

ATION SUMMARY - PART I

13A 6344

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

<b>A. Reporting A.I.D. Unit:</b> Mission or AID/W Office <u>USAID/HONDURAS</u> (ES# <u>FY89-2</u> )		<b>B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan?</b> Yes <input type="checkbox"/> Slipped <input checked="" type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>88</u> Q <u>4</u>		<b>C. Evaluation Timing</b> Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>	
<b>D. Activity or Activities Evaluated</b> (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)					
Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
522-ESF-0302	C.C.I.C. Institutional Development (OPG)	8/14/85 Letter of Grant Agreement	8/89	\$ 675	\$ 675

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Responsible for Action	Date Action to be Completed
<b>Action(s) Required</b> 1.- USAID will design a follow-on project which will allow CCIC to complete the reorganization process, as recommended by the Evaluation.  2.- USAID will require a report from CCIC reviewing its actions to improve internal coordination, overall strategic planning, goal setting, and resource evaluation.  3.- CCIC will report to AID on measures taken to improve its financial planning and on the status of its cost control programs.	KMoh, PSP MKromhout, DF  CCIC  CCIC KMoh, PSP RHerrera, FARS	3/89 Completed  7/89  6/89

(Attach extra sheet if necessary)

APPROVALS

<b>F. Date Of Mission Or AID/W Office Review Of Evaluation:</b>			
	(Month)	(Day)	(Year)
	9	14	89
<b>G. Approvals of Evaluation Summary And Action Decisions:</b>			
Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer
	Kermit C. Moh	Felipe Arguello	José Arturo Rivera Carmen Zambrana <i>CA</i>
Signature	<i>Kermit C Moh</i>	<i>Felipe Arguello</i>	<i>Robert R. Hill</i>
Date			<i>Wachtenheim</i>

A B S T R A C T

H. Evaluation Abstract (Do not exceed the space provided)

The project purpose is to assist the Cortés Chamber of Commerce and Industry (CCIC), a leading private sector institution in Honduras, to restructure itself, promote the coordination of private sector organizations, expand its membership, enhance its service-delivery capacity, and develop its export and trade promotion support mechanisms. This final evaluation was conducted by the CARANA Corporation on the basis of file, documents and budgetary reviews, and interviews with personnel of CCIC and other organizations. The project was evaluated to determine the degree to which it has been successfully implemented by the CCIC, and to review new avenues of cooperation between CCIC and USAID/Honduras upon the project's termination in August, 1989. The major findings and conclusions are:

Volunteer councils completed most activities in the action program; however, they react to "targets of opportunity" rather than act as part of a focused effort. To ensure a focused approach, CCIC should improve its strategic planning and goals setting capabilities; the first phase of a reorganization has been completed and is deemed a success. Two additional professionals are needed to improve internal coordination, management and outreach communications with members and the general public. CCIC relations with many organizations, including those associated with export and investment promotion, could be strengthened, but not at the expense of needed skills in membership servicing and retention. Dialogue with the public sector is one of the strong points of the Chamber's activities. Although a quantifiable cost benefit analysis is not feasible, the project has yielded an excellent return to the country, the North Coast region, the CCIC's members and USAID.

At current levels of operation, achieving financial self-sufficiency by the PACD of the project will not occur. Lower operating levels will permit self-sufficiency to be attained but at the expense of what the project has accomplished to date. While resting on a sound, long-term financial base deriving mostly from a strong and growing membership, the CCIC will need added funding if it is to continue its modernization program over the next few years and to work out of its debt problem at the same time. A follow-on project is strongly endorsed. It should cover CCIC's unfunded projected balances over a five-year period and would cost about L.1,150,000. The multiple-use auditorium should be finished and the CCIC should seek funds to finish the annex.

C O S T S

1. Evaluation Costs					
1. Evaluation Team		Contract Number OR	Contract Cost OR	Source of Funds	
Name	Affiliation	TDY Person Days	TDY Cost (U.S. \$)		
Humberto Esteve	CARANA CORPORATION	522-9106	20,759	PD&S	
Carlos Torres	CARANA CORPORATION	0-00-8380		522-9106	
Mark Rosenberg	CARANA CORPORATION	00			
2. Mission/Office Professional Staff		3. Borrower/Grantee Professional			
Person-Days (Estimate) <u>15</u>		Staff Person-Days (Estimate) <u>15</u>			

## A.I.D. EVALUATION SUMMARY - PART II

### SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

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|--|--|
| <ul style="list-style-type: none"> <li>• Purpose of evaluation and methodology used</li> <li>• Purpose of activity(ies) evaluated</li> <li>• Findings and conclusions (relate to questions)</li> </ul> | <ul style="list-style-type: none"> <li>• Principal recommendations</li> <li>• Lessons learned</li> </ul> |
|--|--|

Mission or Office:	Date This Summary Prepared:	Title And Date Of Full Evaluation Report:
USAID/HONDURAS	June 14, 1989	Evaluation of the Cortés Chamber of Commerce and Industry Project, Oct. 1989

#### Purpose of Evaluation and Methodology Used:

The project was evaluated to determine the degree to which it has been successfully implemented by the CCIC and to review new avenues of cooperation between CCIC and USAID/Honduras upon the project's termination in August, 1989.

The following areas were examined: action programs, staff support, expansion of ties with cooperative organizations, improvement in CCIC physical facilities, financial status, and goals. The evaluation methodology consisted in the review of existing literature and project documentation, as well as interviews with decision makers inside and outside of the CCIC.

#### Purpose of the Activities Evaluated:

The project objectives are couched in terms of institutional strengthening; i.e. restructuring of the CCIC along functional lines, the membership, the enhancement of its service-delivery capacity, and the development of mechanisms to facilitate export and trade promotion. Strengthening the CCIC capabilities to effectively represent and advance the interest of the private sector is perceived by the Mission as helping address its Action Plan objectives to strengthen democratic institutions and generate employment.

#### Findings and Conclusions:

##### 1.- Action Programs

The goals assigned to the tasks are not quantifiable and are of indefinite duration, hence the extent to which they were achieved could not be measured. The action programs were to be developed and carried out by four councils composed of CCIC volunteers. The areas covered by the councils were: Industrial Development and Trade; International Trade and Transportation; Government and Membership Affairs; and Visitors Bureau. The councils react to "targets of opportunity" rather than act as part of a focused effort. While vertical coordination--between the CCIC president and the manager of the councils-- is good, there is insufficient cooperation and communication among the councils.

##### 2.- Staff Support

Under the reorganization, a professional management team organized around three main councils or committees was established. While improvement in the areas of internal coordination and in the CCIC overall strategic planning process are needed, the reorganization in staffing is deemed a success.

3.- Cost-effectiveness Criteria could not be devised because, as in other aspects of the project, measurable targets for some of the objectives were not specific enough to allow for a quantitative comparison of targets versus achievements.

While the CCIC has not developed a formal network with other organizations that can provide supportive relationships with its members, good working relations exist with groups like FIDE (the Foundation for Investment and Export Development) and FPX (the Federation of Associations of Agricultural, Animal Husbandry and Agroindustrial Producer and Exporters of Honduras). Nonetheless, membership in CCIC does not bring privileged access to their services. With regard to relationships with the public sector, dialogue seems to be one of the strong points of the Chamber's activity. Relations could be deepened, particularly with those organizations associated with export and investment promotion.

#### 5.- Improvement in CCIC's Physical Facilities

The local currency-financed improvement in CCIC's physical facilities have not been adequate for the activities CCIC is implementing. The Chamber should complete the multiple-use auditorium and recondition existing space in the Annex.

#### 6.- Financial Status

While benefitting from a solid long-term financial position based on a sound membership base, CCIC has a current cash flow problem which is a direct result of the financing undertaken to complete the construction of projects in 1986-87. Under the current cash flow situation, loans cannot be repaid without a major restructuring of debt coupled with a reduction in future operations. Under current financial projections, the CCIC will need additional funding if it is to continue its modernization program over the next few years, and to work out of its debt problem at the same time.

One of the project's objectives was the achievement of financial self sufficiency by the PACD. However given the current financial situation, the CCIC's desire to maintain what it has accomplished under the project and the need to complete facility improvements, this objective has not been met.

With regard to membership and capitalization efforts, careful planning and aggressive promotion have led to a membership increase of almost 100 percent from 1985 to 1988 and to funding of about two thirds of the necessary costs of the multiple-use auditorium. Constraints to achieving similar success in the future are based on the limited target population available to CCIC for membership, and to the limited interests of businessmen in capitalization drives.

#### 7.- Revision of Goals

The project contributes to the LAC objectives of stabilizing financial structures, increasing exports employment generation, and strengthening democratic institutions. A classic benefit/cost analysis cannot be undertaken given the nature of the project, albeit positive indicators have been analyzed including CCIC's intervention in the " El Mochito" mine case, and lobbying activities.

#### 8.- Follow-on Project

The possibility of a follow-on project, which would allow the CCIC to complete the reorganization process is strongly endorsed. Such institutional support assistance should be designed so as to cover the CCIC's unfunded balances as enumerated in the projected balance sheets (Appendix III of the evaluation report). This implies a five-year (1989-1993) project costing approximately Lps.1,150,000, at the end of which time a positive cash flow is projected. No further outside aid would be required thereafter.

## Principal Recommendations

1. Two additional managers should be hired; one, a general manager (Executive Vice-President) to develop a modus operandi with the Board of Directors, provide improved internal coordination, overall strategic planning, and improved financial cost control; the other, a communications and membership manager to evaluate the current CCIC approach to its membership and design a new long-term communication plan for membership as well as the public in general.
2. CCIC has been successful in expanding its membership base, which has increased by almost 100 percent during the life of project. CCIC should continue its efforts in this area. The CCIC proposed increase in membership dues in 1989 should be retailed so that the smaller members, which form the biggest sub-group of members, are not charged greater percentage increases than those better able to pay. The CCIC should assess the potential for losing smaller members if it imposes a retrogressive dues structure.
3. The CCIC should finish the multiple-use auditorium with its own funds as it has planned (L200,000 of the L300,000 needed have already been raised). It should seek funds to finish the annex and to buy equipment for it and for the auditorium which will permit the better utilization of the existing space.
4. The CCIC must improve its financial planning. The hiring of a general manager will facilitate this. It must also continue to work on its cost control program to stabilize costs in areas where expenses continue above projected levels.
5. CCIC relations with many organizations, especially those associated with export and investment promotion, could be deepened but not at the expense of other tasks necessary to sustain CCIC's momentum. To facilitate closer relationships, CCIC should develop an inventory of organizations with common agendas and a strategic plan for working more closely with them. Dialogue with the municipality of San Pedro Sula, Honduras' industrial and business center, needs to be enhanced in light of the continuing strong growth of the Cortes region.

The above five (5) recommendations are being implemented according the Work Plan approved for the new project signed with CCIC on March 8, 1989.

## Lessons Learned:

### Defining and Planning for Self-Sufficiency

Although AID requires that private organizations attain a certain level of self sufficiency, a clear definition of this expected level was not reached with CCIC and no analysis or planning was completed prior to execution of the Grant. A plan for attaining self sufficiency and more importantly for maintaining the same level of activity following AID assistance could have been an important instrument in the design of the Grant. As such, the structure of the Grant, which included a loan design for physical improvement assistance, may have in fact contributed to the inability to meet the self-sufficiency goal.

### Quantifiable objectives and targets

The Grant did not establish any clear targets or milestones which could be used to measure CCIC's performance. While CCIC's overall goals and objectives coincide with those set forth in AID's Action Plan, no quantifiable contribution could be determined. A follow-on grant should clarify expectations and expected contribution to AID's program.

## ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

### BASIC PROJECT IDENTIFICATION DATA

Note: The final report of this evaluation was forwarded to AID/W on March 3, 1989.

## COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

In general the evaluation provides a basic sound response to the requirements of the contract Scope of Work (SOW) answering project implementation questions, and affording an overview of the CCIC. The evaluation was particularly helpful in identifying communication gaps among the councils, in analyzing certain results of reorganization, in identifying constraints to further rapid membership growth, and in assessing the CCIC's financial status.

The evaluation would have been more beneficial if it had been more specific in discussing how the councils contribute to the key project objective of restructuring, or how a staff reorganization affected the work of the councils. It also would have been helpful if a clear "before and after" portrait of the project were drawn, underscoring what difference the project has made in the development of the private sector in Cortes. Also, it would have been useful if the evaluation had more fully discussed a key recommendation, that is, that the Chamber improve its strategic planning, goal setting, and resource evaluation capabilities; a blueprint for implementing the recommendation would have added to the value of the analysis.

APPENDIX

OUTLINE OF BASIC PROJECT IDENTIFICATION DATA

1. Country: HONDURAS
2. Project Title: CCIC Institutional Development (OPG)
3. Project Number: 522-ESF-302
4. Project Dates:
  - a. First Project Agreement: August 14, 1985
  - b. Final Obligation Date: FY85 August 20, 1985
  - c. Project Assistance Completion Date August 13, 1989
5. Project Funding:
  - a. A.I.D. Funding Grant (ESF Local Currency) L. 1,350,000 \*
  - b. Other Major Donors L. 62,000
  - c. Host Country Counterpart Funds (CCIC 53%) L 2,529.700
  - TOTAL L. 3,941.700
6. Mode of Implementation: Cortés Chamber of Commerce and Industry (CCIC)
7. Project Designers: USAID/HONDURAS
8. Responsible Mission Officials :
  - a. Mission Director(s): Anthony J. Cauterucci/John A. Sanbrailo
  - b. Project Officer(s): Mary F. Likar/ Kermit C. Moh
9. Previous Evaluation(s): NONE

\* US\$ 1.00 = L.2.00

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