided by IESC Volunteers, USAID/Honduras aims to transfer needed skills to small and medium-sized businesses and to those in the non-traditional export sector.

The following section discusses the IESC in general. This evaluation will describe, analyze, and make recommendations regarding the IESC program in Honduras.

### III.

### PROJECT DESCRIPTION

#### III.1 IESC an Overview

The International Executive Service Corps (IESC) is a network of retired American executives and technicians who volunteer their time and their services to work with businesses in developing countries. This non-profit organization was founded over twenty years ago and has completed over 11,000 projects in 84 countries. The retired volunteers work directly with their clients and their average length of service is two and one half months.

IESC volunteers have worked in all economic areas including agriculture, agribusiness, textiles, wood and wood products, paper and paper products, chemicals, metals and machinery, banking and finance, education and health care, construction and mining. IESC Volunteer Executives (VEs) have experience at all levels of business: some have been company presidents; others have worked directly on the production line. They have had active careers in management, administration, finance, planning, engineering, quality control, maintenance, sales and marketing.

IESC's major emphasis is fostering and strengthening private enterprise in developing countries. The backbone of IESC's operations is the person-to-person traditional project, where a volunteer provides advice and assistance to a single client over a two to three-month period. In addition, IESC offers a similar service for a shorter period of time. In these cases, called Diagnostic Projects, a volunteer spends two to three weeks with a client to pinpoint problems and opportunities.

In recent years, IESC has begun a new range of activities called Trade and Investment Services. These services, ABLE and JVFF, aim to link small American

companies with like enterprises in developing countries. ABLE, or American Business Linkage Enterprise, is an in-depth information service which gives clients access to technology sources, as well as funding and marketing opportunities. The JVFF program, Joint Venture Feasibility Fund, encourages joint ventures between small and medium-sized American companies and overseas firms to increase the sharing of technology, marketing or production efforts that will benefit both parties.

### III.2 IESC Honduras

#### III.2.1 General Background

IESC began operations in Honduras in the late 1970's but remained somewhat inactive until 1984. In August 1983, a grant agreement was signed with USAID/Honduras in the amount of US \$50,000 local currency equivalent for a period of two years. The grant was for the period December 1983 to December 1985 and its purpose was to allow IESC/Honduras to provide technical assistance to micro, small, and medium-sized enterprises in Honduras. It has enabled IESC/Honduras to increase the number of its successfully completed projects from 3 in 1983 to 62 in 1988. The grant has been subject to two additional extensions whose cumulative total is US \$625,000 and which ends on December 31, 1988.

IESC's assistance to the Honduran private sector has been consistent with USAID/Honduras' specific interest in export promotion, tourism, privatization, medium, small and micro enterprises, food processing and other areas. IESC believes that it has contributed to the upgrading of the managerial, administration, marketing, and production skills of companies and organizations that it has assisted. IESC has significantly increased its coverage in the quantity and quality of its projects, over the past three years.

### III.2.2 Goals and Objectives

The IESC Project goal is to strengthen private sector organizations and enterprises to assure the growth of a healthy market-oriented economy. The development of a competitive Honduran economy is a major goal of the overall USAID economic assistance program. As a general statement, IESC is willing to assist most companies where such assistance will contribute to the overall development of the country.

### III.2.3 Implementation Plan

For the current grant period beginning December 31, 1986 and ending December 31, 1988, the Honduran IESC country representatives were to develop approximately 100 projects. An extended grant period will allow for more repeat service to businesses that need follow-up to ensure a longer-lasting development impact. Emphasis is given to developing projects with smaller enterprises which are most likely to need USAID subsidies.

In particular, the project was to provide 120 person months and volunteer services to private sector companies and organizations; technical assistance in production, marketing and management to 80 small and medium-sized or export-oriented companies; and volunteer services to approximately 5 private sector organizations.

#### IV.

#### PROJECT EVALUATION

##### IV.1 Purpose

The purpose of this evaluation is to assess the effectiveness of the International Executive Service Corps (IESC) program in Honduras in fulfilling the objectives of USAID Project No. 522-ESF-0258,1 amendment No. 2, dated August 5, 1986. The evaluation is performed under International Science and Technology Institute, Inc., (ISTI) contract No. LAC 0619-C-00-7038 with LAC/PS AID/Washington.

##### IV.2 Methodology

The project evaluators' basic methodology included an initial planning session, document review, and interviews.

###### IV.2.1 Planning

In Washington D.C., the consultants participated in a team planning meeting to discuss evaluation methodology and the initial details of the Honduran IESC Project. The Consulting Team began preparation of their work plan, which was completed shortly after arrival in Honduras, where more detailed instructions were provided by USAID officers in Tegucigalpa.

###### IV.2.2 Document Review

The Consulting Team reviewed agreements with USAID/Honduras and with local PVOs. They read IESC Quarterly, Annual and other agreements/reports. Among the USAID documents reviewed were the original USAID/IESC contract and grant authorization, two grant authorization amendments, and the 1988 IESC worldwide evaluation. With respect to PVOs, the team examined the November 29, 1984 agreement between

IESC and Fundacion para la Investigacion y Desarrollo Empresarial (FIDE), an organization established for the purpose of assisting Honduran business firms in increasing productivity and increasing exports. Also, they read the December 17, 1984 agreement between IESC and Federacion de Asociaciones de Productores y Exportadores Agropecuarios de Honduras (FEPROEXAH), an organization formed to assist Honduran agribusiness firms increase production and exports. Finally, the team examined IESC Quarterly and Annual Reports as well as IESC brochures and newsletters.

#### IV.2.3 Interviews

In accordance with the USAID project specifications, a case study approach for evaluating the effectiveness of IESC was utilized. The bulk of the data used for the evaluation was obtained through personal interviews with IESC clients. Interviews were held with clients whose projects were fully completed, as well as with those whose projects were well underway. In order to assist in the interview process, a client questionnaire was developed. A statistically representative sample of 50 of the 186 projects completed between 1983 and 1988 was chosen.

In selecting IESC projects for evaluation, the Consulting Team sought to draw samples from the full universe of IESC categories and sub-categories, such as Tourism, Industry, Small/Micro Industries, Sector Studies, Diagnostic, Privatization, and Others. Additionally, representative selections were made on the basis of size. Initially, absolute random samples were selected for interviews. Later, the Consulting Team conferred with IESC officers in order to be certain that samples were taken from the various categories and sub-categories.

Prior to interviewing IESC clients, the Consulting Team began discussions with USAID officials in Tegucigalpa. Next, the team met with and interviewed officers

of IESC, first in Tegucigalpa and then in San Pedro Sula. Following this, interviews were held with 22 IESC clients in Tegucigalpa and 28 IESC clients in San Pedro Sula.

In the interviews, the Consulting Team sought both quantitative and qualitative measurements of performance. In most cases, the qualitative, or perceptive, observations outweighed actual quantitative data. Emphasis also was placed on both direct and indirect benefits obtained from the Volunteer Executive visit by the IESC client. A direct benefit is defined as that which was directly and specifically requested by the client. An indirect benefit is one which was not requested, or especially pre-ordained.

Interviews also were held in La Ceiba with 28 business managers, who can be considered as potential clients. The purpose of the interviews was to attempt to determine the demand for IESC services in the La Ceiba area which, for our project purposes, includes the Bay Islands, Tela, Trujillo, and Olanchito. The majority of the managers interviewed had very little prior knowledge of the IESC program.

A final set of interviews was conducted with officers of Banco de Honduras and BANFFAA, which are not accounted for elsewhere in this report. The purpose of these meetings was to determine the opinion of some other private sector representatives who had not participated in the IESC program, but who were fairly familiar with it.

#### **IV.3 Findings**

##### **IV.3.1 Scope of Assistance**

IESC/Honduras has provided an increasing amount of assistance to diverse sectors of the economy and to a wide variety of skill areas. Most assistance has been concentrated in Tegucigalpa and San Pedro Sula, although demand for services

appears to be strong in some other areas, notably La Ceiba. Wide diversification in terms of types of industries assisted has been achieved.

Reflecting the increasing activity of the program since its inception in 1983 is the steady growth of clients as illustrated in the following table:

<u>Year</u>	<u>Number of Clients</u>
1983	3
1984	5
1985	21
1986	43
1987	52
1988	<u>62</u>
	186

Illustrating the depth and breadth of IESC services in Honduras is the cross section of businesses assisted, both in terms of size as well as sector. The following tables reflect this scope:

IESC/Honduras Assistance  
By Size of Enterprise (1987/88)

<u>Size of Enterprise</u>	<u>Number of Projects</u>
Large	4
Medium	8
Small	14
Micro	27
Other*	21

\* Includes sector, diagnostic, and privatization studies as well as tourism and others for 1987/88.

IESC ASSISTANCE IN HONDURAS BY SECTOR

(1983-1984-1985-1986-1987-1988)

Food Products		Textiles		Wood/Furniture		Plastics	
SPS	TGU	SPS	TGU	SPS	TGU	SPS	TGU
<u>6</u>	<u>7</u>	<u>5</u>	<u>1</u>	<u>7</u>	<u>13</u>	<u>2</u>	<u>-</u>
13		6		20		2	
Paper/Printing		Basic Metals		Machinery & Equip		Chemicals	
SPS	TGU	SPS	TGU	SPS	TGU	SPS	TGU
<u>2</u>	<u>5</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>7</u>	<u>3</u>	<u>2</u>
7		3		8		5	
Hotels		Tourism		Banks		Handicrafts	
SPS	TGU	SPS	TGU	SPS	TGU	SPS	TGU
<u>-</u>	<u>6</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>5</u>
6		3		1		5	
Aquaculture		Agro Business		Dairy Products		Shoes	
SPS	TGU	SPS	TGU	SPS	TGU	SPS	TGU
<u>1</u>	<u>1</u>	<u>11</u>	<u>9</u>	<u>3</u>	<u>3</u>	<u>8</u>	<u>3</u>
2		20		6		11	
Garments		Leather Products		Others		Ceramics	
SPS	TGU	SPS	TGU	SPS	TGU	SPS	TGU
<u>16</u>	<u>10</u>	<u>3</u>	<u>1</u>	<u>8</u>	<u>10</u>	<u>1</u>	<u>1</u>
26		4		18		2	

Rubber Products		Super Markets		Const Materials		Private Univ	
SPS	TGU	SPS	TGU	SPS	TGU	SPS	TGU
1	-	2	-	1	12	-	2
1		2		13		2	

Note: Non-U.S.AID/Honduras Subsidized Projects: 21 for 1988.

The size of projects ranged from a garment maker with 3 people to a sector study with 556 total employees in 12 companies. One interesting business project included 275 women working part-time from their houses on artisan products. The ranking used for industry sectors, given by USAID, was:

Micro Industry	: 1 to 10 employees
Small Industry	: 11 to 25 employees
Medium Industry	: 26 to 99 employees
Large Industry	: 100 or more employees

Additional sector diversification information is shown in the following table:

BREAKDOWN BY SECTORS - YEAR 1987

HONDURAS

	<u>Sector</u>	<u># of Projects by Office</u>		
		Teg.	SPS	Total
1.	Agriculture, fisheries, forestry	1	1	2
2.	Apparel	3	9	12
3.	Banking and Finance	-	1	1
4.	Construction, building material	1	2	3
5.	Food processing and manufacturing	3	3	6
6.	Furniture and wood products	4	4	8
7.	Health and education	-	1	1

8.	Leather goods and shoes	1	4	5
9.	Machinery and metal products	1	1	2
10.	Misc. Industry and services	2	1	3
11.	Paper and paper products	1	-	1
12.	Transportation Equipment	1	2	3
13.	Ceramics	1	-	1
14.	Handicrafts	1	-	1
15.	Printing	1	-	1
16.	Hotels	<u>2</u>	<u>1</u>	<u>3</u>
	Totals	21	30	53

The regions covered until 1988 have been basically Tegucigalpa and San Pedro Sula. The distribution in the past 2 years has been about even. Occasional projects have been placed away from these centers (less than 5%). Roatan and La Ceiba were visited and were determined to be viable zones of interest for the future. The types of technical assistance ranged from basic skills, i.e., wood turning, shoe cutting, etc., to management expertise, break-even analysis, marketing, cash flow analysis, and inventory management. In summary, investigation exposed assistance in all phases of business with a very broad base of resources.

#### IV.3.2

#### Effectiveness of Assistance

The Consulting Team measured the effectiveness of IESC assistance in terms of employment generation, productivity, sales improvement, and profit management. Another indicator of project effectiveness the team reviewed was client satisfaction. In an overwhelming majority of cases, the clients believed they received much more assistance than that for which they had specifically contracted. Important contribution, difficult to measure in the short-term, are the specific recommendations made by Volunteer Executives for either changing existing machinery, or buying new equipment. The bottom line effect in these situations generally was very positive.

In examining the USAID-assisted projects, the micro and small business employment generation as a result of VE assistance was measured at 21%, independent of project employee size. Graph No. 1 in the appendix shows the correlation between employment increase and the length of the project.

Productivity and sales increased more among the larger businesses assisted and averaged 35%. Graph No. 3 shows the average percent of production increase as a function of number of employees and Graph No. 4 shows the production increase relative to project length of time. Profit enhancement due to the Volunteer's visits was difficult to ascertain with accuracy. An estimate from the interviews is derived as follows:

Increased Employment	21%
Increased Production	35%
Reduced Scrap	15%

In some of the projects, marketing as a sales stimulus, and thus an employment and profit generator, was addressed. The results in these cases were rewarding.

This marketing thrust occurred in about 35% of projects reviewed. Of particular importance in this area was design enhancement and packaging improvement. Most clients have already experienced some sales increases because of design changes.

#### IV.3.3 Cost of Assistance Program

Funding for the IESC/Honduras Program comes from three sources: client contributions, USAID/Honduras and the IESC Core Grant.

Client contribution to the program varies, based on ability to pay, and covers all or a portion of the direct costs associated with a VE visit. Direct costs are defined as the air fare and in-country per diem provided for a VE and accompanying spouse. Client contributions range from a minimal amount (under \$100) for some micro businesses to well over \$10,000 for larger concerns.

In the case of the Tegucigalpa office, forty-five percent of the 1988 projects were paid for by the client. Of the eight projects requested for 1989, seven clients will pay the direct costs in full and one small business will be assisted by USAID/Honduras funding, as of this time. In San Pedro Sula, where the percentage of micro and small-businesses assisted under the project is greater than in Tegucigalpa, client contributions are lower. The cost per employee assisted drops dramatically in the case of larger companies compared to the smaller ones as shown in Graph No. 5 in the appendix.

Funding provided by USAID/Honduras covers the operating costs of the IESC Tegucigalpa field office and a portion of the direct costs charged to clients. The amount of that assistance is determined by need. With one or two exceptions, clients receiving such assistance have been from the project's target group, namely micro and small-sized enterprises.

Through 1988, the IESC Core Grant, funded through PRE Bureau in AID/Washington,

covers the operating costs of the San Pedro Sula office, as well as the recruiting/IESC Stamford overhead costs. In 1989, the Core Grant no longer will cover recruiting costs in Honduras. These costs will have to be covered from USAID or from the clients. USAID may wish to determine the relative percentages of actual recruiting cost and the IESC Stamford overhead charge. This information was not available in Honduras.

Specifically, the IESC Core Grant with PRE for 1988 is for \$5 million. The major terms of this program funding base is as follows:

- IESC's objectives in 1988 are to carry out 50% of its projects in Core Grant countries with small companies. A small company is defined (in Washington, D.C./Stamford Terms) as having less than \$3 million in gross annual revenue or less than 100 employees.
- In 1988 the IESC will seek to perform 20% of its projects with agribusinesses or businesses involved in agricultural production.
- The IESC will not use grant funds to assist parastatals--any organization owned more than 50% by a government. Prior written approval of the AID Technical Officer is required for parastatals, if approval is requested.
- The Core Grant does not cover IESC, Stamford overhead expenses. These expenses are covered by client contributions and are part of the recruiting costs.

It is the conclusion of this Consulting Team that IESC/Honduras should maintain its two-track approach to assist larger clients who pay all direct costs in full as well as micro and small concerns, who receive assistance from the USAID grant.

With regard to USAID-supported clients of the IESC, guidelines should be established and followed for the determination of client contribution. They need to be flexible enough to allow for professional judgement on a case by case basis, but they must establish clear parameters for decision making and cost

determination. In Section IV.4.2, the Recommendations Section of this report, the Consulting Team presents guidelines for considerations by USAID and IESC.

#### IV.3.4 Project Promotion

Currently, IESC markets its services through various chambers of commerce, private volunteer organizations (PVO's), development organizations, Rotary Clubs, personal acquaintances of IESC personnel, and by word of mouth. Potential clients also learn about the IESC program when an article appears in a newspaper, a magazine, or from a story on the radio.

IESC and USAID/Honduras have similar but distinct goals and objectives, which are reflected in the selection of their client bases. Not surprisingly, the perspective of IESC is broad, while that of the Mission is focused on country-specific realities and priorities. From the IESC point of view, an eligible client is one whose business growth would contribute to the overall development of the country. USAID/Honduras priorities are more targeted toward those businesses whose strengthening and or growth would imply employment and or foreign exchange generation. USAID/Honduras is particularly interested in assisting small-sized businesses which offer increased employment opportunities, and businesses involved in non-traditional export activities.

Responses from interviews suggest that several micro and small industries became aware of the IESC program through the news media. A concerted public relations effort to promote articles describing the activities of IESC in Honduras, or even direct advertising, probably would develop new interest in the program. The use of advisory boards in each city being served by IESC is another means of marketing its services. The creation of an Advisory Board is required by IESC and they are in place in most other countries where IESC operates. This could be effective in Honduras if the selection process in choosing advisors is carefully considered to include organizations or people who have daily contact

with micro and small businesses. As a general rule, these would not include representatives for organizations like chambers of commerce, but would include representatives from small loan associations, universities, newspaper reporters and, especially, priests.

The program would also benefit from the production of promotional materials. There are two attractive and informative pamphlets in English and in Spanish describing the general IESC program, which are available to clients, and which came from Stamford, Connecticut. With such an impressive historic record of IESC VE successes in Honduras, it would be fairly simple to develop a colorful brochure showing a number of local businesses which were assisted in a meaningful way. While prior permission from the businesses would have to be obtained, it might be considered a form of advertising for them as well.

Each IESC office in Honduras should consider more formal marketing plans which would include a minimum number of potential client visits per week, and targets on sizes and sectors of businesses. They should also consider geographic, or locale considerations, and any other criteria suggested by the Country Director and USAID/Honduras.

#### IV.3.5 Project Management (Tegucigalpa)

In 1988, IESC Honduras opened an office in Tegucigalpa, which since 1984 had been covered by the San Pedro Sula office. The decision to open a new IESC office in Tegucigalpa was made because of the difficulty in trying to implement a distant marketing program and, most importantly, support the Volunteer Executive in Tegucigalpa from a city located some four and a half hours away by car. The record suggests that it was a wise decision.

In 1988, the Tegucigalpa office opened with a total staff of three, consisting of a field representative, who performs the function of manager, a secretary,

and a driver. The number of projects identified and assisted by the Tegucigalpa office this year and its projections for 1989 are impressive. The following table illustrates the number of projects agreements in Tegucigalpa and in San Pedro Sula since 1986.

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u> (projected)
San Pedro Sula	12	26	29	40
Tegucigalpa	<u>31</u>	<u>23</u>	<u>33</u>	<u>43</u>
Total	43	49	62	83

The relatively large number of new projects in Tegucigalpa suggests that there exists an attractive market potential in the capital city, even though San Pedro Sula is generally recognized as being the industrial base of Honduras. For the record, of the 186 completed IESC projects in Honduras between 1983 and 1988, 53% were in San Pedro Sula and 47% in Tegucigalpa. If the annual project total of the two offices continues for the next three years in a similar relationship to the past three years, the Tegucigalpa market share of IESC projects should exceed that of San Pedro Sula.

The client contribution trend for the past two years in both Tegucigalpa and San Pedro Sula is very positive, but it is most impressive in Tegucigalpa. Of the 50 clients interviewed in San Pedro Sula and Tegucigalpa, the average client contribution, expressed in US dollars, at a rate of L.2.0 = US \$ 1.0, was as follows:

	<u>1987</u>	<u>1988</u>	<u>(%increase)</u>
San Pedro Sula	\$856	\$1439	(+68%)
Tegucigalpa	\$632	\$3417	(+440%)
Combined	\$744	\$2428	(+226%)

(unweighted)

Aside from increasing the total number of IESC projects by a substantial amount and drastically increasing the average amount of client contributions in 1988, the Tegucigalpa office also has had an impact on the IESC program in Honduras in other ways. During the year, the office had four "umbrella" projects--a situation in which one Volunteer Executive serves several business at the same time. The Volunteer Executive then is able to leverage his presence by the number of businesses that can be served by one project visit. Usually, this takes the form of individual visits by the Volunteer Executive to each business location or shop, and a seminar with the group as a whole. Prior to 1988, the San Pedro Sula office managed all Tegucigalpa projects.

In general, these "umbrella" projects usually are arranged by the IESC office through a PVO, or other development organization. An objective of the Tegucigalpa office for 1989 is to try to obtain more "umbrella" projects involving micro and small businesses, but doing so directly and obviating the need for the development organization. One such prospect for 1989 is a melon-grower cooperative, but is as yet unsigned.

A table describing AID-financed projects, and others, by the Tegucigalpa office is shown below:

BREAKDOWN BY SECTORS--YEAR 1989

TEGUCIGALPA OFFICE

<u>Sector</u>	<u>Number of Projects</u>		
	Total	AID	Non-AID
1. Agriculture, fisheries, forestry	2	2	-
2. Apparel	4	4	-
3. Chemicals and petroleum products	2	-	2
4. Construction, development, building materials	1	-	1
5. Food processing and manufacturing	6	1	5

6.	Furniture and wood products	3	1	2
7.	Health and education	2	-	2
8.	Shoes and leather goods	2	1	1
9.	Misc. ind. and services	1	1	-
10.	Paper and paper products	1	-	1
11.	Trade	1	-	1
12.	Transportation Equipment	2	-	2
13.	Ceramics	2	1	1
14.	Handicrafts	2	2	-
15.	Printing	<u>1</u>	<u>-</u>	<u>1</u>
	Totals	32	13	19

A favorable impact of the Tegucigalpa office is that projects which fall outside the range established by the IESC of two-weeks minimum visit to two-months maximum visit, are nearly always 100% financed by the client, at the insistence of the IESC Tegucigalpa office. The Consulting Team saw examples of a three month visit, and two visits of less than two weeks, which were fully paid by the clients. One of the short visits involved a Volunteer Executive who had been working in Guatemala and who then was "piggy-backed" to Honduras. "Piggy-backing" is the term used to leverage the use of a Volunteer Executive in more than one country, on the same round-trip airplane ticket from the United States.

At the beginning of this evaluation, it was not entirely clear as to the specific responsibilities and authorities of the Tegucigalpa office. It seemed at least organizationally questionable that the Tegucigalpa office would be managing projects in the Bay Islands, which are located much closer to San Pedro Sula than Tegucigalpa. The Consulting Team received job descriptions of IESC officers from the Country Director. Copies of the job descriptions are included in the appendix and are left with the Country Director, who will implement them, once a final draft is approved by the necessary authorities in Stamford.

It is suggested that the Field Representative be given additional expenditure authority under approved projects or guidelines, and that the Assistant Country Director be asked for more marketing performance responsibility. The whole subject of responsibilities and authorities may take on additional importance if new offices are opened in the future. It also impacts on succession planning. Geographic responsibilities may be a useful inclusion to the job descriptions.

#### IV.3.6 Project Expansion

A part of this evaluation scope of work was to measure the sustained demand for IESC services in La Ceiba and the surrounding areas including the Bay Islands, Trujillo, Olanchito, and Tela. The Consulting Team visited 28 potential clients in La Ceiba and saw three projects in the Bay Islands for which Volunteer Executive assistance has been requested but has not yet arrived. The team did not visit Trujillo, Tela, or Olanchito, due to time limitations.

In general, business representatives in La Ceiba knew very little about the IESC program in Honduras or elsewhere, but expressed considerable interest in it. One company had used a consulting company from Washington D.C., VOCA (Volunteer Overseas Cooperative Assistance), with very good experience.

Of the 28 businesses visited, 18 expressed a strong interest in the program and said they would seriously consider participating in it once they learn more about it. Visits were made to some small or micro enterprises, principally in the clothing manufacturing business. Two large department stores, two furniture makers, and five agricultural production companies were visited. Visits were made to a number of diversified industries including, a sausage and meat products factory, a plastics company, a feeder airline, an auto parts business, a fishing equipment supplier, and a bank. Also visited was the Central Bank in La Ceiba, ANMPIH (Asociacion Nacional de Medianas y Pequeñas Industrias de

Honduras), the Chamber of Commerce, and the Standard Fruit Company. The general theme communicated to the Consulting Team by most business representatives was that Tegucigalpa and San Pedro Sula availed themselves fully of any and all types of government program assistance but that because La Ceiba was a Caribbean city well off the beaten track, it benefitted little from such programs. In general, the team was told by the business representatives that they would like to see an IESC office opened in La Ceiba.

The team members did not discuss specific costs of the IESC program with the prospective clients other than to say that they were expected to participate in the costs of the airfare and per diem requirements of the Volunteer Executive. It was explained that there were no salary requirements for the Volunteer Executives.

The Consulting Team initially discussed with the IESC Country Director the possibility of using personnel from San Pedro Sula to cover the La Ceiba area, or to hire a person part-time for the first year of operation. After personally seeing La Ceiba, the distance from San Pedro Sula, and considering the related outlying areas such as Trujillo, Tela, Olanchito, and the Bay Islands, as well as the condition of roads and available transportation between them, the consulting team agreed that the best place to support IESC activities in the La Ceiba area is precisely there in La Ceiba.

A major factor influencing our recommendations is a better appreciation of the degree of support which the Volunteer Executives and their spouses need from IESC personnel. For each IESC project in the country, the volunteer and his/her spouse have to be met at the airport and brought to their hotel. The next day the volunteer is taken to the client's business and introduced to officials there. The IESC staff person remains with the Volunteer until a work plan is established and written. Once that happens, the staff member is relieved from direct daily contact with the Volunteer, but, during the ensuing weeks, the IESC

staff person has to check-up on the Volunteer periodically to make sure there are no serious problems. Also, the IESC has to be somewhere reasonably close in case there is a real emergency. The IESC staff person generally visits the Volunteer two or three times during the program. At the end of the visit, there is paperwork to be completed by all three parties: the Volunteer Executive, the client, and the IESC officer. There also is an exit interview required of the same three parties.

In addition to the level of Volunteer Executive support described above, there is a substantial workload required to support the Volunteer's spouse. The spouse needs to be shown where and how to shop for food and other necessities. Assistance in areas such as restaurants, churches, doctors, shopping, etc., also is required. If possible, the VE's spouse is encouraged to volunteer his/her services as appropriate. In some countries, these volunteer activities range from services to churches and orphanages or, in one case, of professional nursing to a hospital.

This record should show the outstanding degree of support which the Honduras Country Director's wife provides to the Volunteers' spouses in both San Pedro Sula and in Tegucigalpa. After some 35 years in the country, there exist few mysteries for this particular Country Director's wife relative to living in and enjoying Honduras. The VEs and their spouses here are fortunate to have such a person available to them.

In summary, because of distance factors, erratic transportation, poor roads, and especially the importance to the success of the IESC program to have staff support close-by, the consulting team feels that the better view is to situate the office in La Ceiba rather than try to cover it from San Pedro Sula. The scope of work requested confirmation that the La Ceiba area have sustaining businesses in sufficient number and interest in the IESC program, if a favorable recommendation for opening a new office there was to be made. For this reason

the consulting team sought to interview more small and medium size businesses than micros. It is felt there are indeed more than sufficient numbers of micro businesses in the Bay Islands, Tela, Trujillo, Olanchito and La Ceiba, even though a significant number of them were not visited by the Consulting Team.

The results of the interviews suggest a strong interest in the IESC program on the part of the majority of representatives of the businesses interviewed. An average of 30 new projects arising from the La Ceiba area over the next 3 or 4 years does not seem to be an unreasonable figure. In La Ceiba alone, the IESC projection of 12 new projects for 1989 would seem to be fairly conservative, based on interview responses there. On the island of Roatan, an attorney/businessman who had formerly worked for four years with a USAID supported organization, suggested that Roatan alone would have in excess of 100 businesses which would have an interest in the IESC program. Other knowledgeable businessmen thought this number to be somewhat exaggerated. They all agreed that there may be 100 private sector firms with interest in the IESC program but that many would be micro in size and probably lumped together into several individual projects. A figure of 30-40 projects for the Bay Islands over the next three to four years seems to be an acceptable estimate, based on the interviews.

The absolute key, and only qualification to the recommendation that there exists a sufficient number of sustainable businesses in the La Ceiba area to support an IESC office there, is that the field representative for that area be selected very carefully. If the country director can duplicate his choice of field manager for the La Ceiba area in a similar manner to that of Tegucigalpa, there should be no problem.

At a minimum, the same basic pre-requisites for the position should apply. The pre-requisites for the field representative position in Tegucigalpa are as follows:

- A university degree;
- Ability to organize and manage an office;
- Ability to successfully sell a service and to have in-depth knowledge of the local business community;
- Ability to take responsibilities and work by his or herself; and
- Four years prior experience in an administrative job.

It should be mentioned that at least three representatives of businesses in La Ceiba also stated the importance of selecting the "right" person as a manager. In varying degrees, the following was mentioned: intelligence, energy, ambition, drive, judgement, and an in-depth knowledge of the businesses and the economy of the La Ceiba area.

#### IV.3.7 Project Constraints

The most important constraint to the IESC program in Honduras probably is the economy itself. Honduras is an agriculturally-based country with an estimated per capita income of less than \$1,000 as of 1987. The IESC office considers funding limitations to be the primary constraint to their program.

Such macroeconomic problems as an overvalued exchange rate, large fiscal and balance of payments deficits, and high foreign indebtedness relative to GDP also tend to place a obstructions on the growth of the overall business environment. Aside from some of these larger issues, a limitation to the IESC program is the lack of economic infrastructure in Honduras, particularly in the area of services to industries. Over time, services to producers, suppliers, and industries no doubt will improve and increase.

On a company-specific basis, there appears to be a fairly widespread lack of accounting knowledge, a lack of accurate record-keeping, little awareness of fixed and variable costs, and generally no real business plan in most companies. Additionally, there are some problems that are a result of old machinery, non-availability of much locally-produced machinery and equipment, the high cost of imported machinery, and the scarcity of dollars.

Constraints also exist for the IESC in terms of its ability to support Volunteer Executives in cities located well outside of Tegucigalpa and San Pedro Sula.

Another problem identified by the Consulting Team is the lack of good financial information in general, or an adequate business information data base. A listing by country and city of the 100 largest companies, or similar breakdowns by size into various industrial sectors also would be most helpful to the IESC office.

Perhaps the most important constraint to the IESC program, from the client's perspective, is the difficulty with which micro and many small industries have in generating enough cash flow to make a reasonable contribution to IESC to offset the VE's cost of visit.

#### IV.4 Conclusions and Recommendations

##### IV.4.1 Effectiveness of the IESC Program in Honduras

###### Conclusion:

The Team concluded that the IESC Volunteer Executives have been outstanding in tangibly assisting companies and organizations in Honduras. The record shows that, last year, Honduras had the largest number of IESC projects in the world.

###### Recommendations:

- The Volunteer Executive part of the program is very successful. Leave it alone.

##### IV.4.2 Guidelines for Charging IESC Clients

###### Conclusion:

The Team concluded that guidelines need to be established.

###### Recommendations:

- In order to achieve USAID objectives of assisting micro, small, and medium size businesses and still maintain a viable IESC program, the following is recommended for USAID-financed projects:

- (1) Tenure : Minimum of 1 month
- (2) Client Contribution : Minimum of (per month)

- A. \$1,000 - for artisan cooperatives, PVO's that organize micro industries, and Agricultural and other Cooperatives.
- B. \$1,500 - for small industries with more than 10 and up to 25 employees.
- C. \$3,000 - for medium size businesses or organizations with more than 25 employees, and  
- for any feasibility study

#### IV.4.3 Sector Assistance

##### Conclusion:

That there exists a two track IESC assistance system in place in Honduras. On one hand, USAID is tangibly supporting micro, small, and medium size companies in nearly all industries, and on the other, larger companies, with less assistance from USAID, pay for their own technical assistance from IESC. The Consulting Team concludes that both systems are achieving their objectives and are working well.

##### Recommendation:

- For Track I assistance, where USAID is supporting micro, small, and medium-sized companies, IESC should:

- (1) Focus more on agricultural production clients.
- (2) Seek small companies with vertical integration possibilities for follow-up visits.
- (3) Try to increase the number of micro industries, recognizing that many can only participate as part of a group, for cost reasons.
- (4) Seek industry cooperatives in order to maximize the impact of the VE's visit. Organize "umbrella" projects.
- (5) Determine quickly where encouraging/promoting exports is a realistic possibility for a micro or small industry and where the primary emphasis instead should be focused on increasing production for the local market and growing the company larger.

#### IV.4.4 Promoting IESC Services

##### Conclusion:

That marketing efforts can become more focused and expanded

**Recommendation:**

Establish target numbers for projects, both by size and sector, which should be assigned to the field offices by the Country Director, for attainment/signing, on a quarterly basis.

- Establish and use a revolving advisory board for those IESC offices which do not now have one and appoint to this board people who have direct access to businesses in the sectors which are difficult to access.
- The Country Director should create a budget for advertising.
- The IESC office should make periodic use of a local good public relations firm to communicate to the general public how the IESC program operates.
- The IESC office should produce a 1 or 2 page colorful brochure, with pictures and text in Spanish, describing the results of 10 or 15 VE visits to local companies or organizations in Honduras, after prior approval of the companies/organization is obtained.

**IV.4.5                      Impact Tegucigalpa Office**

**Conclusion:**

That the opening of an office in Tegucigalpa in 1988 has had a significantly positive impact on the IESC program overall in Honduras both in terms of number of projects and the sectors served.

**Recommendations:**

- IESC Country Director should establish formal job descriptions for IESC personnel in Honduras and implement them.
- Increase expenditure and communication authorities of the field representative in Tegucigalpa.

#### IV.4.6

#### Expansion to La Ceiba

##### Conclusions:

That there exists sufficient sustained demand from the area of La Ceiba, Bay Islands, Tela, Trujillo, and Olanchito to justify opening an IESC office there.

##### Recommendation:

- IESC should open a new office in La Ceiba, using the same criteria in the selection of a field representative to manage it, as was done in Tegucigalpa.

#### IV.4.7

#### Other

##### Conclusion:

That a wealth of relevant information leaves the country as each Volunteer Executive departs, without anyone taking note of it.

##### Recommendations:

- An officer of the USAID Mission in Honduras should meet with each Volunteer Executive just prior to his/her leaving the country in order to obtain a closer perspective of the visit and the sector in which the VE was working.

##### Conclusion:

That there exist closed factories in the United States with used, fully depreciated, but probably usable machinery, either going to waste or waiting to be scrapped, which could be used in developing countries.

##### Recommendation:

- That IESC Headquarters in Stanford, Connecticut, establish an information clearing house, or a computer data base, for equipment, machinery and factories which are closed and considered to be out of date or which

manufacture units in amounts too small to be of interest in the United States.

Department of State

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AIDAC

FOR LAC/PS, JAMES SUNA

E.O. 12356: W/A

SUBJECT: EVALUATION OF INTERNATIONAL EXECUTIVE SERVICE  
CORPS (IESC) PROGRAM IN HONDURAS

1. THE FOLLOWING IS A STATEMENT OF WORK TO CONTRACT  
FOR AN EVALUATION TEAM UNDER THE ISTI CONTRACT NO.  
LAC-8519-C-00-073A WITH LAC/PS TO REVIEW IESC  
ACTIVITIES THAT AID HAS FUNDED IN HONDURAS. MISSION  
UNDERSTANDS THAT UNDER ISTI CONTRACT ALL COSTS WILL BE  
PAID FOR BY LAC/PS.

2. STATEMENT OF WORK

A) BACKGROUND: THE INTERNATIONAL EXECUTIVE SERVICE  
CORPS (IESC) IS A US PRIVATE VOLUNTARY ORGANIZATION  
THAT PROVIDES PRODUCTION, MANAGEMENT AND MARKETING  
ASSISTANCE TO PRIVATE ENTERPRISES WORLDWIDE. IT ALSO  
PROVIDES TECHNICAL ASSISTANCE TO PUBLIC AGENCIES IN  
DEVELOPING COUNTRIES. THE SERVICES ARE PROVIDED BY  
RETIRED US EXECUTIVES WHOSE ONLY COMPENSATION IS  
REIMBURSEMENT OF TRAVEL EXPENSES AND IN-COUNTRY PER  
DIEM.

AID/HONDURAS UTILIZED IESC SERVICES UNDER AN  
OPERATIONAL PROGRAM GRANT (OPG) ORIGINALLY SIGNED ON  
FEBRUARY 29, 1984, AND AMENDED ON NOVEMBER 4, 1985 AND  
AUGUST 5, 1986. UNDER THIS GRANT, THE IESC PROVIDES  
PARTIAL OR TOTAL FINANCING FOR SHORT TERM TECHNICAL  
ASSISTANCE TO RESOLVE PRODUCTION, MANAGEMENT AND  
MARKETING PROBLEMS OF SMALL AND MEDIUM-SIZED PRIVATE  
HONDURAN FIRMS WHO ARE UNABLE TO PAY THE STANDARD  
COSTS FOR SERVICES PROVIDED BY THE IESC.  
TO DATE, A TOTAL OF LEMPIRAS 1,250,000 (DOLS 625,000)  
HAS BEEN OBLIGATED TO THIS PROJECT WHICH IS SCHEDULED  
TO END ON DECEMBER 31, 1988.

IESC HAS JUST SUBMITTED A PROPOSAL TO EXTEND THE OPG  
FOR ONE YEAR, AND REQUESTED ADDITIONAL FUNDING OF  
LEMPIRAS 952,500. IN THE PROPOSAL, IESC NOT ONLY  
PLANS TO CONTINUE ITS PRESENT LEVEL OF OPERATIONS IN  
TEGUCIGALPA AND SAN PEDRO SULA BUT ALSO INTENDS TO  
OPEN AN OFFICE IN LA CEIBA. THEREFORE, AN EVALUATION  
OF THIS PROJECT IS NOW REQUIRED IN ORDER TO DETERMINE  
WHETHER THE PROJECT PURPOSE HAS BEEN MET AND TO  
PROVIDE THE ANALYSIS AND RECOMMENDATIONS JUSTIFYING A  
POSSIBLE EXTENSION OF THE OPG WITH IESC.

B) SCOPE OF WORK:

THE EVALUATION TEAM WILL UNDERTAKE THE WORK NECESSARY  
TO ANSWER THE FOLLOWING QUESTIONS REGARDING THE  
PROJECT:

B.1) HOW EFFECTIVE HAVE THE VOLUNTEER EXECUTIVES BEEN  
IN ASSISTING COMPANIES OR ORGANIZATIONS THAT HAVE  
REQUESTED THEIR ASSISTANCE? IN ORDER TO ANSWER THIS  
QUESTION, THE TEAM WILL REVIEW PROJECT FILES AND  
SELECT A REPRESENTATIVE SAMPLE OF COMPANIES TO VISIT.  
THESE WILL INCLUDE PROJECTS WHERE WORK HAS BEEN  
COMPLETED AS WELL AS THOSE WHERE WORK IS UNDERWAY.  
MEMBERS OF THE TEAM WILL THEN VISIT THE COMPANIES THAT  
HAVE BEEN SELECTED AND, THROUGH INTERVIEWS WITH THE  
OWNERS OR GENERAL MANAGERS AND TOURS OF THE  
FACILITIES, DETERMINE THE IMPACT AND EFFECTIVENESS OF  
THE ASSISTANCE PROVIDED. (I.E. INCREASED EMPLOYMENT  
GENERATION, INCREASED PRODUCTIVITY, INCREASED  
PROFITABILITY AND BETTER MARKETING TECHNIQUES).

B.2) WHAT GUIDELINES DO IESC PERSONNEL USE TO  
DETERMINE HOW MUCH TO CHARGE A PARTICULAR CLIENT FOR A  
SERVICE? TEAM MEMBERS WILL REVIEW WITH IESC OFFICIALS  
THE METHOD THAT IS USED TO ARRIVE AT THE AMOUNT TO  
CHARGE A PARTICULAR CLIENT, DETERMINE ITS ADEQUACY AND  
IF NECESSARY, RECOMMEND IMPROVEMENTS TO THE SYSTEM.  
ALL RECOMMENDATIONS SHOULD BE STRAIGHT FORWARD AND  
SIMPLE SO THAT MINIMAL STAFF TIME WILL HAVE TO BE  
EXPENDED IN UNDERSTANDING AND IMPLEMENTING THEM.  
ALSO, THE TEAM SHOULD EVALUATE THE EFFECTIVENESS OF  
THE METHODOLOGY USED BY IESC STAFF IN IDENTIFYING  
POTENTIAL CLIENTS AND RECOMMEND IMPROVEMENTS TO THAT  
METHODOLOGY.

B.3) TO WHAT SECTORS OF THE ECONOMY HAS THE PROJECT  
PROVIDED ASSISTANCE? TEAM MEMBERS WILL DEVELOP CHARTS  
TO SHOW THE TYPES OF INDUSTRIES OR ORGANIZATIONS THAT  
THE PROJECT HAS ASSISTED (AGRI-BUSINESS, MAQUILA,

TOURISM, FOOD PROCESSING, ETC.), SIZES OF INDUSTRIES  
(MICRO--1 TO 10 EMPLOYEES AND TOTAL ASSETS OF LESS  
THAN L20,000, EXCLUDING LAND AND BUILDING,  
SMALL--11-25 EMPLOYEES AND TOTAL ASSETS OF MORE THAN  
L20,000 AND LESS THAN L500,000, EXCLUDING LAND AND  
BUILDING, MEDIUM--26 TO 99 EMPLOYEES AND TOTAL ASSETS  
OF MORE THAN ONE HUNDRED THOUSAND (L100,000) AND LESS  
THAN FIVE HUNDRED THOUSAND (L500,000) EXCLUDING LAND  
AND BUILDING, LARGE--OVER 100 EMPLOYEES AND TOTAL  
ASSETS OF OVER L500,000); AND TYPES OF ASSISTANCE  
PROVIDED (TECHNICAL/PRODUCTION, MANAGEMENT, MARKETING,  
ETC.). ALSO, SHOULD THE PROJECT DEEMPHASIZE  
PARTICULAR SECTORS TYPES AND SIZES OF COMPANIES AND  
FOCUS MORE INTERSELY ON OTHERS? IF SO, WHICH ONES AND  
WHY?

B.4) HOW ARE IESC SERVICES PROMOTED? CONTRACTORS  
WILL EXAMINE THE MARKETING METHODS THAT IESC USES TO  
PROMOTE AND TARGET SUCH AREAS AS SMALL AND MEDIUM  
SIZED BUSINESSES AND RECOMMEND (IF NECESSARY)  
ADDITIONAL WAYS IN WHICH IESC SERVICES MIGHT BE  
PROMOTED.

B.5) WHAT IMPACT HAS THE OFFICE IN TEGUCIGALPA HAD ON  
THE OVERALL IESC PROJECT PORTFOLIO FOR 1988? HAVE  
THERE BEEN CLEAR DIVISIONS OF RESPONSIBILITY WITH  
REGARD TO THE AREA OF THE COUNTRY COVERED? FOR BOTH  
THE TEGUCIGALPA AND SAN PEDRO SULA OFFICE?  
CONTRACTORS WILL REVIEW THE 1988 PORTFOLIO OF PROJECTS  
FOR THE IESC TO DETERMINE THE IMPACT AND THE AREA THAT  
THE TEGUCIGALPA OFFICE HAS COVERED.

B.6) SHOULD THE IESC OPEN AN OFFICE IN LA CEIBA IN CY

UNCLASSIFIED

# Department of State

TELEGRAM

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1985 TO ANSWER THIS QUESTION, THE TEAM WILL PHYSICALLY VISIT LA CEIBA AND COLLECT INFORMATION ON SUSTAINED DEMAND FOR IESC SERVICES TO DETERMINE WHETHER THIS EXPENSE IS JUSTIFIED.

THE INFORMATION, EVIDENCE AND ANALYSIS ON WHICH THE CONCLUSIONS, RECOMMENDATIONS AND LESSONS LEARNED ARE BASED. IT WILL INCLUDE SPECIFIC SECTIONS ON THE PROJECT'S DEVELOPMENTAL IMPACT AND LESSONS LEARNED, AND ON THE FUTURE STRATEGY RECOMMENDED.

3. COMPOSITION OF EVALUATION TEAM: THE EVALUATION TEAM WILL CONSIST OF TWO PEOPLE WHO WILL BE IN-COUNTRY A TOTAL OF THREE TO FOUR WEEKS. ONE MEMBER WILL HAVE A TECHNICAL BACKGROUND WITH AT LEAST SEVEN YEARS EXPERIENCE IN BASIC MANUFACTURING PROCEDURES AND COSTS. THE CHIEF OF PARTY WILL HAVE A MARKETING/FINANCIAL BACKGROUND AND WILL HAVE WORKED FOR APPROXIMATELY SEVEN YEARS IN SUCH AREAS AS DRAWING UP MARKETING PLANS FOR SMALL COMPANIES AND ASSISTING IN THEIR IMPLEMENTATION. FLUENT SPANISH FOR BOTH TEAM MEMBERS IS A NECESSITY AND EXTENSIVE EXPERIENCE IN THE LATIN AMERICAN ENVIRONMENT IS A PLUS. TEAM MEMBERS WILL HAVE AVAILABLE TO THEM PROJECT FILES AS WELL AS THE JUNE 1988 REPORT EVALUATING THE IESC WORLDWIDE.

D) CONCLUSIONS AND RECOMMENDATIONS: THE REPORT SHOULD END WITH A FULL STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS. THE CONCLUSIONS SHOULD BE SHORT AND SUCCINCT, WITH THE TOPIC IDENTIFIED BY A SUBHEADING RELATED TO THE QUESTIONS POSED IN THE SCOPE OF WORK. RECOMMENDATIONS SHOULD CORRESPOND TO THE CONCLUSIONS AND SPECIFY WHO SHOULD TAKE THE RECOMMENDED ACTIONS.

E) APPENDICES: AT A MINIMUM THE REPORT WILL INCLUDE THE FOLLOWING AS APPENDICES:

4. REPORTING REQUIREMENTS:

- I) THE EVALUATION SCOPE OF WORK.
- III) A DESCRIPTION OF THE METHODOLOGY USED IN THE EVALUATION.

4.1) UPON ARRIVAL IN-COUNTRY, TEAM MEMBERS WILL MEET WITH MISSION REPRESENTATIVES TO DISCUSS THE SCOPE OF WORK AND THEIR PROPOSED WORK PLAN. THEY WILL THEN PROCEED TO SAN PEDRO SULA TO BE BRIEFED BY THE IESC COUNTRY REPRESENTATIVES.

- II) A DETAILED ESTIMATE OF THE PROJECT'S CONTRIBUTION TO THE ACHIEVEMENT OF THE MISSION'S ACTION PLAN OBJECTIVES.

4.2) UPON COMPLETION OF THEIR EVALUATION, THE TEAM WILL VERBALLY PRESENT THEIR FINDINGS TO BOTH IESC AND A.I.D. PERSONNEL. A DRAFT REPORT MUST BE SUBMITTED TO THE MISSION PRIOR TO TEAM DEPARTURE FROM HONDURAS. MISSION WILL PROVIDE WRITTEN COMMENTS ON THE DRAFT REPORT NOT LATER THAN ONE WEEK AFTER THE TEAM DEPARTURE. A FINAL DOCUMENT WILL BE REQUIRED TWO WEEKS AFTER RECEIPT OF MISSION COMMENTS ON THEIR DRAFT REPORT.

- IV) A DETAILED PRESENTATION OF THE ESTIMATED COST/BENEFIT OF THE PROJECT.
- V) A BIBLIOGRAPHY OF DOCUMENTS CONSULTED AND A LIST OF INDIVIDUALS AND AGENCIES CONTACTED.

4.3) REPORT FORMAT: THE CONTRACTOR WILL BE RESPONSIBLE FOR PREPARATION OF A WRITTEN REPORT IN ENGLISH CONTAINING THE FOLLOWING SECTIONS:

3. LEVEL OF EFFORT: 24 DAYS FOR THE MARKETING/FINANCIAL SPECIALIST, 18 DAYS FOR THE TECHNICAL/FINANCIAL SPECIALIST AND 18 DAYS FOR A BILINGUAL SECRETARY. A SIX DAY WORK WEEK IS ALLOWED.  
4. THE ISTI CONSULTANTS SHOULD ARRIVE IN HONDURAS ON OR ABOUT NOVEMBER 7, 1988.

5. THE CONTRACTOR SHOULD BUDGET FUNDS FOR BILINGUAL SECRETARIAL SERVICES WHILE IN HONDURAS. BRIGGS

A) EXECUTIVE SUMMARY. THE EXECUTIVE SUMMARY SHOULD NOT EXCEED FIVE SINGLE-SPACED TYPED PAGES, AND SHOULD CONTAIN A CLEAR, CONCISE SUMMARY OF THE MOST CRITICAL ELEMENTS OF THE REPORT. THE SUMMARY SHOULD INCLUDE THE FOLLOWING ELEMENTS:

- I) THE PURPOSE OF THE ACTIVITY EVALUATED, INCLUDING THE EXISTING CONSTRAINTS AND WHAT IS BEING DONE TO ADDRESS THEM.
- II) THE PURPOSE OF THE EVALUATION AND THE ANALYTICAL

METHOD USED, INCLUDING THE TYPES AND SOURCES OF EVIDENCE USED TO ASSESS THE EFFECTIVENESS AND IMPACT OF THE ACTIVITY.

III) A DISCUSSION OF THE MAJOR FINDINGS AND CONCLUSIONS RELATED TO THE SPECIFIC QUESTIONS IN THE SCOPE OF WORK.

IV) A SUMMARY OF THE RECOMMENDATIONS MADE AND LESSONS LEARNED IN RESPONSE TO THE SPECIFIC QUESTIONS POSED IN THE SCOPE OF WORK.

B) TABLE OF CONTENTS

C) BODY OF THE REPORT: THE BODY OF THE REPORT SHOULD NOT EXCEED 48 PAGES. IT SHOULD DESCRIBE THE CONTEXT IN WHICH THE PROJECT IS BEING IMPLEMENTED AND SPECIFY

## APPENDIX II

The Following Methodology was used in the preparation of the evaluation:

- Reviewed scope of work in Washington D.C.
- Developed work plan with USAID
- Reviewed USAID files
- Reviewed IESC client files
- Developed client questionnaire
- Used case study approach
- Interviewed IESC clients
- Interviewed local IESC officers
- Interviewed clients by size and economic sector
- Interviewed prospective clients
- Interviewed Chambers of Commerce and Development Organizations
- Sought quantitative and qualitative measurements
- Determined direct and indirect benefits to IESC clients

Detailed Estimate of the Project's Contribution to the Achievement of the Mission's Action Plan Objectives

IESC services in Honduras contribute directly to two of the Mission's eleven objectives. They are:

- Generate 658,000 Person Years of Productive Employment from 1985 - 1992, and
- Promote Export Earnings.

Employment Generation is a top priority of both the GOH and USAID/Honduras. USAID hopes to raise employment levels through increasing agricultural, commercial and non-traditional export production, developing micro-and small-scale enterprises and improving the policy framework for investment and exports.

IESC/Honduras has contributed significantly toward employment generation, especially among micro and small-scale enterprises. A large portion of the IESC/Honduras program has been targeted toward smaller businesses. This evaluation found that as a result of IESC services, one of the most tangible and positive outcomes was an increase in employment. Most businesses visited by the evaluators had grown as consequence of a VE visit. In its interviews among a highly representative sample of beneficiaries, the consulting team asked firms to give the number of employees prior to and after a VE visit. The team then calculated the percentage change and found the increase to average 25%.

Promote Export Earnings. Lack of foreign exchange is a serious problem in Honduras. Projects designed to promote exports not only aim to generate employment, but also needed hard currency. USAID/Honduras supports several projects to promote exports and investment.

IESC/Honduras has contributed technical assistance to a variety of microenterprises to upgrade the quality of export products. The benefits of these services are widespread. For example, through the efforts of a VE with (AMANO, S.R.L. and Compañeros de las Americas), over 300 peasant women in 8 villages were reached and resulted in an improved product and an order from a major U.S. retailer (200,000 wreaths and 90,000 large corn husk flowers from Pier 1 Imports for their Christmas Season). IESC contributes tangentially, or not at all to the remaining nine objectives.

- Stabilize Financial Structures
- Increases Agricultural Production
- Increases Access to Voluntary Family Planning Services
- Improve Health and Health Services
- Reduce Infant Mortality
- Improve Housing
- Improve Education Opportunities
- Increase/Improve Participant Training
- Strengthen Democrat Institution

## APPENDIX IV

### Estimated cost/benefit of IESC program

Since 1984, USAID has approved grants totalling \$625,000 for assistance to micro, small, and medium size companies or organizations in Honduras. In addition to the direct assistance in Honduras of the \$625,000 further assistance is provided to larger companies through the Core Grant, which USAID in Washington D.C. has made available to IESC headquarters in Stamford, Connecticut. Since 1983, some 186 projects have been completed, which is among the highest totals for IESC projects throughout the world.

The evidence arising from the 50 interviews clearly shows that substantial improvements have been made to businesses and organizations which have received IESC Volunteer Executive assistance. Where estimated numbers were provided to the Consulting Team, production rose 35 percent, employment increased by 21 percent, and scrap was reduced by 15 percent, which should impact profits by a similar percentage.

Some examples of the direct impact of the program are dramatic. A nun who runs a hospital, a farm, and a construction company requested help with a flower growing operation. Prior to the Volunteer Executive's visit, production was nil. Currently, one year later, total sales are \$80,000 with good possibilities of increasing to over \$100,000 in another year. If the company can locate some additional capital for cuttings and infrastructure--they already own the land--production again could double within two years.

employment, which currently is 30, could increase by 50% with the expansion. Volunteer Executive assistance again will be requested. The fact that many volunteers have returned several times suggests a cost/benefit in itself. One Volunteer Executive has returned five times to the same company in Honduras. Others have returned for two or three visits.

One of the most satisfying projects has to be a handicraft business which was non-existent five years ago. It got started through an Aid to Artisans program (ATA) for two years, after which it was sold to two young local business people. Today the company employs 38 people full time, for assembling, marketing, standardizing, and packaging the handicraft items for export to the United States. The handicraft work is done by a large number of women in 8 villages in the interior, on a piecework basis. In a purely subsistence-economy area, where people live nearly 90 percent from the land, the cashflow infusion to the families is a very welcome event. It is difficult to measure the specific impact on the rise in the level of standard of living of families, but it definitely is there. Currently, Pier I Imports in the United States has placed orders for some 200,000 dozen decorative wreaths and some 90,000 corn stalk decorative flowers. The sales of the company rose in the past three years from \$50,000 to \$250,000. The cost/benefit consideration from this one project is impressive.

Another area which is difficult to quantify, but easy to see, is the effect of design enhancement or packaging improvements on a company's operation. Probably half of the Volunteer Executive's have made specific recommendations in this area, with most recommendations being followed by the clients.

A third area where specific cost/benefit analysis is elusive is the resulting

effect of machine or equipment changes, which were strongly suggested by the Volunteer Executive. In most cases, production increases immediately following the exchange, but it will take time for increased profits to offset the cost of the replacement machines.

It is the view of the Consulting Team that there are great benefits arising from the IESC program in Honduras. If one divided \$625,000 by 186, the number of completed projects, the average project cost of assistance is \$3,360. In view of the benefits to micro, small, and medium size companies, this seems to be a very low cost relative to the benefits of the program.

APPENDIX V

Documents Bibliography

1. Evaluation of International Executive Service CORP., by Multinational Strategies, INC., under AID contract No. PDC-0001-C-00-7105-00.
2. Grant authorization and letter agreement between USAID and International Executives Service Corp dated Feb. 29, 1984, covering the subject project No.522-0258.
3. Grant Authorization and letter agreement amendment No.1 dated Nov. 4.1985, covering extension of subject project No. 522-0258.
4. Grant authorization and letter agreement amendment No. 2 dated Aug. 5, 1986, covering project No. 522-ESF-0258.
5. Agreement between International Executive Service Corps (IESC) and Fundación para la Investigación y Desarrollo Empresarial (FIDE) dated Nov. 29, 1984.
6. Agreement between International Executive Service Corps (IESC) and Federación de Asociaciones de Productores y Exportadores Agropecuarios de Hondruas (FEPROEXAH).
7. USAID Financial Report No. 89-03, covering USAID project No. 522-0258, dated Nov. 23,1988.
8. USAID/Honduras, Action Plan FY 1990

9. This is IESC, Stamford, Connecticut.
10. International Executive Service Corps 1986 Annual Report.
11. International Executive Service Corps 1987 Annual Report.
12. International Executive Service Corps 1988 Quarterly. Reports-Through Nov. 30, 1988.
13. Investment Climate Statement Honduras American Embassy dated Sept. 21, 1988.
14. IESC client files for USAID supported projects in San Pedro Sula and Tegucigalpa - 1987 and 1988.
15. U.S AID/Honduras Supported Projects (by file number)

1987		1987	
<u>San Pedro Sula</u>		<u>Tegucigalpa</u>	
1.	P/15977-MOPAWI	1.	P/15186-FIDE
2.	P/16120-Banca L. Rivera	2.	P/16062-I.D.H.
3.	P/16117-Confección Glenda	3.	P/15733-Compañeros de las Américas
4.	P/16264-Manufacturas Deportivas	4.	P/15736-Compañeros de las Américas
5.	P/15529-FUNADEH	5.	P/16065-I.D.H
6.	P/16116-Mario R. Castro	6.	P/16560-Carretones
7.	P/16228-Sandra J. Bennedetto	7.	P/15732-Assoc.San José Obrero
8.	P/15851-Purapiel	8.	P/16063-I.D.H.
9.	P/16266-Comite Pro-mejora-Aeropuerto R.V Morales	9.	P/16265-ANDI/PYME
10.	P/15530-FUNADEH	10.	P/16353-FIDE
11.	P/15848-APROBID		
12.	P/15593-ANDI-PYME		
13.	P/15713-Industrial Winner's		
14.	P/16225-Fábrica Chiguines		
15.	P/15528-FUNADEH		
16.	P/15520-FUNADEH		
17.	P/15527-FUNADEH		
18.	P/16306-FIDE		
19.	P/16308-Confecciones Los Niños (this firm has been liquidated).		

1988  
San Pedro Sula

1. P/16729 FUNADEH
2. P/17070 FUNADEH
3. P/16740-ANMPIH
4. P/16548-ANMPIH
5. P/16977-ANTONIO GAMEZ
5. P/16734-ANMPIH
7. P/16546-ANMPIH
8. P/17325-FUNADEH
9. P/16730-FUNADEH
10. P/16696-ANMPIH
11. P/16695-ANMPIH
12. P/16733-ANMPIH
13. P/16547-ANMPIH
14. P/16732-ANMPIH
15. P/17068-FABRICA CHIGUINES

1988  
San Pedro Sula

16. P/16694-ANMPIH
17. P/16531-CERAMICAS
18. P/16916-ANMPIH
19. P/17204-ANMPIH
20. P/16731-FUNADEH
21. P/16978-IMPRESORA OMEGA

1988  
Tegucigalpa

1. P/16064 I.D.H.
2. P/16890-San José del Mariol
3. P/17140-Carretones
4. P/16356-CCIASMSL
5. P/16432-Sol y Verde
6. P/16627-Modex. S.A.
7. P/16847-AMANO

APPENDIX VI

List of Individuals/Agencies Contracted

OWNERS - Alimentos Valle del Sol S.A.

MANAGEMENT - Carretones

MANAGEMENT - Fundación San José del Mariol

MANAGEMENT - Fundación para la Investigación y Desarrollo Empresarial  
(FIDE) (four Industry Interviews)

MANAGEMENT - Federación de Asociaciones y Exportadores Agropecuarios de  
Honduras (FEPROEXAH)

MANAGEMENT - Fundación Nacional para El Desarrollo de Honduras (FUNADEH)  
(four Industry Interviews)

OWNERS - Fabrica Chiguines

OWNERS - Manufacturera Deportiva (MADE)

MANAGEMENT - Asociación Nacional de Medianas y Pequeñas Industrias de  
Honduras (ANMPIH)

OWNER - Blanca Lidia Rivera

MANAGEMENT - Comité Mejoramiento Aeropuerto

MANAGEMENT - Sandra Jaar de Benedetto

OWNERS - Confecciones Glenda

OWNERS - Romeo's Inn

OWNERS - Romeo's Resort Dive and Yacht Club

OWNERS - Buccaneer Resort Hotel

MANAGEMENT - Compañía Hulera Sula S.A.

OWNER - Boutique Modern Bride

OWNER - El Marranito

OWNER - Tiendas Panayotti

OWNER - BALFISA  
 OWNER - Joe Bonnano Farm  
 OWNERS - Palma de Atlantida, S.A.  
 OWNERS - Polymers de Honduras  
 OWNERS - Fabrica de Nasas y Muebles  
 OWNER - Sastreria Johnny  
 OWNER - Leyde S.A.  
 OWNER - Hotel Iberia Restaurant  
 MANAGEMENT - Hotel Iberia  
 MANAGEMENT - Banco Central de Honduras  
 OWNER - Isleña Airline  
 OWNER - Tiendas Carrion  
 OWNERS - Industria Francis  
 OWNERS - Fabrica de Muebles Ali  
 OWNERS - AMANO, S.R.L.  
 MANAGEMENT - Hotel Honduras Maya  
 MANAGEMENT - Lesandrra Leather  
 OWNER - Marco Colindres Constructura  
 MANAGEMENT - Universidad José Cecilio del Valle  
 MANAGEMENT - Embotelladora "La Reyna" S.A.  
 OWNER - ILESA  
 OWNER - Panificadora Roma  
 OWNER - Ceramicas S.A.  
 OWNER - Industria Castro Torres  
 OWNER - Orion Industria S.A.  
 OWNER - Danilo's Pura Piel  
 OWNER - Impresora Omega  
 MANAGEMENT - La Mesa

MANAGEMENT - Manufacturas Electra  
OWNER - Buen Amigo  
MANAGER - Ferreteria Kawas  
OWNER - Novedades Vanessa  
MANAGER - Chamber of Commerce, La Ceiba  
MANAGERS - Standard Fruit Company (five officers)  
OWNER - Compañeros de las Américas  
OWNER - Mobilarte  
MANAGERS - IDH (three different Industry Interviews)  
MANAGER - Banco de Honduras  
MANAGERS - BANFFA (San Pedro Sula and Tegucigalpa)  
USAID Project Officers  
IESC Officers (San Pedro Sula and Tegucigalpa)

APPENDIX VII

IESC HONDURAS JOB DESCRIPTIONS



# INTERNATIONAL EXECUTIVE SERVICE CORPS

Apartado 591  
Telex 720 IES HO  
San Pedro Sula, Honduras, C. A.

## Duties of Country Director, John F. Coleman

### Marketing Activities

The basic responsibility of the Country Director (CD) is to obtain enough quality projects with an average contribution per project sufficient to assure that the program is successful and cost effective. The aim in the end, is to have numerous quality project completions.

Publicize IESC through all appropriate local channels - direct mail, newspaper, radio and TV, club meetings, including Rotary.

Seek out Clients and sell them on the advantages of IESC projects. Past completed projects with satisfied clients are used for references.

Write up each project in the Agreement form to assure that the work expected of the Volunteer Executive (VE) is clearly described. Confirm with the Client within seven days the acceptance of the VE selected for the assignment.

Oversee projects to completion and assure Clients' satisfactions with the results.

### Office Operations

Select, hire, contract for and supervise local nationals working for IESC. Administer their compensation and benefits, if employees, and direct their work.

Provide timely reports both regular and ad hoc, to Headquarters especially financial and project activity reports and Monthly Office Reports.

Submit budget and annual plan data as requested by Headquarters (HQS).

Control expenditures within budget. Assure that adequate funds are on hand to meet normal expenses. Funds come from Client contributions and/or IESC.

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# INTERNATIONAL EXECUTIVE SERVICE CORPS

Apartado 591  
Telex 5720 IESC HO  
San Pedro Sula, Honduras, C. A.

Page -2-  
Duties of Country Director

## Project Operations

Meet arriving VEs and VE spouses and welcome them. Give them an orientation of the country and project location, city, and introduce VE to Client.

Attend the work plan meeting to assure objectives of the project are clear to VE and Client.

Advise VEs and monitor VE/Client relations during assignments.

Assure objectives of projects are being met per the work plan.

Receive reports from VEs and participate in Client reviews, especially the final report presentation. Forward all required reports of projects to HQS.

Advise when project is completed and VE departs.

Obtain Client's confidential report on outcome of projects.

Evaluate each VE and report evaluation to HQS.

## Diplomatic Liaison Activities

Develop good working relationships with:

Representatives of AID when present. Negotiate for local AID support as appropriate.

Local government officials whose duties may relate to IESC activities.

U.S. Department of State personnel at embassy.

I am limited to US\$ 500 for purchases and US\$ 5,000 for any other expenses, without HQS approval.

I report to the regional Vice President for this area, Hobart Gardiner, that is stationed in Stamford HQS.

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# INTERNATIONAL EXECUTIVE SERVICE CORPS

Apartado 591  
Telex 5720 IESC HO  
San Pedro Sula, Honduras, C. A.

Page -3-  
Duties of Country Director

I am responsible for the Countries of Honduras and Belize.

In conclusion, the CD operates the business according to the policies of IESC as stated in the CD manual and as supplemented by instructions from HQS.



# INTERNATIONAL EXECUTIVE SERVICE CORPS

Apartado 591  
Telex 5720 IESC HO  
San Pedro Sula, Honduras, C. A.

Guillermo Hepburn  
Assistant Country Director

## Background

Civil Engineer by profession with 25 years of experience in office and field work, doing highway constructions and head of construction and maintenance department of one local enterprise.

Assistant Country Director  
Job Description

In my position as Assistant Country director, my first duty is to cover Country Director's position in his absence.

Regularly, on a day to day basis, I review all office work and keep control of new agreements in process of approval and of all telex traffic pertaining to projects. In that way, I supervise date and arrival time of Volunteer Executives (VE) (this includes meeting VEs or VE couple at the airport, offer a welcome dinner, introduce VE to client and to be present at the moment of approving work plan and when presenting final report, all of this is shared with Country Director). I also supervise the completion of project, as well as departure date of VEs. I monitor the developments of the project by keeping close contact with Field Representative, and I make sure that all the reports are written and presented to whom it may concern.

On a quarterly basis, I am in charge of preparing a report to be presented to U.S.AID/Honduras based on the results of the projects supported by U.S.AID. I also prepare a quarterly progress report addressed to the Central Government Office, in charge of monitoring IESC's activities in Honduras.

If necessary, I also go out to field, visiting clients and prospective clients for new projects or for follow-up projects.

I report directly to Country Director.

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## JOB DESCRIPTION

TITLE: FIELD REPRESENTATIVE

AREA TO COVER: FROM THE CENTER TO THE SOUTH OF HONDURAS, WHICH COMPRISES THE AREA BETWEEN THE CITIES OF COMAYAGUA AND CHOLUTECA.

AREA OF CONCENTRATION: TEGUCIGALPA & ITS SURROUNDINGS.

### PRE-REQUISITES:

UNIVERSITY DEGREE. ABILITY TO ORGANIZE AND MANAGE AND OFFICE. ABILITY TO SUCCESSFULLY SELL A SERVICE TO AND KNOWLEDGE OF THE LOCAL BUSINESS COMMUNITY. ABILITY TO TAKE RESPONSIBLE DECISIONS AND WORK BY HIS OR HERSELF. FOUR YEARS OF PREVIOUS EXPERIENCE IN AN ADMINISTRATIVE JOB.

### POSITION OBJECTIVE:

HAVE AN OFFICE MANAGER FOR THE IESC PROGRAM IN TEGUCIGALPA WHO WILL HELP GENERATE PRIVATE ENTERPRISE PROJECTS WHICH WILL ASSIST ECONOMIC GROWTH FOR THE AREA AND TO PROVIDE LOGISTIC AND ADMINISTRATIVE SUPPORT FOR THOSE SAME PROJECTS.

### AREAS OF RESPONSABILITY

#### 1. MARKETING

- ASSURE A REASONABLE MONTHLY VOLUME OF NEW PROJECTS BASED ON PROVIOUSLY SET GOALS.
- PUBLICIZE IESC THROUGH PRIVATE VOLUNTEER ORGANIZATIONS AND OTHER INSTITUTIONS OF HELP TO PRIVATE BUSINESS COMMUNITY.
- VISIT POTENTIAL CLIENTS AND SEELL THEM ON THE ADVANTAGES OF IESC'S ASSISTANCE.

#### 2. PROJECT ADMINISTRATION

- WRITE UP EACH NEW PROJECT IN THE AGREEMENT FORM WITH ITS ACCOMPANYING LETTER TO STAMFORD HEADQUATERS AND TO THE AID MISSION WHERE NECESSARY.
- DESIGN THE PROPER SCOPE OF WORK FOR EACH PROJECT ASSURING CORRECT MATCHING OF VOLUNTEER SKILLS TO CLIENTS NEEDS.
- DETERMINE PROPER CLIENT CONTRIBUTION FOR EACH NEW PROJECT FOLLOWING PREVIOUSLY SET GUIDELINES TO ASSURE THAT THE PROGRAM BE SUCCESSFUL AND COST EFFECTIVE.

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2. PROJECT ADMINISTRATION CONT ATION

- PROMPTLY CONFIRM WITH THE CLIENT THE ACCEPTANCE OF THE V.E.
- KEEP TRACK OF PROJECT DEVELOPMENT FOR BOTH PENDING AND ONGOING PROJECTS.
- MAKE SURE THAT OBJECTIVES OF PROJECT ARE CLEAR TO V.E. AND CLIENT TO INSURE ITS SMOOTH PROGRESS.
- OVERSEE THAT ALL REPORTS PERTAINING TO EACH PROJECT ARE COMPLETED IN PROPER FASHION AND THAT THE SET OBJECTIVES ARE BEING MET IN ORDER TO INSURE CLIENT'S SATISFACTION WITH THE RESULTS.
- ASSURE THE COMFORT AND WELL-BEING OF V.E.s AND THEIR SPOUSES.
- PROVIDE ADVISE TO VOLUNTEERS AND MONITOR V.E./CLIENT RELATIONS.
- EVALUATE EACH V.E. AND PERFORMANCE AFTER ITS COMPLETION.

OFFICE OPERATION

- CONTROL ALL EXPENDITURES PER BUDGET.
- ASSURE THAT ADEQUATE FUNDS ARE ON HAND TO MEET NORMAL OFFICE EXPENSES.
- WRITE UP JOB DESCRIPTIONS FOR HIRE AND SUPERVISE A SECRETARY AND / DRIVER/MESSENGER.
- MAINTAIN AN UPDATED FILE FOR EACH PENDING, ONGOING OR RECENTLY FINISHED PROJECT.
- ADMINISTER ALL RECEIVABLES
- COLLECT CLIENT CONTRIBUTIONS

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# INTERNATIONAL EXECUTIVE SERVICE CORPS

Apartado 591  
Telex 5720 IESC HO  
San Pedro Sula, Honduras, C. A.

Carmen de Bardales  
Administrative Assistant

## Job Description

- 1.- I am responsible for keeping up to date the accounts receivable and accounts payable of IESC Honduras branch.
- 2.- Prepare invoices, collect the money and deposit it. Prepare checks, make payments and obtain the receipts.
- 3.- Gather all necessary documentation to coordinate with the audit from the preparation of the monthly office reports (cash disbursements and cash receipts journals; summary; bank reconciliation). Review them and send them on schedule to Headquarters.
- 4.- Anticipate the cash needs of the organization to calculate and request to Headquarters transfer of funds when necessary.
- 5.- Handle the Lps. 600.00 petty cash fund of the office.
- 6.- Handle the U.S.AID/Honduras fund: prepare individual bills for each project, withdraw the money for IESC, keep a separate control for this account. Review the quarterly report that the audit firm prepares on the U.S.AID/Honduras fund and send report, on a timely basis, to U.S.AID/Honduras Mission and to IESC Headquarters.
- 7.- Monitor the Tegucigalpa expenses approved by U.S.AID/Honduras Mission in order to keep them within the approved limits.
- 8.- Keep Headquarters updated on personnel and salary changes using formats provided for same.
- 9.- Answer to Headquarters routine telexes and memos referring to accounting.
- 10.- Prepare internal year-end reports requested by headquarters; coordinate with the audit firm the ones that they prepare. Send them to headquarters on schedule.

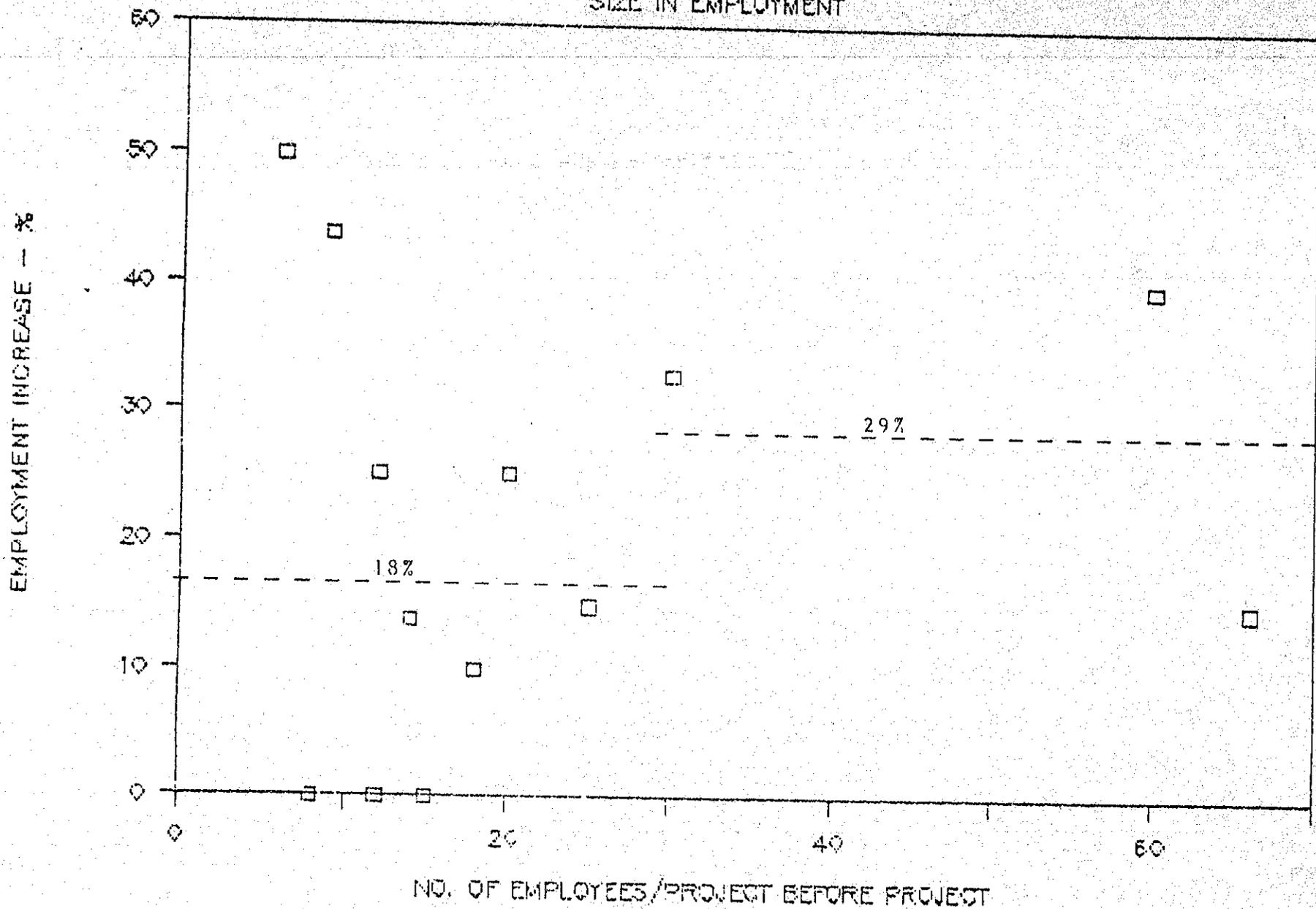
## Best Available Copy

APPENDIX VIII

GRAPHICS

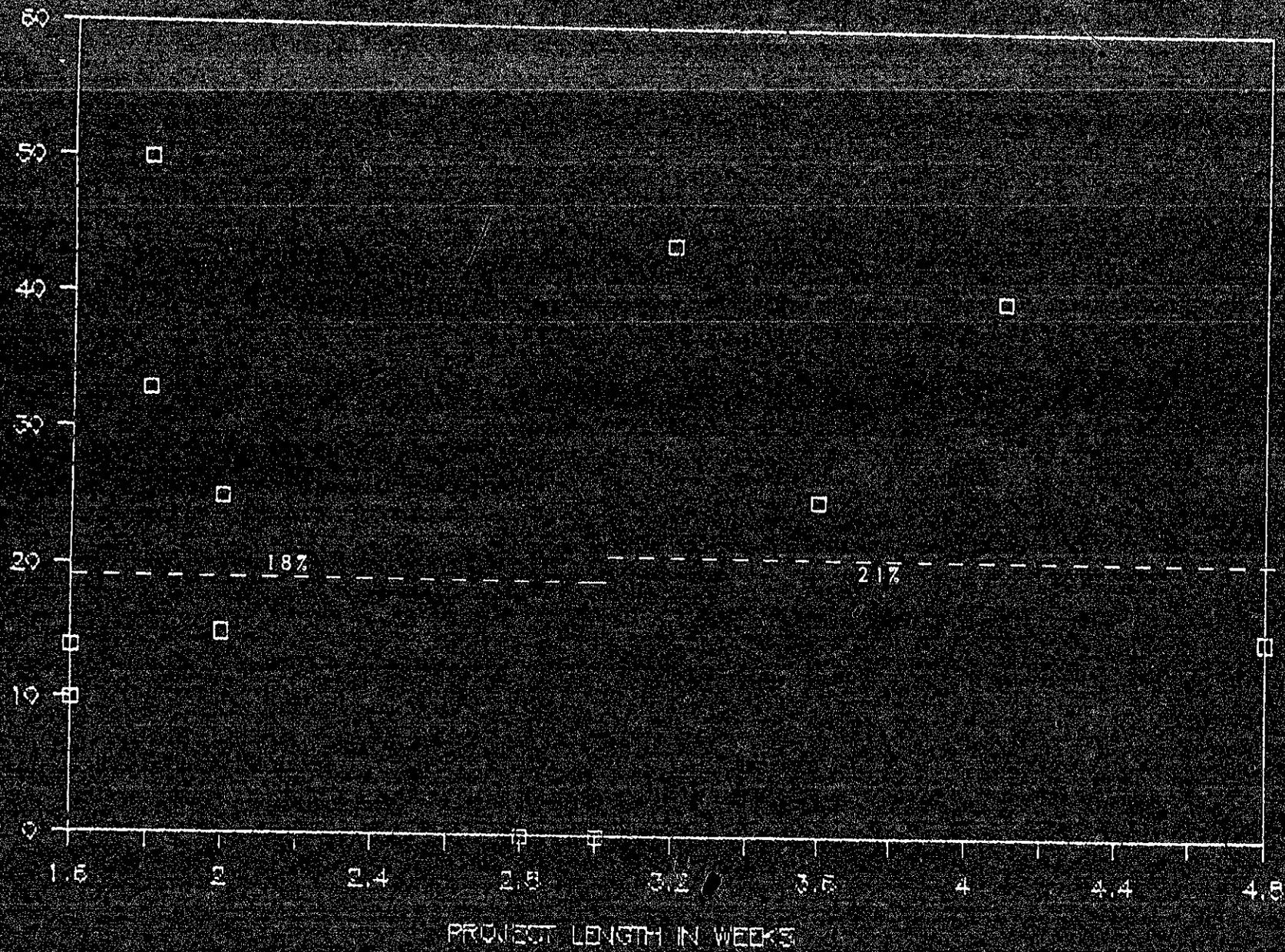
60

# PERCENT EMPLOYMENT INCREASE VS. PROJECT SIZE IN EMPLOYMENT



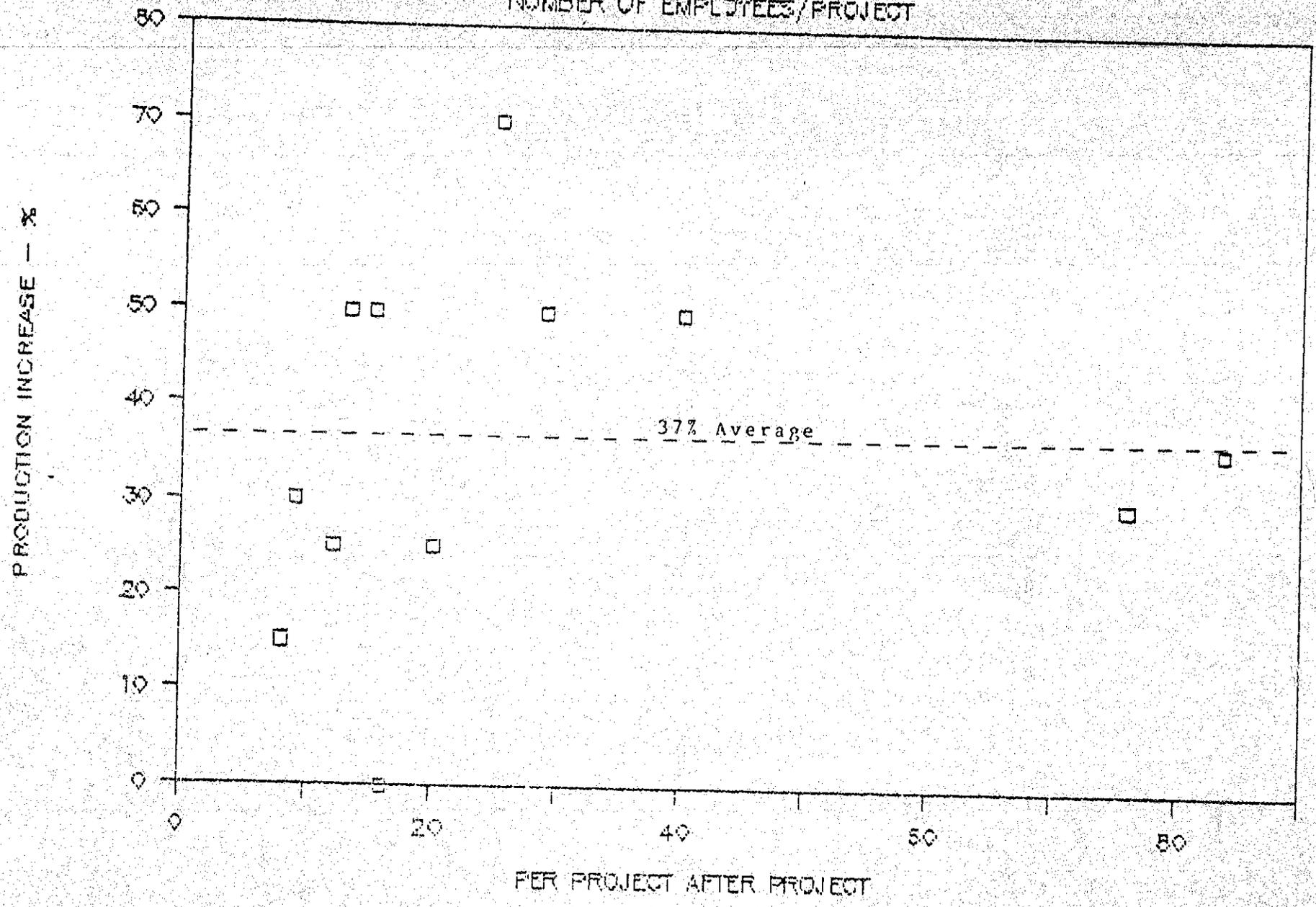
Graph #1

# PERCENT EMPLOYMENT INCREASE VS. PROJECT Length In Weeks



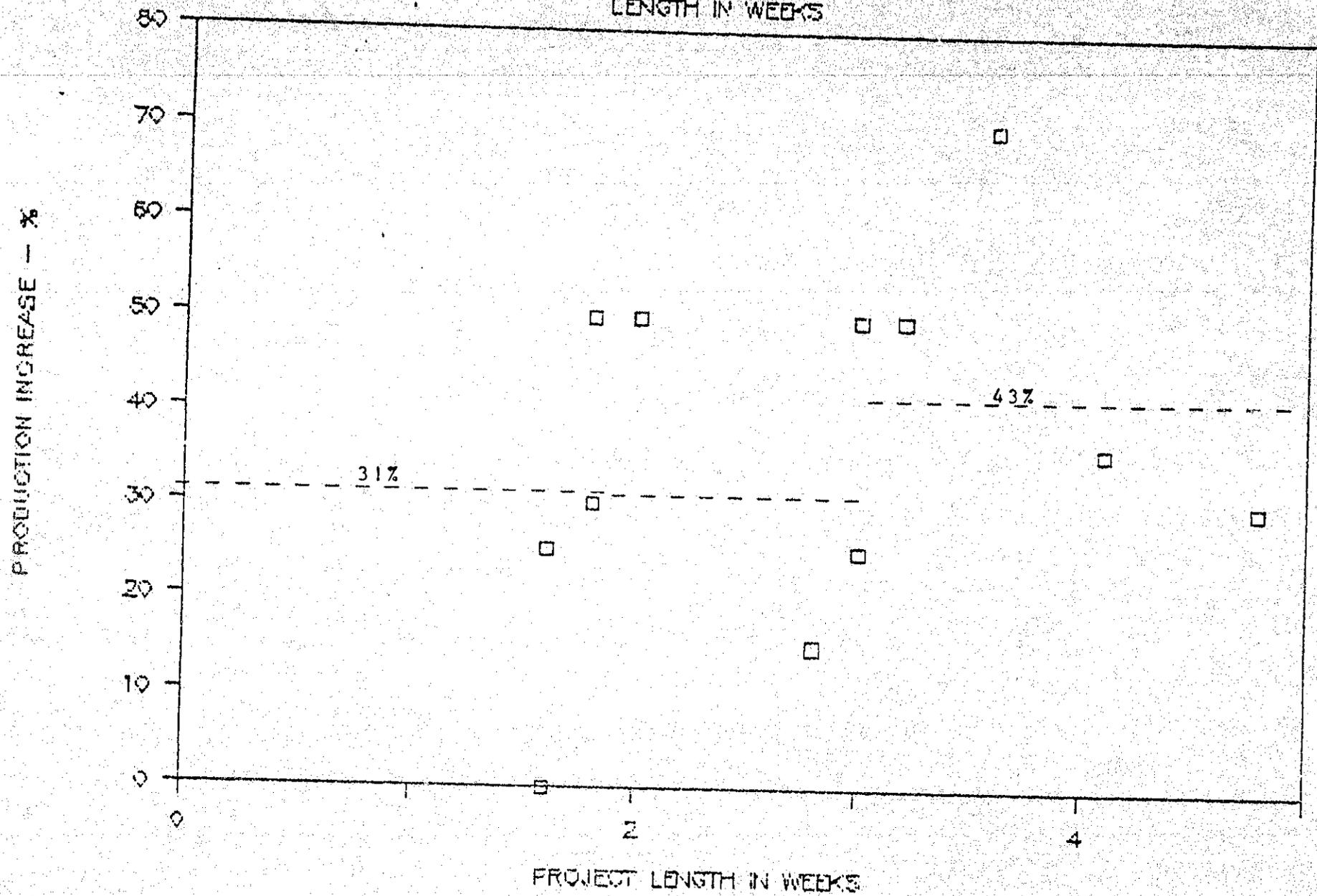
Graph #2

56  
% PRODUCTION INCREASE VS. RESULTANT  
NUMBER OF EMPLOYEES/PROJECT



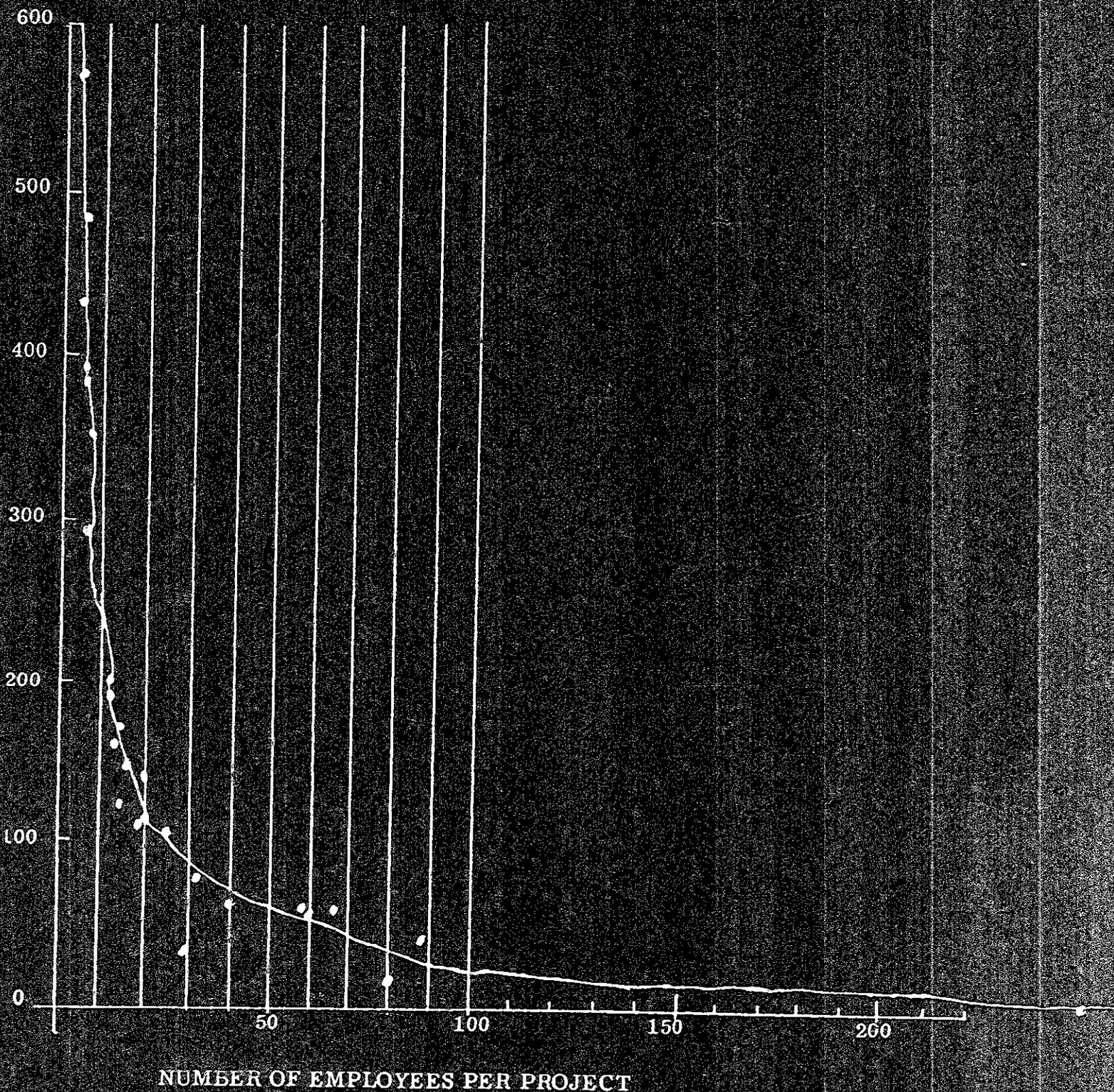
Graph #3

# PERCENT PRODUCTION INCREASE VS. PROJECT LENGTH IN WEEKS



Graph #4

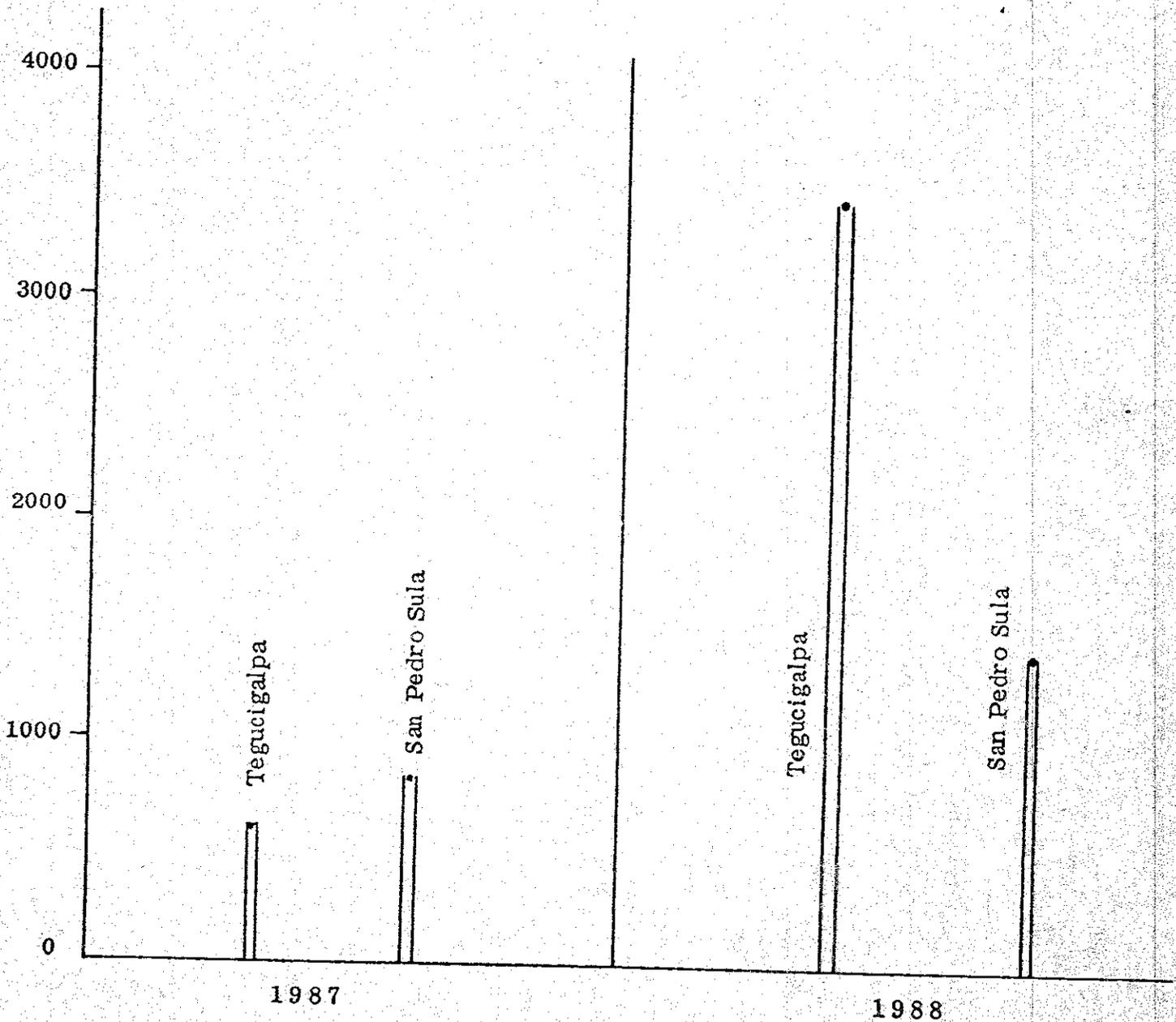
USAID COST PER EMPLOYEE ASSISTED  
VS. NUMBER OF EMPLOYEES PER PROJECT



NUMBER OF EMPLOYEES PER PROJECT

Graph #5

# AVERAGE CLIENT CONTRIBUTION PER PROJECT



**GRAPH DATA:**

	TEG.	SPS.
1987	\$ 632	\$ 856
1988	\$3417	\$ 1439

Graph #6

COUNTRY	CD/REP.	APPT'D	S E P T					O C T				N O V				D E C					PYTD	WKLY	ANNUAL	LAST YEAR
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18				
Eastern Caribbean	Moore	Aug 88	0	0	0	0	0	1	1	0	0	0	0						2	.2		30		
Belize	Bautista	Nov 88	0	1	0	0	1	0	2	0	0	0	0						4	.4		29		
Costa Rica	Lange	Jun 88	0	0	0	0	0	1	1	0	0	0	1						3	.3		49		
Dom Rep	Sales	Aug 81	0	0	0	0	0	1	0	0	1	1	0						3	.3		39		
El Salvador	Sulit	Apr 84	2	0	3	0	3	1	0	1	2	0	0						12	1.1		47		
Guatemala	Moreno	Jun 84	2	0	0	0	0	0	0	0	0	2	0						4	.4		52		
Haiti	Hamilton	Oct 87	0	0	0	0	0	0	0	0	0	0	0						0	0		8		
Honduras	Coleman	Jul 84	0	1	0	1	0	2	2	1	3	2	0						12	1.1		83		
Jamaica	Maraneck	Oct 88	0	0	0	0	2	0	0	0	0	0	1						3	.6		42		
Mexico	Finan	Jun 88	2	3	0	1	0	0	0	1	0	0	0						7	.6		42		
Panama			0	0	0	0	0	0	0	0	0	0	0						0	0		3		
CENTRAL AM. & CARIBBEAN			6	5	3	2	6	6	6	3	6	5	2	0	0	0	0	0	0	50	4.5	0	436	
Argentina	Summers	Nov 87	0	0	0	0	0	0	0	0	0	0	0						0	0		6		
Bolivia	Moffat	Oct 86	0	0	0	0	0	0	0	1	2	0	0						3	.3		16		
Brazil	Edwards	Sep 84	0	1	1	3	2	3	8	0	1	0	1						20	1.8		64		
Chile	Poblete	Jul 86	0	1	2	0	0	0	1	0	0	0	0						4	.4		7		
Colombia	Schambach	Sep 86	0	0	0	2	1	1	2	1	0	2	1						10	.9		26		
Ecuador	Sparzani	Jan 87	0	0	0	0	1	1	0	1	0	1	3						7	.6		31		
Paraguay	Salinas	Mar 88	0	0	0	0	0	0	0	0	0	0	0						0	0		6		
Peru	Plunkett	Feb 87	0	0	0	0	1	0	0	1	2	1	0						5	.5		20		
Uruguay	Escardo	Mar 88	0	0	1	0	2	0	0	0	0	0	0						3	.3		11		
Venezuela			0	0	0	0	0	1	0	1	0	1	0						3	.3		1		
SOUTH AMERICA			0	2	4	5	7	6	11	5	5	5	5	0	0	0	0	0	0	55	5.00	0	188	
India	Laroia	Oct 87	0	0	2	0	0	0	0	0	0	2	0						4	.4		53		
Indonesia	Smith	Nov 88	0	0	0	0	0	1	1	0	1	2	0						5	.5		42		
Pakistan	MacMakin	Apr 88	0	0	2	2	2	1	0	0	3	0	1						11	1		28		
Philippines	Larkin	Jun 82	1	0	1	0	0	2	2	0	0	0	1						7	.6		33		
Sri Lanka	de Saram	Apr 85	1	0	0	0	2	1	0	0	0	0	1						5	.5		17		
Thailand	Lehne	Jan 85	0	0	0	6	0	0	1	1	0	0	0						8	.7		40		
Other			0	0	0	0	0	0	0	0	0	0	0						0	0		9		
FAR EAST			2	0	5	8	4	5	4	1	4	4	3	0	0	0	0	0	0	40	3.6	0	222	
Egypt	Denison	Nov 87	2	1	3	0	0	1	1	1	2	0	0						11	1		83		
Jordan	Autrey	Mar 88	0	0	0	0	0	0	0	0	0	0	0						0	0		13		
Morocco	Brown	Sep 88	2	0	0	0	2	0	1	1	0	1	1						8	.7		47		
Portugal			0	0	0	0	1	0	0	2	0	0	0						3	.3		7		
Turkey	Boire	Sep 87	0	0	0	0	0	0	0	0	0	0	0						0	0		32		
Other			1	0	0	0	0	0	0	0	0	0	3						4	.4		28		
NEAR EAST			5	1	3	0	3	1	2	4	2	1	4	0	0	0	0	0	0	26	2.4	0	210	
Kenya	Olsen	Sep 88	0	0	0	0	2	1	1	0	0	0	0						4	.4		41		
Zimbabwe	O'Dowd	Jun 88	0	0	0	0	2	0	1	0	2	2	1						8	.7		13		
Botswana			0	0	0	0	0	0	0	0	0	0	0						0	0		10		
Other			0	0	0	0	0	0	0	0	0	0	0						0	0		20		
AFRICA			0	0	0	0	4	1	2	0	2	2	1	0	0	0	0	0	0	12	1.1	0	84	
TOTAL ALL AREAS			13	8	15	15	24	19	25	13	19	17	15	0	0	0	0	0	0	183	16.6	0	1140	
YEAR TO DATE TOTAL			13	21	36	51	75	94	119	132	151	168	183	0	0	0	0	0	0					
PREVIOUS YEAR TOTAL PER WEEK			18	23	20	21	12	17	20	34	16	23	10	25	9	20	30	25	28	17				
PREVIOUS YEAR TO DATE TOTAL			18	41	61	82	94	111	131	165	181	209	219	244	253	273	303	328	356	373				
% CURRENT YTD TO PREV. YTD			72%	51%	59%	62%	80%	85%	91%	80%	83%	80%	84%	0%	0%	0%	0%	0%	0%	0%				

NOTE: PYTD = Plan Year to Date  
 Current Week # 11 11/14/88, AS/cmc