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EVALUATION

USAID/HONDURAS CADERH PROJECT

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EVALUATION  
USAID/HONDURAS CADERH PROJECT

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## EXECUTIVE SUMMARY

### I. PURPOSE OF THE EVALUATION

Under the current agreement with AID, the various component PACD's ranged from July 1986 (Component I-V) to January 1990 (Component VI and VII). In late 1986, an amendment proposal was presented by CADERH to expand Component I-Trade Certification/Curriculum Development, and introduce two additional Components which would extend AID funding to 1992. An external evaluation was requested to assess the performance of CADERH during the first 30 months of activities and to analyze the proposed activities under the amendment. The scope of work of this evaluation includes both a technical analysis of CADERH's current and proposed strategies to meet private sector training needs as well as an institutional analysis of the institution's technical, administrative, and financial capabilities.

### II. METHODOLOGY

The evaluation team reviewed available documentation related to the project. These materials included the original proposal with subsequent additions, the Spanish version of the proposed amendment, related research done prior to CADERH's creation, all internal and external evaluations including financial audits, a variety of internal documents, examples of advertising, and many of the competency-based educational materials. The evaluation team interviewed a number of CADERH employees including all of the executive personnel, the consultant from Central Texas College, and the accounting personnel. Three members of CADERH's Board of Directors were also interviewed including the president, vice president, and the representative of organized labor. The president and vice president of the board are important industrialists. Also in Tegucigalpa, interviews were held with the director of INFOP, representatives of a major industrial employer who are not associated with CADERH, a member of an industrial advisory committee who is also an instructor at a small technical institute, and representatives of ITEC including the director and a curriculum writer trained by CADERH, the Vice Minister of Education, and the director of FIDE. In the San Pedro

Sula area, Dr. Tucker interviewed the director of FEPROEXAH, members of industrial and advisory committees, industrialists, and training center staff from INFOP, Instituto Loyola, Centro Technico Hondureño Aleman, and, in Yorò, CEVER.

### III. MAJOR FINDINGS

- A. CADERH'S staff has made significant strides in developing competency-based materials (CBI). The limited success of the technical assistance contracted to assist CADERH in education materials development caused serious delays in this important activity.
- B. CADERH has significant support in the private sector. Those industrialists from San Pedro Sula interviewed for the evaluation strongly support CADERH. However, they believe CADERH should be more active in the San Pedro Sula area because it is the most important industrial center in the country.
- C. CADERH's identity is somewhat ambiguous: is CADERH an institution or is it a project? This ambiguity has implications for CADERH's continuing relationship with its private sector clients and the likelihood of eventual self-sustainability.
- D. Existing training institutions have been unresponsive to private sector human resource needs in Honduras. CADERH is the only organization focusing on increasing productivity through training.
- E. CADERH has been successful in increasing awareness of the value of training in the business community.
- F. CADERH has been able to develop positive ties with public sector entities such as INFOP and the Ministry of Education. INFOP's role in CADERH's future is critical.
- G. A number of factors appear to inhibit the development of a self-sufficient CADERH.
- H. CADERH has begun to convince training providers the value of CBI.

- I. CADERH has a capable, energetic and dedicated staff. The administrative and executive positions are largely filled by individuals with successful private sector backgrounds who know how to promote a productive work environment.
- J. CADERH has begun a positive relationship with FEPROEXAH. Cooperative agro-industrial training projects are being discussed in shrimp, plantain, and vegetables. With FIDE, a good relationship has also been developed. However, the actual details of future interactions between CADERH, FIDE, and FEPROEXAH are unclear in the amendment and must be further defined by the Priorities Committee in component VIII under the proposed Amendment.
- K. CADERH has pioneered the use of Industrial Advisory Committees in Honduras.
- L. CADERH has appropriately supported the use of contracted training as a complement to domestic training providers.

#### IV. CONCLUSIONS

- A. CADERH's staff has succeeded in convincing a number of business people of the value of the training and the ability of CADERH to meet their training needs. There is an evident sense of ownership of CADERH by members of the private sector on the Executive Board and Advisory Committees. However, it would be premature to conclude that CADERH is meeting private sector training needs; it is too early in the project to make such a judgment. CADERH does have the potential to meet these training needs.
- B. CADERH has the potential to affect retention rates, job placement rates, and cost-effectiveness, especially under current Component VI and the amendment. However, it is too early in the project's development to derive major conclusions in these areas.
- C. CADERH has made the contacts and developed the relationships which can help organizations such as FIDE and FEPROEXAH to achieve their goals. It would be premature to conclude whether or not exports, employment generation, balance of payments, or ability to attract foreign investors have been affected by CADERH's efforts. Under the amendment, the materials bank and the work of the Priorities

Committee should help in this area.

- D. Primarily because of inadequate technical assistance, CADERH's level of expertise in CBI materials development needs improvement. Specific problem areas include: task analysis, criterion-referencing and of module content and evaluation, and editing for reading comprehension.
- E. Much of the work of CADERH under the first 30 months of its existence was done in preparation for the activities planned under the amendment. Failure to support CADERH under the amendment would represent a tremendous waste of potential. The CBI materials development staff has gone through the most difficult portion of their "learning curve." With appropriate assistance, their productivity should increase substantially and enable them to produce the quantity of materials necessary for the new occupational areas included in the amendment.
- F. CADERH possesses the administrative and organizational capability to manage the development of the various services and products which it wishes to offer.
- G. The ability of CADERH to become self-sufficient will depend on the following conditions:
  - 1. The success of CADERH-produced training materials in the marketplace;
  - 2. A more precise definition of its "business" in terms of its potential clients' specific needs;
  - 3. A gradual reorganization of its personnel and structure from that of a predominantly research and development institution to that of service delivery institution.
- H. The development of a capital and asset base during the life of donor support would greatly enhance CADERH's ability to move from donor-dependency to self-sufficiency.
- I. Because the grant is all pervasive (i.e., it supports not only the "project aspects" of the program, CBI materials development etc., but also the management of CADERH), the administration of CADERH'S focus on its management

requirements as an institution which is being provided with a grant to develop certain activities. The lumping together of both "institutional" requirements and "project" requirements under the grant tends to bring about this confusion of management's role.

## V. RECOMMENDATIONS

- A. The proposed amendment should be strongly supported to enable CADERH to realize its potential.
- B. Component I should be strengthened as soon as possible by contracting effective technical assistance.
- C. Specific changes are needed in the materials development methodology.
  - 1. Immediate improvement in technical assistance in Component I.
  - 2. Immediate action should be taken to focus attention on improving CBI activities.
- D. Greater emphasis should be placed on promotion of CADERH in the San Pedro Sula areas.
- E. Definition of the actual working relationships between CADERH, and FIDE and FEPROEXAH needs to be improved.
- G. Independent quality control procedures should be developed and operationally integrated to assure the best possible product. These would not have to be the result of long-term contracting, but rather materials could be sent to qualified individuals for comment and correction on a case-by-case basis.
- H. An organizational matrix based on functions (present and future) should be designed and evaluated periodically (bi-annually) for responsiveness to operational needs. Organizational adjustments, including personnel and resource allocation, would be made as appropriate to allow the institution to perform its business.
- I. Pertinent Regulations regarding disbursements and use of funds should be analyzed

and construed to permit CADERH to establish an asset and capital base. This could include, but is not limited to:

1. Purchase of a building for offices instead of renting. The amounts provided in the budget for rental and improvements could be used for this through a single disbursement at the beginning of the project's activities;
  2. Creation of a reserve or endowment-type fund which would be managed in the most productive way possible. It would be composed of the following elements of budgeted funds which would accrue to it monthly:
    - severance payment
    - depreciation (not presently included in budget)
    - savings generated through competent cost management
    - an endowment of Lps. 3,000,000.000 (increase present OPG request) which would begin to generate interest from the first year of the OPG.
- J. The lack of a clear distinction between what CADERH is, and what the project is, appears to be inherent in the OPG mechanism and may inhibit CADERH's ability to become self-sustaining. It is necessary to explore other funding mechanisms to establish this distinction.

## I. METHODOLOGY UTILIZED

The evaluation team reviewed available documentation related to the project. These materials included the original proposal with subsequent additions, the Spanish version of the proposed amendment, related research done prior to CADERH's creations, all internal evaluations, a variety of internal documents, examples of advertising, external evaluations including financial audits, and the competency-based educational materials. In CADERH, the evaluation team interviewed all of the administrative and executive personnel, the consultant from Central Texas College, the accounting staff, and three members of the Board of Directors including the president, vice president, and the representative of organized labor. The president and vice president of CADERH's board are important industrialists. Also in Tegucigalpa, interviews were held with the director of INFOP, representatives of a major industrial employer who are not associated with CADERH, a member of an industrial advisory committee who is also an instructor at a small technical institute, and representatives of ITEC including the director and a curriculum writer trained by CADERH, the Vice Minister of Education, and the director of FIDE. In the San Pedro Sula areas, Dr. Tucker interviewed the director of FEPROEXAH, members of industrial advisory committees, industrialists, and training center staff from INFOP, Instituto Loyola, and the Centro Technico Hondureno Aleman, and, in Yoro, CEVER.

The division of work between Tucker and Gloetzner followed the general guidelines established in the Scope of Work. Gloetzner completed the "institutional analysis of CADERH in regard to the institution's technical, administrative, and financial capabilities." Tucker was responsible for the other portions of the evaluation which included the "technical analysis of the institution's current strategies for improving the quality and relevance of instruction..." and the "analysis of CADERH's proposed activities under the amendment." As Chief of Party, Tucker integrated Gloetzner's portion of the evaluation and ensured that the final report included responses to the Mission's comments on the draft report.

## II. PREVIOUS INTERNAL AND EXTERNAL EVALUATION AND THEIR IMPACT ON PROJECT IMPLEMENTATION

Evaluations were done by Dr. Ned Van Steenwyck in February 1985, September 1985, and February 1986. CADERH also contracted an independent evaluation in late

1986 to determine the extent to which CADERH's conscious-raising campaign was meeting project goals, and the American Management Association (AMA) conducted an evaluation of CADERH's management training catalog during 1985. The first evaluation concluded that there were serious administrative problems and lack of planning. In March 1985 the President of the Board of Directors resigned and a new President was elected. Also at the time, in May 1985, the Executive Director was asked to resign and a replacement was hired in July. Soon after, the Technical Director and Administrator resigned and were replaced. By the time of the second evaluation, September 1985, all the new staff had been working for a few months. This first annual evaluation concluded that the personnel changes were accelerating project implementation and that much of the lost time had been made up. The 1986 evaluation noted that staffing changes had a positive effect on project implementation but called attention to difficulties in curriculum development and technical assistance. The AMA evaluation of CADERH's management training catalog resulted in changing the strategy to publishing monthly course offerings with CADERH's newsletter and discontinuing the quarterly catalog because of the difficulties that management training institutions were having in projecting course offerings over longer periods of time. No further formal evaluations were done, yet many corrective actions were taken. The Central Texas College (CTC) technical assistance contract was signed in June 1985; by October the CTC team had begun to miss deadlines. By March 1986 the CTC chief-of-party was dismissed and the other member of the team resigned. The ability of CADERH personnel to deal effectively with the failure of the CTC assistance is a positive indicator of the organization's ability to evaluate and resolve its own problems.

During 1986 two audits were practiced on CADERH's administrative system and financial control procedures. The summary opinion of the first, carried out by USAID/Honduras, stated, "CADERH has adequately managed USAID funds" during the period under consideration. The second, carried out by Price, Waterhouse state that, "Although none of the conditions described in the memorandum represent, in our judgment, an important defect in CADERH's internal control system, we believe that the recommendations will be useful to improve the system in general." A number of problems uncovered by the audit were corrected on the spot, most others have been resolved, and a limited number continue to require attention.

### III. EVALUATION FINDINGS

**A. CADERH's staff has made significant strides in developing materials for competency-based instruction (CBI) and related trade certification.**

The limited success of the technical assistance contracted to assist CADERH in educational materials development has caused serious delays in this important activity. Development of modules was an experimental activity, a pilot project. In the first phase of the project, only two trade areas were to be developed and within those, only two competencies. CADERH has worked in three trade areas and developed CBI materials for thirty competencies. Performance objectives established by CADERH are more specific than training materials used elsewhere in Latin America and better than many in common use in the United States, CADERH staff working in the CBI materials development areas are essentially self-taught. Even the technical director who has a masters degree from a U.S. university in industrial education had no previous experience in CBI. Working with advisory committees on task analysis and materials development was also a new experience. While there are gaps in the CBI materials, tremendous progress has been made.

Use of the CBI method has a direct impact on reducing drop-out rates and improving cost effectiveness. For example, the open entry/exit feature permits students to study and progress at their own pace, based on individual requirements for family support and their need for income. A student who assumes a full course load of theoretical and practical assignments, and who also has to earn an income, can be easily discouraged from continuing his studies and will frequently drop out of the training program. Open entry/exit CBI permits the student to progress at his/her own pace, be involved in studies directly related to maintaining or progressing in a currently held job, and not be placed under undue pressure to meet often arbitrary academic requirements. The goal of a student involved in open entry/exit CBI is not typically the status associated with a diploma or title. Successful completion of even sub-components or modules can directly affect the student's income based on improved competence and also benefit the employer through increased productivity. Open entry/exit CBI training developed by CADERH can meet private sector training needs by actually responding to skill requirements specified in the work place and confirmed by the private sector advisory committees.

Use of the trade certification is critical to increasing job placement rates and meeting private sector training needs. The certification process virtually guarantees potential employers of the skills possessed by the applicant and permits the employer to make more rational decisions on important matters such as work assignments and

compensation levels. In effect, it permits employers to distinguish between the truly qualified and the marginally or unqualified applicant. For example, in Honduras there are thousands who claim that they can operate a sewing machine. However, few can productively, efficiently, and skillfully manipulate the modern production sewing machine used in the export-oriented apparel industry. In the past, employers have relied on an applicant's own assessment of his skill, recommendations from a third party, or trial and error. None of these approaches have proven very cost-efficient. Certification can improve the efficiency of the hiring process as well as assure a higher probability of increased productive capacity.

Among the benefits that individuals who pass the certification exam can expect is the ability to negotiate better salaries and the probability of more stable employment, as well as possible new opportunities in self-employment. Less tangible, but no less real, are those benefits derived from accomplishment - the separating of oneself from the crowd based on competence, and the rewards inherent in achieving personal growth. The development of a blue-collar middle class, over time, is a natural result of increased competency and productivity within a competitive free enterprise system. This cannot come about in the macroeconomic sense until standards are established against which people can be trained, and increased productivity can be measured as a result of increments in skill levels.

Benefits for the employers have been discussed throughout this evaluation and will not be repeated here. Based on the employers' response in the CADERH awareness survey, it is apparent that they believe training of their workers will increase productivity. Assuming that CADERH has made ample provision to ensure appropriate CBI materials, and that the testing is valid and honest, there appears to be no reasonable doubt that the exams will indicate employees who have ability to be more productive.

CADERH has had problems with the technical assistance contracted to develop the areas proposed for CBI modules. This technical assistance should serve the dual function of developing new materials and helping to strengthen the institution. The problems experienced in the past with technical assistance are best attributed to the contracting process itself, although this is not meant to absolve Central Texas College (CTC) of its responsibility for the breakdown in the assistance offered. In brief, Central Texas and other applicants were evaluated on their expertise in the broadly-defined area of vocational education and training. The needs of CADERH are a specific subset of vocational education and include such topics as open access competency-based instruction (CBI), module development, the training of teachers in the use of CBI, as well

as the requisite technical knowledge for the various occupational areas. Additionally, these tasks had to be carried out in a unique institutional setting; CADERH itself is not a training provider. It appears that the qualifications of the individuals proposed by CTC were not evaluated with regard to their ability to develop CBI materials. In fact, given the range of skills needed by CADERH, it is doubtful that any one institution would have individuals with the expertise in curriculum development and the technical knowledge needed in the various occupational areas. Institutions managing to win contracts but who lack the internal staff to fulfill their obligations must engage in "head-hunting." Hiring outside the institution is governed by cost considerations, since overhead is based on salary levels. In order to remain competitive on overall cost, individuals are contracted who do not necessarily have the highest qualifications and/or more experience, and therefore do not command high salaries. Once a contractor is selected and begins work and the contract is cancelled for nonperformance or any other reason, the contracting procedure must be initiated again. As a result, canceling a technical assistance contract results in long delays. In a project such as CADERH, specific and highly qualified technical assistance was a known requirement and condition for success from the outset. A return to the contracting process to improve the quality of the technical assistance provided by CTC probably would cause more delays than those experienced. The evaluators found that CADERH decided to retain the contract with CTC even though the services provided were ill-furnished. These actions were, at least in part, due to the cumbersome nature of the contracting process itself.

**B. CADREH has significant support in the private sector.**

Those industrialists from San Pedro Sula interviewed for the evaluation strongly support CADERH. However, they believe CADERH should be more active in the San Pedro Sula area because it is the most important industrial center in the country. The industry-specific training in Component II of the amendment should help resolve this problem.

The elements of the design of the project are an excellent example of a practical manner of combining the need of the private sector for appropriately trained workers and the demands for increased productivity in the economy. The rationale for the existence of CADERH is based on the premise that it can serve the real human resource needs of the private sector and that the private sector can be included as an active partner. Training materials are based on actual skills used in the work place. Private sector participants who are unable to pay for specific studies can utilize a credit program

(Component VIII) to identify their specific needs. Materials are then developed on a modular basis which permit the individual, self-paced, open-entry/exit training discussed above. These materials are revised and validated through the private sector advisory committees and pre-tested in the work place. Training programs are then implemented according to the conditions present in a particular situation. Materials development can result in a spin-off effect in that they may be used by other students and/or businesses. Follow-up is built into the system on two levels: First, the actual ability of the trained employee can be determined by the employer thorough assessment of productivity and quality thereby determining the validity of the instruction and/or the certification testing. Second, the demand for more training or certification, either in the same skill areas for other employees or other skill areas, can help measure the effectiveness of the system design.

Industry specific training needs assessment is one of the most overlooked areas in training programs or institutions such as INFOP which have a broadly-defined training mandate. Unfortunately, training is often presumed to be a generic activity. However, the realities of the work place challenge this supposition. For example, INFOP has received a major portion of its assistance from the German government, and the industrial sewing machines it uses for training are German. However, the companies which are establishing themselves in Honduras use Japanese machines, need training for their employees, and INFOP is equipped with the German machines. The key element here is not the difficulty for the person who runs the machine - they can adapt fairly quickly - but the mechanics who must maintain the machines. Major differences in the machines' design require specific training on the equipment to be installed. This is also true with other industrial equipment such as printing presses, canning and bottling equipment, and production machinery in general. The fact that different machines have the same function does not necessarily mean that they have the same operating procedures, maintenance requirements, or mechanical/electronic design. The ability of CADERH to resolve the training difficulties generated by the complexity and variety of new production equipment will be extremely beneficial to INFOP and other training institutions as well as serve as an inducement to prospective investors. However, this ability can only come about through industry/business-specific assessments, an approach to training not being used by any current training provider in Honduras.

CADERH's role in strengthening in-plant training is important to its relationship with the private sector. the ability of a business to provide continual training to its employees impacts on these specific areas: first, capacity for continual growth and

quick response to changing markets; second, increased productivity, especially as new technologies are incorporated; third, the ability to maintain and increase quality which is increasingly essential in competitive markets. Effective in-plant training is extremely relevant in these three areas because it implies a training program able to pinpoint problem areas and respond quickly. The ability of an in-house training department to identify specific needs is an important element in its cost-effectiveness. The content of the training and its delivery, are dependent on this ability to focus training efforts. To bring in outsiders to detect a problem is much more costly than to bring in outsiders to resolve a problem, the dimensions of which have already been ascertained by the company. The company can then contract for the specific training in question if it does not have the full human resource capacity to carry out the training itself. A company with an in-house training capability is also able to incorporate new employees in a fluid manner, causing little disruption to ongoing productive activities. An in-house training capacity permits management to plan growth strategies with confidence, since it can take into consideration exactly what those plans will mean in terms of upgrading the skills of present employees and identifying the skills of new employees.

Since CADERH's services are relatively new, it is difficult to predict with certainty the ultimate response of the private sector. However, a series of contributions and responses already indicate that the private sector will respond with financial support to CADERH's initiatives. The ultimate success of CADERH will, of course, depend on the demonstrated ability to respond effectively to private sector needs. From its inception CADERH has included the private sector in such critically important roles as the leadership of the executive board and membership of the advisory committees.

A principal indicator of private sector support is the amount of in-kind contributions CADERH has received measured in terms of volunteer hours and use of facilities. In-kind support has approached more than one-half million lempiras and is projected to increase substantially. It could be argued that this is not actual income to CADERH. However, it does represent substantial savings for the institutions and demonstrates the level of interest and support of CADERH by the private sector.

Two private firms not directly involved with CADERH have, by their own initiative, approached CADERH and requested certification in industrial mechanics. These are ACENSA, a sugar refinery in the South, and Industrias Metalicas, S.A., an industrial plant in the North. Both firms have been quoted prices for the service and have indicated a readiness to pay. CADERH's staff projects that, as the job placement activity expands and more CBI modules are developed, more private sector firms will

request these services.

The results of a study carried out by a private firm to ascertain the impact CADERH has had to date also provide indicators which appear to imply that the private sector will respond to CADERH's initiatives.

These findings include:

1. 85% of the firms interviewed indicated that they believe that training of employees was very important for their firms' prosperity.
2. Although 43% considered that training was a joint responsibility of the state, the business, and the employees; 33% believed it was primarily the firm's responsibility.
3. 88% of those interviewed indicated a belief that employee training greatly increases the productivity of the firm, and only 26% indicated that they believed their employees to be well trained.

These indicators can be interpreted as demonstrating an understanding of the need for an institution such as CADERH to resolve a problem area that the private sector itself has identified. The clear understanding by the private sector that they have a major responsibility for the training of their own employees indicates that they also understand and accept the cost implication of this activity.

- C. The principal feature of CADERH's "institutionality" which manifests itself is its somewhat amorphous identity — is CADERH an institution, or is CADERH a project?

Legally, of course, CADERH is an institution of the non-profit variety. However, the fact that CADERH is almost totally financially dependent on USAID and that its existence was fostered by USAID tends to blur the distinction in the minds of both CADERH and USAID personnel. A number of factors point to this ambiguity, which has serious implications for CADERH's future, especially with regard to its self-sustainability. For example, instead of a statement of its business (necessary for self-sustaining organizations of the non-profit and for-profit genres) which can be readily understood by potential clients, CADERH propounds a series of "purposes" which fulfill

published on a quarterly basis. However, this ideas was later modified and a monthly newspaper was published when it became evident that the various training organizations were unable to plan their course offerings with the lead time required by the quarterly calendar.

The principal activity in this area was a contract with the American Management Association which was to provide a series of seminars over a 24 month period (1984 - 1986) to "assist training to improve their skills, learn new teaching methods and practice using current training technology". This activity was carried out through GEMAH, which has developed a capability to provide training of this nature and continues to do so. CADERH is presently searching for other resources; however its major activities have been directed to the development of CBI materials for skill areas identified as priorities for certification activities.

- F. CADERH has been able to develop positive ties with public sector entities such as INFOP and the Ministry of Education.

An agreement with CADERH has been signed by INFOP and there is an advanced draft of an agreement with the Ministry of Education which is likely to be signed in the near future. These relationships are critical to CADERH's future, especially the level of cooperation developed with INFOP.

- G. A number of factors appear to inhibit the development of a self-sufficient CADERH.

The ability of CADERH to become self-sustaining is perhaps the key element in USAID's rationale for continued support to CADERH and its present activities. However, a number of factors appear to inhibit the development of self-sufficient CADERH. The duality of USAID's role here becomes apparent -1) subsidize an institution until it can become self-sustaining, and 2) underwrite the development of those products and services which will in the future allow the institution to produce income. In other words, USAID has an implicit commitment to create a financially self-sustaining institution through the provision of all possible resources.

Normally, OPG's are negotiated with institutions which have developed other means of support or are financially endowed from another source. This is not the situation with CADERH. An established non-profit organization would include ongoing operations costs

in an overhead item and would also establish a factor which would generate an acceptable surplus. Because CADERH's total administrative structure is also being subsidized by the OPG, eventual independent financial stability has not been taken into consideration. All costs are considered "project" costs, and the institution is expected to expend funds to near-zero balance at the end of project activities (1/3 rotating fund excepted.) The institution hopes to continue to operate based on its ability to market a new and subtle training service and its related products, and to manage a loan fund established to finance studies for firms to establish their need for CADERH services and/or products. It is vital that CADERH, during the life of USAID funding, begin to develop certain reserve funds which could 1) form the basis for a future endowment, and 2) generate interest from the outset. These reserves could be established by allowing for depreciation expenses to be accumulated in an account as well as allowing social labor costs to accumulate; both of these "paid" on a monthly basis. At the end of the 5 year period a maximum of \$300,000.00 could be accumulated, although this would be somewhat less as affected by severance and other social payments. While the Fiduciary Agreement with the local bank should produce an unspecified amount of interest, at this time it would be extremely speculative to estimate these proceeds. At present, February, 1987, banks are extremely liquid, not accepting high interest-paying deposits, and the government bond market, which only produces 4%, is also over-subscribed.

Another source of support for potential self-sustainability could be the establishment for an asset base for CADERH through the application of rent and office improvement budget lines to the purchase of its own office. This would provide CADERH with collateral, if necessary, for cash flow loan funding through a commercial lending facility, and will also reduce its direct overhead expenses as it begins its sixth year.

Another aspect of the funding mechanism and requirements which tends to inhibit managerial performance towards the goal of developing a self-sustaining institution is the lack of incentive for generating savings through negotiation or exploring options not recognized at the time of budget preparation. A budget at best is a future projection of spending intentions based on present knowledge. It becomes, however, a criterion for measuring management's performance, as manifested in such statements as "meeting the budget." There is, of course, some provision for variations in line item expenditures, quantified in allowable percentage variations for some, and shifts among others. Naturally, going "over budget" is considered, generally, as unacceptable. Being "under budget" is, however, adjudged bad form and is variously equated with "padding" from the

outset, or lack of expertise in implementation (management.) In this latter case, it is believed, CADERH probably would not be allowed to "capitalize" savings, achieved through competent management performance without affecting quality, and thereby not perceive an incentive to manage in the most expeditious manner.

In the budget areas of international technical assistance, significant savings could be generated. Of course, it would take time to investigate and coordinate these proposed changes. It appears that the present budgeted expense of \$970,000.00 over the five years of the project contemplates a major contract with one, or perhaps two institutions. This implies overhead and fee payments which probably run between 20 and 40 percent. Other options may be available for providing these services. For example, the development of modules or their revision could be contracted out to individuals with recognition in the specific field under the development - short-term visits could be arranged, and rewriting and revisions could be done at the consultant's office or home. This could generate savings in per diem and/or relocation, as well as in man/day costs. Given CADERH'S past experience with institutional contractors, a system of this nature could provide more flexibility while assuring quality and competence. Contracting individuals for technical assistance is also a proper activity of management which allows consideration for the best interests of the institution and optimization of resource allocation.

Another key aspect of CADERH's ability to become self-sustaining will be its ability to market its services and products. This implies market research to determine which training modules are needed by private sector employers. However, the present budget does not provide for market research. Research is necessary to quantify demand in order to determine which modules are highest priority for development. Funds have been budgeted for advertising, but this is a step which should follow market research - merely to inform clients that what they want is available.

CADERH is presently conducting a survey to determine the degree of understanding of its activities among private sector institutions in Tegucigalpa and San Pedro Sula. The survey will inform CADERH of potential client awareness, and will help in structuring its marketing approach, but will not provide specific client needs information for module content and/or design. The subtlety of CADERH's intermediary role in the training process and the limitations placed upon it (such as no direct training), will make it difficult to market its services unless it pinpoints real needs of potential clients. The lengthy explanation of CADERH's objectives and purposes may be appropriate for external consumption in a donor funding relationship and important as internal guides, but they do not represent a marketable service. Basically, these

objectives are intentions, not a service product a potential user can identify as a need.

Initially, funding for marketing research will be important in order to develop a need for CADERH's services. If properly organized, this preliminary research could establish the basis for the sale of Component VIII services, which would generate demand for services and products of Components I and IX. Presently, CADERH is developing services and/or products which are presently not available in Honduras and have the potential to provide income to the institution. Services include: a) Skill Certification; b) National Placement Service; c) Temporary Employee Service. A key product is Training Modules for various skills which can be sold to training institutions, individuals, and businesses, both nationally and internationally. CADERH could also conceivably perform the service of a consultant for other programs of this nature within Latin America.

Attachment A provides a rough and admittedly speculative projection of what could be CADERH's financial situation at the end of the sixth year (one year after the OPG/PCD). Its inclusion is intended to be used as a benchmark against which management decisions can and should be made prior to the sixth year. Overall, this financial statement projects a surplus for operations during the sixth year. The income figures used are almost the same as CADERH projects for the final year of the OPG. The accumulated surplus (excedent) was calculated from CADERH's OPG budget presentation.<sup>1</sup> The expenses figures are based on fifth year budget projections; although a number of line items (e.g. International Technical Assistant) were reduced, albeit somewhat arbitrarily.

The evaluators emphasize here that this Attachment does not necessarily reflect a future reality - any number of scenarios are possible based on an analysis of these figures. It is here, however, that the difficulty of a wholly budget-based private institution achieving self-sufficiency is evidenced. A capital-based institution would manage and organize itself around the basis of the best possible return on the financial resources available. Although a capital-based institution would utilize budgeting as tool, an indication and guide based on available knowledge and apparently feasible projections, its management would not feel obligated to be "locked-in" to the budget if conditions changed, or if a given activity or expense were proven unproductive after a period of

<sup>1</sup> CADERH's OPG Budget projects a surplus of Lps. 2,100,000, whereas our calculation estimates Lps. 12,200.00. There are a number of instances in the budget presentation where cost figures in the narrative section do not correspond to cost figures in the summary tables. There are also a number of calculation errors in the summary tables.

experimentation. It would also not run the risk of diminishing its financial resource base because expenditures varied to make better use of resources. (It is important here to distinguish between CADERH the institution, and its "projects.")

A budget-based private organization like CADERH finds itself in an a double bind: its institutional budget support is finite (unlike a government agency), and its use of those resources is, to a large degree, pre-determined based on long-term projections. The flexibility to make adjustments is often not a readily available prerogative of its management. CADERH executives (as well as most others in this type of institutional development arrangement) are constrained to administer their institution instead of managing it.<sup>2</sup> Their focus and energy are often absorbed in meeting the donor's requirements (the donor in effect becomes a "client") rather than concentrating on the dynamics of developing and marketing a service or product which will assure the survival of the institution.

Assuming that the promised service and products are considered a worthwhile investment for social as well as economic purposes, it would be helpful in clarifying CADERH's situation if the institutional elements (CADERH as a long-term or permanent entity) and the project elements (currently, primarily research and development) were presented separately with regard to requirements and strategies for achieving their respective goals. This would permit an analysis of how best to meet each element's present requirements within the framework of USAID support. For example, CADERH the institution may best be served by an endowment (capitalization) or some other cooperative or contracting arrangement. The research and development of services and products may better be supported through another arrangement, such as an OPC.

Strong consideration should be given to the options in the creation of the fiduciary account. Due to the requirements of funds control, the fiduciary account, as previously pointed out, should provide "flexibility and responsiveness in a more timely fashion than the project could ordinarily expect through normal (USAID/Honduras) disbursement procedures." The slightly higher cost for managing the fund, and the need for CADERH to take over similar financial procedures at the end of the project are not considered major drawbacks to this arrangement.

The principal area of concern for the evaluators is the provision in the Fiduciary

<sup>2</sup> Administer connotes execution of, according to a prescribed formula. Management connotes control in the conduct of.

Agreement that any funds which are left in the account at the end of the project must be returned to USAID. As stated in various parts of the Institutional Analysis, this is a disincentive for the executives of CADERH to manage their funds in the most productive manner, especially since CADERH is expected to become self-sustaining by PACD. Self-sustaining ability implies that CADERH would have generated a surplus by that date.

As a non-profit organization, CADERH has been capitalized through a donation. As a private enterprise it must develop a surplus to assure its existence, just as a for-profit company would have to generate profits to survive. The crucial difference between the generation of a surplus, and the generation of profits, is not so much how they are earned, as what becomes of them. A for-profit firm distributes profits to shareholders after deducting what it requires for capital needs; a non-profit organization does not distribute its surplus. In the instance of capitalization, the shareholders of a private, for-profit firm would probably not ask for a rebate on the price paid per/share of the budget presented in the company's prospectus provided it was managed in such a manner that savings on budgeted expenditures were achieved. In CADERH's case, however, any savings generated through better fund or capital management, must be returned to the donor.

The emphasis and distinction being made is directed towards surpluses of donated funds generated through management expertise. This assumes that the budgets presented have been verified and found adequate as honest projections of estimated costs. However, the evaluators suggest that if reductions in these expenditures can be demonstrated to be the result of managerial skills, then the amounts saved should be allowed to accrue to CADERH, rather than revert automatically to USAID/Honduras. This provides an incentive to management, and permits flexibility in negotiation for services and other needs.

Because of the high initial costs and the time required to develop CBI materials, USAID/Honduras funding has covered all of CADERH's activities. This appears to be reasonable, since income - producing activities would not be available in the short run. However as presented in the amendment budget, the Mission's support will decrease during each year of the life of the project. This coincides with CADERH's estimates of gradually increasing income as its services become available and its market expands.

An endowment fund has been suggested as a possible means of assuring the future of CADERH. If a fund of this type were established, its objective would be the assurance that basic overhead costs would be covered and the self - generated income would not be overly committed. This form of complementary funding is important because what

CADERH is doing is so new (as least for Central America), and there are many unknown factors in future income-generating activities. It will become clearer during the next few years as to whether CADERH's certification, materials development, employment services, and other activities will be sufficient to maintain the whole institution, or just to cover operating expenses. In case only expenses are covered, the establishment of an endowment to cover overhead costs would be warranted. The endowment would permit the continuation of the social and economic benefits that the project will have generated, such as increased employability for workers, growth for businesses and the attraction of foreign investors.

#### H. CADERH has begun to convince training providers of the value of CBI.

Personnel from four private training institutions were interviewed: Instituto Santa Maria, Instituto Loyola, Escuela de Artes y Oficios, and CEVER. In each case, the institution had a far greater demand for enrollment than they had space. This is not surprising given the fact that about one-half of Honduras' population is under 16, and these schools are serving a population with ages from 13-19. Except for recent training by CADERH, none of the instructors had formal training as teachers. CADERH's help in CBI is seen as most appropriate and useful because of the potential to address both the problem of utilization of facilities and instructor training. Self-contained modules can take some of the pressure off instructors. Instructors are eligible for training in the use of CBI materials when their institutions sign the agreement with CADERH. These institutions are so underfunded and the demand for their services is so great that CADERH's assistance to them under Component VI should be most helpful.

#### I. CADERH has a capable, energetic and dedicated staff.

The executive personnel bring with them a wide range of public sector and private sector experience; many have advanced degrees from the United States. The evaluation team had the opportunity to see CADERH employees routinely working until late at night, and on weekends. There is an evident esprit de corps which permeates the institution. They were highly cooperative with the evaluation team and responded well to constructive criticism.

During 1986 two audits were practiced on CADERH's administrative system and financial control procedures. The summary opinion of the first, carried out by USAID/Honduras, stated "CADERH has adequately managed USAID funds" during the

period under consideration. The second, carried out by Price, Waterhouse stated that, "Although none of the conditions described in the memorandum represent, in our judgment, an important defect in CADERH'S internal control system, we believe that the recommendations will be useful to improve the system in general." A number of problems uncovered by the audit were corrected on the spot, most others have been resolved, and a limited number continue to require attention.

Appropriate administrative procedures have been developed, codified and made available to CADERH personnel. These include: Personnel Manual, Procurement Manual, Travel and Per Diem Regulations, Accounts Catalog and Accounting Manual, Vehicle use and Maintenance Manual, Petty Cash Management Guidelines, etc.

CADERH's personnel possess an adequate mix of skills and are appropriately located within the organization. The administrative and executive positions are largely filled by individuals with productive private sector backgrounds who understand the need to concentrate on providing the support to the technical personnel and thereby ensuring a reproductive work environment.

In one sense, executive and administrative personnel feel that their capabilities are underutilized in that a disproportionate amount of time is spent in the management of expenditures - not only in the area of monitoring expenses, but in the areas of having to spend to meet fiscal deadlines and budget projections. As one states, "I'm so enmeshed in spending money on time, that I'm afraid I'll lose the knack of making it."

The establishment of a Fiduciary Agreement with a local banking institution to manage project funds provides USAID with a secure mechanism for managing and disbursing funds, as well as freeing up CADERH from a number of routine activities associated with administrative paperwork. Although it appears that this support mechanism will cost somewhat more than the personnel that CADERH eliminates, it is expected to provide improved flexibility and responsiveness. However, as the agreement terminates at the end of USAID funding, CADERH will find itself in the position of having to bring in new personnel and to integrate new procedures into existing operations which could be disruptive for a period of time.

At present the Fiduciary Agreement stipulates that any funds left in the account at the end of the project are to be returned to USAID. This arrangement is a disincentive for the executives of CADERH to manage their funds in the most productive manner. CADERH would directly benefit if funds that were unspent because of management expertise were allowed to remain with the institution as part of an

endowment.

The evaluation team suggests that there are a number of ways to analyze personnel capabilities:

- 1) Measure their performance against explicit goals and objectives; this area is addressed in Appendix I;
- 2) Review their qualifications as represented in their Curriculum Vitae; a list of relevant C.V.'s may be found in Appendix II;
- 3) Consider examples of leadership, initiative, commitment, and responsiveness; some examples of these will be discussed here.

Leadership The principal demonstration of leadership noted in CADERH is the feeling of team spirit which pervades the institution. While it is true that esprit de corps is not readily quantifiable, it is observable by external evaluators and can be judged a result of effective leadership. Discussions with employees and directors indicate that they feel they are participating in the development of a viable institution, and not just working for it. Another indicator of leadership is the active participation of the Board members who set an example with their availability to the executive staff. The evaluation team witnessed executive and administrative personnel working after hours and on weekends. CADERH's leaders have been able to establish a feeling of task orientation as opposed to "time completion" among staff members who also put in the necessary time required to complete activities. Finally, the examples of initiative and commitment which follow are also examples of effective leadership.

Initiative The development of the National Employment Service (NES) is an excellent example of initiative. NES was not contemplated in the USAID-supported activities of CADERH. However, it became apparent to CADERH personnel that, both from the perspective of both employees and employers, a need existed for this type of service in Honduras. They immediately set about to establish this service, which complements their other activities, by studying the market, establishing priority areas for operations (secretarial, bookkeeping), establishing a budget and an operational procedure. Instead of looking for a donor to fund the activity, they decided to lend the NES a reasonable sum of money (Lps. 50,000.00) to establish itself. Even the Director of the Service must

produce if he is going to maintain his job, and the money lent must be repaid to CADERH. If at that end of a six-month period the NES is not self-supporting, losses can be cut, evaluated and appropriate decisions made.

The NES is a CADERH initiative that is a natural outgrowth of its programmed activities. It is another direct link to CADERH's private sector clients, both employers and employees. NES is intended to provide potential employees with an independent, objective measure of a potential employee's skills. The system presently in use in Honduras for determining an employee's suitability for a given occupation can best be described as trial-and-error; a method which is neither cost-effective nor efficient.

The relevance of the placement service's effect on training is also apparent. Through skill level testing of potential employees, CADERH will be able to distinguish different degrees of competence of the job seeker. This serves to respond to an employer's specific need; eventually, it will even help employers more precisely define their needs. As a parallel benefit, CADERH will be able to indicate to job seekers their weaknesses and recommend appropriate training activities necessary to qualify for available job openings. Another information product of this system will be the ability of CADERH to inform training institutions and schools of the areas where their students or graduates are weakest (as compared to actual private sector requirements). By providing objectively derived feedback from school leavers and graduates, NES/CADERH is functioning an important bridge between the private sector and educational institutions. Clearly, collecting and disseminating the information on the quality of each institution's graduates would have to be undertaken with great care and discretion.

The availability services of the NES will also have a positive impact on foreign investors. If the "trial-error" method of contracting support staff is costly and bothersome to local businessmen, it is even more onerous for foreigners not knowledgeable about local quality and salary levels, and who may have little confidence in the traditional referral and recommendation system.

Another management initiative is the development of a bank of training materials which will, over time, provide CADERH with a more cost-effective response to training needs. The development of training materials is a costly and time-consuming process. However, once done, the required subsequent modifications are substantially cheaper. In effect, a project of this nature requires a heavy front-end investment in research and development; a task CADERH is presently undertaking. The ability to have the materials necessary for the training of an increased number of skills reduces training costs on a progressive basis as they are utilized successively. The ability to respond to FIDE- or

FEPROEXAH-identified investors for specific training requirements also enhances Honduras' image as a country favorably disposed to business.

Management initiative is clearly demonstrated by the actions taken to receive their Personaria Juridica (P. J.). This critically important legal status was withheld during the Suazo Cordova regime for reasons other than lack of merit or fulfillment of legal obligations. The circumstances which delayed CADERH's obtaining its P.J. were the result of a confrontation between the GOH and the private sector over the role and effectiveness of INFOP. The private sector was threatening to withhold its support of INFOP (1% payroll tax) unless INFOP became more responsive to their needs. CADERH was requesting its P.J. at this time, but because some of the same leaders of the private sector movement (Board members of COHEP as well as CADERH) were also involved in CADERH, the GOH perceived CADERH as a threat to INFOP. Although it was never intended that CADERH replace INFOP, the P.J. was not approved during the remainder of the Suazo Cordova administration's tenure. During this period, USAID/Honduras reacted by citing CADERH's failure to meet that Condition Precedent and cut off funding for the month of September 1985, and again in January and February, 1986. The leadership of CADERH, however, set about to establish a relationship with the new government which was to take office in 1986, and to establish an amicable and working relationship with INFOP. Both of these initiatives succeeded and CADERH was the first institution to receive its Personaria Juridica under the new government after it took office in 1986.

Commitment Commitment is demonstrated first by those same activities cited in the Leadership section above which create an environment where work is carried on regardless of official business hours and employee legal requirements. A high level of commitment is also demonstrated when the executive leadership of the institution takes a personal bank loan to meet salaries when funds are cut by the donor for failing to meet the Condition Precedent cited above. It is also demonstrated by the continued participation of individuals from the private sector, who, despite delays in the many activities, continue to support CADERH because they realize the importance of the service to be performed. Members and board members from the private sector understand from their own experience that plans are just projections and do not necessarily result in anticipated outcomes. CADERH's uneven progress is quite understandable to its private sector supporters.

Responsiveness Evaluations were done by Dr. Ned Van Steenwyck in February 1985,

the requirements of the donor institution for project funding purposes, but do not present a concise statement of what CADERH will do for a paying client.

There is a danger that CADERH could come to view USAID or other donors as its primary clients (as donors), a not-unknown occurrence among institutions of this nature. This confusion of the interinstitutional relationship would be unimportant if USAID's involvement were merely intended to develop materials for CBI. However, CADERH is envisioned by USAID as not only a means of materials development but also as a permanent training broker, a role which requires that CADERH view potential customers as primary clients. Unfortunately, what is proposed by a USAID technical office is often unintentionally thwarted by financial or other oversight offices. The mechanics of certain procedures within USAID are applied for the convenience of control, and not in view of their impact on the programmatic outcome.

**D. Outside of CADERH, existing training institutions have not been meeting the private sector human resource needs in Honduras.**

For a variety of reasons, INFOP, the Ministry of Education, and private training providers have limited credibility with the private sector. In the Ministry of Education, the Vice Minister was interviewed for this evaluation. He acknowledged that the Ministry did not have the resources to meet the private sector's demand for training and commended CADERH for its efforts to fill this void. INFOP's director acknowledged that there were problems of political nature which hindered their ability to meet private sector needs and viewed CADERH as an ally in improving the responsiveness of INFOP to private sector needs. All of the industrialists impugned INFOP as a training provider and resented the payroll tax paid to INFOP.

**E. CADERH has been successful in increasing awareness of the value of training in the business community.**

The publicity and marketing campaign has reached a number of business people in the Tegucigalpa area. It is difficult to continue such a campaign without some specific training services which CADERH can provide to the private sector. The evaluation team spoke mostly with individuals from the private sector already convinced of the value of training. There is a great deal more work to do to reach most the business community.

CADERH's executive staff originally envisioned a catalog-type training calendar

September 1985, and February 1986. CADREH also contracted an independent evaluation in late 1986 to determine the extent to which its consciousness-raising campaign is meeting project goals, and the American Management Association (AMA) conducted an evaluation of CADERH's management training catalog in 1985. The first evaluation concluded that there were serious administrative problems and lack of planning. In March 1985 the President of the Board of Directors resigned and a new President was elected. Also at the time, in May 1985, the Executive Director was asked to resign and a replacement was hired in July. Soon after, the Technical Director and Administrator resigned and were replaced. By the time of the second evaluation, September 1985, all the new staff had been working for a few months. This first annual evaluation concluded that the personnel changes were accelerating project implementation and that much of the lost time had been made up. The February 1986 evaluation noted that staffing changes had a positive effect on project implementation but called attention to difficulties in the curriculum development and technical assistance. The AMA evaluation of CADERH's management training catalog resulted in changing the strategy of publishing quarterly catalogs of course offerings to include course listings in CADERH's monthly newsletter, published in local newspapers, because of the difficulties that management training institutions were having in projecting course offerings over longer periods of time. No further formal evaluations were done, yet many corrective actions were taken.

The Central Texas College (CTC) technical assistance contract was signed in June 1985; by October 1985 the CTC team had begun to miss deadlines. By March 1986 the CTC chief-of-party was dismissed and the other member of the team resigned. The ability of CADERH personnel to deal effectively with the failure of the CTC assistance is a positive indicator of the organization's ability to evaluate and resolve its own problems.

In conclusion, the evaluation team believes that the leadership and Directors of CADERH have the appropriate experience and academic credentials, a performance record consonant with reasonable expectations, and the leadership, initiative and commitment necessary to make CADERH a highly successful organization.

**J. CADERH has begun a positive relationship with FEPROXEAH.**

Cooperative projects are already being discussed for plantain, shrimp, and vegetable exports. With FIDE, a good relationship has also been developed. However,

the actual details of future interactions between CADERH, FIDE and FEPROEXAH are unclear under the amendment. The directors of both FIDE and FEPROEXAH view CADERH as an essential component in their attempts to attract foreign investment. In the case of FIDE, the director believes that his organization should be able to charge CADERH for services when a client company needing training is found. The Priorities Committee appears to be the forum for resolving this and other related issues.

The previous narrative established the critical nature CADERH/FIDE/FEPROEXAH in attracting investors, employment generation, and the impact on the balance of payments. The incentives for attracting offshore investors probably do not vary much among the competing countries in the region. These include security, port facilities, tax benefits, proximity to principal countries in Central America. The question of a competent labor force becomes the most crucial item for the investor. If one cannot count on a competent and stable labor force, the other incentives become less attractive. Also, the availability of a trained and competent labor force is itself an employment generating mechanism. A person with certified skills has more options than the one who has learned experientially and is more likely to market those skills independently through setting up a business. Balance of payments is affected in two ways: first, through those funds which are invested as a result of the free zone system, and second, increased competency in the local industrial labor force, which should improve productivity and product quality, enhancing the competitiveness and existing domestic companies in external markets. The ability of domestic companies to compete externally and affect balance of payments has been lacking in the Honduran economic system.

In effect, much of the success that FEPROEXAH and/or FIDE expect may well be the result of the efforts of CADERH in its activities to assure a competent and productive labor force. In fact, it is hard to imagine how they could be successful without the complementary services that CADERH provides. To the best of the evaluators' knowledge, when these different initiatives were being developed by USAID/Honduras, they were viewed as package, with CADERH, FIDE, FEPROEXAH, GEMAH, FIA, and FHIA contemplated as providing each other and the private sector with complementary services. With all these institutions in place, Honduras would then have the range of services necessary to encourage economic development and especially to attract foreign investment and improve the balance of payments.

K. CADERH has pioneered the use of Industrial Advisory Committees.

Use of these committees is new to Honduras. They can form an integral part of CBI materials development and validation. Seven committees are currently functioning for the trades of cabinet making, machining, welding, and bookkeeping. They are an excellent mechanism for feedback on the quality and relevance of training and should prove to be a continuing asset to CADERH.

The use of private sector advisory committees is particularly suited to increasing job placement rates and meeting private sector training needs and priorities. The participatory nature of these committees assures relevance in the content of training materials. The advisory committees are composed of people whose business success depends on the execution of those skills addressed in training programs. As a result, emphasis on specific skills is dictated by the exigencies of the actual work to be performed, and not on the content of textbooks, the skills known to the instructor, or other irrelevant (but quite commonly used) factors. Cost effectiveness is also enhanced because time is not spent, either by the trainer or the trainee, on irrelevant materials which will have little or no importance in the workplace. Job placement rates are directly affected. Potential employers can be relatively sure that the prospective employee not only possesses the skills required, but also that those skills were developed using criteria developed by practitioners. The participation of trade advisory committees also establishes the credibility of CADERH as an institution truly responsive to the needs of the private sector, and increases the probability of augmented support from that sector in the future.

- L. CADERH has appropriately supported the use of contracted training as a complement to domestic training providers.

Companies considering establishing facilities in Honduras are deeply concerned about the quality of the local labor force. Most firms are keenly aware of the value of training and generally have established their own training courses or have an ongoing relationship with a reliable and proven training firm. It is impossible to project the exact training needs of any firm that may be attracted to Honduras. If domestic training institutions attempted to anticipate possible training needs and prepare themselves to meet any eventual need, they could invest large sums in the preparation of trainers and materials and then find themselves without a market for their services. The use of private training firms with a recognized capability in a special area permits an assurance of quality that could not be offered by a local training institution, either governmental or

private. The use of contracted training is more cost-effective because it provides the service when a market is identified, i.e., when a given firm has indicated what training it needs. For Honduran training providers to develop independently the capability required at the time would create delays, and consequently more costs.

It is also important to note that the firm which is interested in establishing its business in the country either has a permanent relationship with training firms, or is knowledgeable about several firms that can provide the necessary service. Any contract for training services specifies that the materials be developed in Spanish and copies remain in the country, and that personnel from INFOP and other in-country training institutions must be included in the training and trained in the methodology used. This ensures a multiplier effect as well as being a cost-effective way of increasing the training capabilities of local personnel and acquiring expensive-to-develop materials.

#### IV. LESSONS LEARNED

##### A. Ambiguity in CADERH's Mission

Institutions which are initially supported through the OPG process, as opposed to those that receive an OPG as a project to be executed, may find themselves in the rather ambiguous position of working for self-sufficiency while at the same time being judged as effective and/or efficient based on their ability to manage expenditures on time.

##### B. CADERH'S Inter-Institutional Relationships

CADERH cannot directly provide training yet its future is totally dependent on selling the idea that training is a critical ingredient in economic development. In a very real sense, CADERH is totally dependent on the goodwill of training institutions. CADERH can provide its important services only in conjunction with training providers. The private sector must be made to feel "ownership" and be convinced that CADERH has something concrete to offer even before training is available. These are delicate and difficult political relationships which must be initiated, developed, nurtured, and sustained. CADERH's success lies in its ability to maintain a very delicate balance in its inter-organizational relationships based on interpersonal relationships. CADERH's leadership must be commended for its ability to achieve these linkages which are most critical to the project's success. However, these linkages need to be institutionalized so that when one of the major actors leaves, the inter-institutional relationships do not

dissolve.

### C. Technical Assistance

The inadequacy of technical assistance during CADERH's first thirty months can be ascribed to two interrelated causes: 1) the failure of Central Texas College (CTC) to supply individuals truly qualified in CBI/trade certification and, 2) contracting process which impeded the replacement of a unqualified contractor such as CTC. Many of the project's shortcomings are due to the poor performance of the CTC personnel.

### D. Competency-Based Instruction

Developing a competency-based instruction (CBI) system including instructional modules and certification examinations is a long and arduous task. It requires a certain level of intellectual sophistication, a good command of language and mental discipline. Working with trade advisory committees to develop CBI programs, while highly useful, exacerbates the difficulty. After the failure of the CTC technical assistance, CADERH staff continued to develop many more materials than were called for in the proposal. Probably, too much was asked of the CADERH staff in the development of the CBI materials without the contracted technical assistance. The greater emphasis on this area under the amendment is entirely appropriate and greatly needed.

### E. Private Sector Support

During the course of the evaluation, five industrialists and one private sector personnel manager were interviewed. All the industrialists are members of the Executive Board. There is an almost missionary zeal for CADERH's mission evident in most the Board members. They are all sold on the concept of human resource development. One of the Board members interviewed owns a furniture manufacturing company in San Pedro Sula and when asked who needed training in his company, he responded, "everyone, even me." The personnel manager interviewed works for a company in Tegucigalpa with over 2000 employees. She wanted to know when she could start advertising for job applicants with CADERH certification. An owner of a large metalworking shop told the evaluator that he really didn't think much of CADERH until he went to the United States and saw training centers and spoke with members of Trade Advisory Committees. He is now a member of an Advisory Committee himself and such

a strong supporter of CADERH that he has refused to allow CADERH to pay his expenses for Committee meetings. CADERH's staff has been quite successful in convincing some important members of the business community of the value of training. This level and quality of private sector support is a critical factor in CADERH's success.

## V. EVALUATION RECOMMENDATIONS

### A. Continuing Support of CADERH

The proposed amendment should be strongly supported to enable CADERH to realize its potential. This evaluation was a bit premature to measure the actual impact of CADERH's activities. The next phase, proposed under the amendment, will really determine if CADERH can make a difference in the quality of the workforce and improvement of productivity.

### B. Technical Assistance

Component I should be strengthened as soon as possible by contracting effective technical assistance. Specific areas of need include: 1) overall supervision of materials development focused on editing of the instructional modules and certification exams for compliance with CBI principles, and 2) editing all instructional materials for appropriate reading level. The failure of Central Texas College to provide timely and appropriate technical assistance has been a key factor in the delays in materials development. The shortcomings in the CBI materials are largely due to lack of expert help in this area. CADERH's staff has made great strides in developing their own expertise in CBI, but they have done so on their own. The development of effective instructional and certification materials is critical to CADERH's future. Credibility with the private sector hinges on CADERH's ability to help improve labor productivity through training using these materials. Effective external technical assistance and a continuation of the efforts of CADERH's staff are both absolutely necessary to the development of these essential materials.

### C. Changes in the Materials Development Methodology

There is a great deal of hard work evident in these materials. However, there are some significant inconsistencies in the methodology which should be addressed. The main

steps which should be followed to improve the quality and relevance of each module include:

1. Development of performance objectives must be consistent with actual trade practices. Advisory committees are very important in this process as are experienced instructors. Nevertheless, there is no substitute for task analysis in determining what is really needed to practice a given trade. There should be a differentiation of tasks into three categories: manipulative (psychomotor), informational (cognitive), and attitudinal (affective). Criterion-referenced evaluation should measure compliance with performance objectives in each category. Sample selection of the task analysis should take into account regional variations. Once a task list is developed, field testing with practicing tradespeople should be done prior to finalizing the tasks used to develop the training materials.
2. Performance objectives should be written with specific reference to tasks. No objective should be included which is not directly tied to an identified and verified task. These objectives should be approved by the advisory committees.
3. The training modules should be developed consistent with the objectives. All training materials should be reviewed for language and reading level. All training materials should be field tested with an adequate sample of the intended audience. The materials should also be reviewed by the advisory committees.
4. All examinations must be reviewed for consistency with stated objectives and for language. Questions and answers should measure the minimum competency level required to practice the given task. Field testing of the written and practical examinations is essential. Successful criterion-referenced examinations are the key determining factor in the success of competency-based training programs. The examinations can only be called successful when they confirm that an individual has the skills to perform at a minimum level in a given trade.

5. A specific checklist should be developed for the aforementioned steps. All current and future models as well as certification examinations should be consistent with the basic guidelines of competency-based instruction. There are many good written sources for this information. Any future contractor of technical assistance in this area should be able to provide consultants expert in CBI.
6. Under the amendment, strong consideration should be given to the development of a strong attitudinal (affective) component in the CBI materials. There is a great deal of research which indicates that graduates of education and training programs who have the requisite intellectual (cognitive) and manual (psychomotor) skills lack appropriate attitudes towards the work itself, coworkers, and supervisors.

#### D. CADERH's Role in San Pedro Sula

Both in industrial and agricultural activities, the areas encompassing San Pedro Sula, El Progreso and Puerto Cortes is the site of Honduras' most important economic development. The free trade zone and industrial park sites portend more development here. U.S. and European markets are served by maritime transport from Puerto Cortes. The area is far from regional military conflict. Many of CADERH's future projects with FIDE and FEPROEXAH will likely take place in this area. The San Pedro Sula industrialists interviewed for the evaluation feel slighted by CADERH. Under the amendment, this should change.

#### E. CADERH, FIDE and FEPROEXAH

There needs to be a better definition of the actual working relationships between CADERH, FIDE and FEPROEXAH. The Priorities Committee should be utilized to define the role of each entity in future projects under the amendment.

#### F. The Business of CADERH

The executives and board of CADERH should analyze and determine that the business of CADERH is based on client's need, rather than as a statement of its purposes and objectives.

### G. Quality in CBI Materials

Independent quality control procedures should be developed and operationally integrated to assure the best possible product. These would not have to be the result of long-term contracting, but rather materials could be sent to qualified individuals for comment and correction on a case-by-case basis.

### H. CADERH's Organizational Structure

An organizational matrix based on functions (present and future) should be designed and evaluated periodically (bi-annually) for responsiveness to operational needs. Organizational adjustments, including personnel and resource allocation, would be made as appropriate to allow the institution to perform its business.

### I. Asset and Capital Base

Pertinent regulations regarding disbursements and use of funds should be analyzed and construed to provide flexibility for CADERH to establish an asset and capital base. This could include, but is not limited to, the following items:

1. Purchase of a building for offices instead of renting - the amounts provided in the budget for rental and improvements could be used for this through a single disbursement at the beginning of the project's activities;
2. Creation of a reserve or endowment-type fund which would be managed in the most productive way possible. It would be composed of the following elements of budgeted funds which would accrue to it monthly:
  - severance payments,
  - depreciation (not presently included in budget),
  - savings generated through competent cost management (at present there is no incentive to manage funds for optimal utilization) that will demonstratively not affect activity quality. (This would include unspent funds from Fiduciary Agreement),

- an endowment of Lps. 3,000,000.00 (increase present OPG request) which would begin to generate interest from the first year of the OPG.

## J. CADERH's Definition

The lack of a clear distinction between what CADERH is, and what the project is, appears to be inherent in the OPG mechanism and may inhibit CADERH's ability to become self-sustaining. It is necessary to explore other funding mechanisms to establish this distinction.

## VI. DEVELOPMENTAL IMPACT

(see also Appendix I)

It is the opinion of the evaluation team that CADERH was not conceived as a project in a vacuum, but rather as a service developed to complement other USAID/Honduras initiatives such as FIDE and FEPROEXAH. The requirements of local and international firms for a qualified and competent workforce is a key element in predicting productive operations. For Honduras to be competitive with other Central American nations in attracting and sustaining business, initiatives such as CADERH are necessary to assure competence in the labor force. Based on experience in Europe and the United States, the model of an independent certifying organization was chosen as the most desirable means of carrying out this process.

The CADERH project cannot be measured for developmental impact in the same way as a "bricks-and-mortar" school building project. This type of project is directed at establishing a key element in the overall infrastructure necessary to encourage business and yield future social and economic gains. Not physical infrastructure in the conventional sense of the word, but rather an infrastructure of those conditions conducive to business growth. These include critically important trained human resources as well as other areas, such as capital availability, a workable system of business and labor law, central government cooperation, and services such as those offered by FIDE and FEPROEXAH. CADERH's impact on the GDP will probably not be measurable for some years because of the large numbers of workers to be trained and certified, and the time required to develop CBI materials. Impact, however, will be noted at a micro level within individual firms in the near term. Where competition among firms exists, improved workforce competence will provide quantifiable advantages

and lead to a spiral of increased demand for training.

CADERH's existence is based on the assumption that improved labor competency yields increased productivity, which, in turn, lowers unit costs and increased costs advantage and boosts sales volume. Improved labor competency requires performance standards against which progress can be measured. It would prove extremely costly for each interested enterprise to undertake the task of developing and implementing competency-based training and certification. Additionally, company-based CBI training would probably result in a number of standards, which would effectively preclude a single, widely-accepted standard. Training and vocational institutions are not able to respond to the specific and constantly changing training needs of the private sector. CADERH is meeting a real need in upgrading the level of labor competence in Honduras, a role which neither the existing training institutions nor the companies themselves can fill. Furthermore, CADERH's activities should result in a private sector made more competitive through productivity enhancement.

Given the strategies that CADERH has begun to implement and the extent to which these efforts have begun to produce an impact, the budget and planned activities proposed by the amendment appear to be justified. A negative impact would probably be registered with the private sector if the project were not able to capitalize on gains already made by CADERH. The time and money invested to date would be lost, as would the thousands of hours contributed by the private sector to the development of CADERH given in the hopes of addressing a recognized need. Perhaps most importantly, the problem of a poorly-trained Honduran workforce would remain.

The new responsibilities proposed under the amendment include needs assessment studies and the installation of printing and production facilities for educational materials. Both activities fit well into CADERH's overall strategy and should enhance the project's effectiveness. These activities should also provide income to CADERH and become self-sustaining profit centers within a reasonable period of time. A review of current progress under the project, as presented in Appendix I, indicates that many goals have been exceeded, an acceptable are number underway, and very few have not been achieved.

# A P P E N D I X I

## PROJECT'S DEVELOPMENTAL IMPACT

Current Status (March 1987)

Component I: Trade Certification and Competency-Based Instruction  
(PACD July 1987)

Goal 1. Standards (competencies) established and validated by Advisory Committees for two occupations.

Current Status: 30 Competencies with 175 performance objectives completed for three occupations

Goal 2. Certification examinations developed and validated by Advisory Committees for two occupations.

Current Status: Examinations completed for three occupations

Goal 3. Two advisory Committees formed and continuing to carry out their function of advising training organizations.

Current Status: Eight Advisory Committees are currently active

Goal 4. A minimum of two training organizations have been selected to administer certification examinations and at least five of their personnel in each occupation have been trained to administer the exams.

Current Status: Six training institutions have signed agreements with CADERH. Training of the individuals to administer exams is in progress. Initial training for INFOP and Centro Técnico Hondureño Alemán began on January 26. Training for the Institutos Técnicos Loyola and Santa María, and CEVER began on February 2. On-site technical assistance for instructors began February 9 and will continue through the current PACD's of Components I and VI.

Goal 5. Members of the Advisory Committees are qualified and able to administer exams.

Current Status: Exams have been prepared by CADERH staff and approved by Advisory Committees. Further technical assistance from Central Texas College in the administration of certification systems and examinations is scheduled for March-April of 1987. Examination monitors will be trained at that time.

Goal 6. A minimum of 150 individuals in each occupation have taken the certification exams.

Current Status: Initial pilot testing of the certification exams certified 16 people. 35 welders from Industrias Metalicas in San Pedro Sula also took the certification exams in late february with 22 welders being certified based on AWS/CADERH standards. Industrias Metalicas has requested certification exams for its employees in Tegucigalpa and the sugar processing plant in Choluteca has also requested certification for its employees. As competency-based curricula are implemented, CADERH should be able to meet project goals through certifying training center participants in 5 training institutions and in a limited number of private industries.

Goal 7. Eighty percent of the private sector organizations and labor unions are aware of the need for this program and are supporting it through membership.

Current Status: CADERH has 165 members, the President of a large labor organization (CTH) is on the executive board.

Goal 8. The primary governmental training institutions are aware of the need for the program and support it.

Current Status: The Ministry of Public Education and INFOP training centers have signed agreements with CADERH and are participating. INFOP's Executive Director has requested certification and competency curricula in several additional trade areas.

Goal 9. Training institutions and their clients are in agreement that the program should be expanded into other occupational areas.

Current Status: Other training centers have requested training and certification materials. FIDE and the apparel industry have requested CADERH's participation in certification curriculum development, and the formation of advisory committees for the apparel industry. Similarly, FEPROEXAH and Agro-International are requesting training assistance in the production and processing of export crops.

Goal 10. CADERH has the capacity to assume the role as a catalyzer to expand the program by seeking the necessary financial support from national and international sources.

Current Status: CADERH has established a Job Placement and Temporary Help Service to generate income to compensate for lower membership contributions. The amendment proposal submitted to AID in 1986 also projects substantial increases in income through expanding certification to 14 trade areas, providing training needs analysis services, and the sale and rental of multi-media CBI materials. The amendment proposal includes a L.2,000,000 revolving loan fund, in addition to the training center production loan fund of L.500,000 in component VI. These loan funds should assure additional income of at least L.200,000 per year. Further information on alternative strategies for the self-financing of CADERH are included in the financial analysis section of this report.

Goal 11. Competency-based instructional materials (CBI) have been developed for two of the occupations to provide instruction in one or more of the competencies specified in the certification exams.

Current Status: CBI materials have been developed for all competencies; a total of 30 individual modules in three occupations, with 175 performance objectives.

Goal 12. Twenty-five instructors from twenty businesses and a minimum of three training institutions have been trained to use CBI materials.

**Current Status:** In progress for 34 instructors from six training institutions. Training for in-plant instructors will follow the initial training of instructors from training institutions; prior training for 36 INFOP and private training institute instructors took place in 1986.

**Goal 13.** A pilot program has been successfully implemented for the use of CBI materials in companies and training organizations.

**Current Status:** Being implemented in six training institutions, in three trade areas: Machinists, Welders, Cabinet Makers.

**Goal 14.** A minimum of 200 people have received training with CBI materials and are performing their trade satisfactorily.

**Current Status:** In progress with over 200 students who will receive CBI training in vocational training centers.

**Goal 15.** A minimum of three training organizations are using CBI materials for training in two trade areas.

**Current Status:** Five training institutions are using materials in three trade areas.

**Goal 16.** Training organizations and businesses have demonstrated their interest to continue using CBI materials.

**Current Status:** INFOP, other training institutions, and the private sector (IMSA, AZENSA) have requested CBI materials and certification for other trade areas.

**Goal 17.** Eighty percent of the private sector organizations and labor unions have approved the CBI strategies and are ready to support expansion of the program.

**Current Status:** Private sector support is evident in CADERH's relationships with FIDE, GEMAH, and FEPROEXAH; and the high level of participation on the Executive Board and the Advisory Committees. The active membership on the Executive Board of the CTH President is an indicator of labor support.

Goal 18. CADERH has developed the institutional capability to provide training in the use of CBI materials in these occupational areas to companies interested in using CBI methods to certify personnel.

Current Status: CADERH is providing training in the use of CBI materials independently of Central Texas College technical assistance and can provide this training upon request.

Component II: INFOP Administrative Reforms (PACD February 1989)

Goal 1. Define administrative and operational policies.

Current Status: Technical assistance is being contracted for defining operational administrative guidelines. Proposals have been received from three (3) firms in response to requests for bids.

Goal 2. Improve accounting and internal auditing.

Current Status: External auditor has been contracted for early 1987. Computer system for accounting has been ordered.

Goal 3. Improve external communications

Current Status: CADERH is collaborating with INFOP in various promotional activities and emphasis is placed on INFOP involvement in CBI materials development and certification in CADERH publications and newsletters. INFOP also began a National Training Needs Survey in January with CADERH and AID assistance for establishing more direct communications with employers for determining priority training needs.

Goal 4. Provide training programs on the basis of training needs.

Current status: In Progress/Private sector linkages improving through relationship with CADERH, Trade Advisory Committees, INFOP, and the National Training Needs Survey.

Goal 5. Conduct follow-up studies of graduates for evaluating training programs.

**Current Status:** National survey to follow-up INFOP and other training centers graduates began January 1987.

**Goal 6. Establish local and regional Advisory Committees**

**Current Status:** Six advisory committees formed with INFOP participation in San Pedro Sula and Tegucigalpa.

Component III: Promotion of Management Training Programs and Training for Management Instructors (PACD May 1986)

**Goal 1. Establish a formal mechanism for the ongoing communication among management training institutions.**

**Current Status:** Special meetings are held upon request and institutions participate in CADEFH's annual conference on human resource development.

**Goal 2. Publication of a minimum of five calendars with a distribution of 3000 each listing available training programs.**

**Current Status:** Training calendars now published in newspapers with an average number of 20,000 published. Ads include endorsements by businesspeople who support CADEFH's activities.

**Goal 3. A minimum of 20 instructors will have completed the full course of training of trainers.**

**Current Status:** An average of 17 individuals attended each of the sessions although the same 17 persons did not attend all sessions.

**Goal 4. Approximately 60 additional instructors will have participated in one or more of the training modules.**

**Current Status:** Eight training seminars with a total of 136 participants.

**Goal 5. Clients of management training institutions have a better knowledge of the sources of training in specific management areas.**

**Current Status:** Meetings have been held with personnel officers in a number of private sector companies and they received catalogs with schedules of management training offerings.

Goal 6. Instruction has improved as a consequence of instructor participation in the training program.

Current Status: In ITEC, it is clear that instruction has improved and two individuals who completed the course have started their own business to provide management training.

Goal 7. CADERH will develop its own capacity to continue publishing the training calendar and find other resources to continue to provide training for instructors from management training institutions.

Current Status: Training calendar published monthly in newspaper, and training is obtaining a multiplier effect with the repetition of the most popular seminars.

Component IV: Consciousness Raising Campaign (PACD July 1987)

Goal 1. Improved understanding of the value of vocational technical training and management training, and how this training can increase the productivity of businesses.

Current Status: Individuals from CADERH are very active giving talks to local business and community groups as well as to managers of specific companies. The National Conferences on Human Resource Development were attended by over 400 individuals.

Goal 2. Clearer understanding of how the private sector can intervene for providing in-plant training.

Current Status: Reflected in the private sector involvement in eight Trade Advisory Committees and two Institutional Advisory Committees.

Goal 3. Clearer understanding of the training services available and how the private sector can make use of these services for improving the training of employees.

Current Status: See Current Status Goal 1 and 2

Goal 4. Higher level of involvement on the part of the private sector in guiding training programs.

Current Status: Eight Trade Advisory Committees and two Institutional Advisory Committees formed and functioning.

Component V: CADERH Institutional Strengthening (PACD July 1987)

Goal 1. Executive Director and Technical Director trained for continuing operation of CADERH.

Current Status: The Executive Director is a capable Administrator. The Technical Director should receive additional technical assistance and training as anticipated in the amendment proposal.

Goal 2. A minimum of 300 members contributing a minimum of L. 15,000 monthly.

Current Status: An average of 165 members contributing an average of L. 2000 monthly.

Goal 3. Alternative sources of financing for assuring the continuing operation of CADERH for at least three more years.

Current Status: Job placement and temporary help services with a projected annual income of L. 30,000 have been established. The project, however, was overly optimistic in assuming that membership dues would provide an income of L. 15,000 per month and additional sources of funding should be developed by CADERH.

Goal 4. A positive image developed with the private, labor, and public sectors providing moral and economic support for CADERH.

Current Status: CADERH has a positive image with a number of individuals and organizations. The broad private sector representation of the Executive Board and Advisory Committees, the labor union representative on the Board, the private sector groups such as FIDE, GEMAH, and FEPROEXAH, private training institutions such as the Institutos Loyola and Santa Maria, and public sector entities such as INFOP, the Ministries of Public Education and Labor, have all demonstrated support for CADERH.

Component VI: Vocational Education Productivity Project (PACD January 1990)

Goal 1. PVO's recover 50% of recurrent costs and public sector institutions self-financing in shop materials, maintenance, and tool replacement.

Current Status: Agreements were signed with two PVO training centers in January, two additional proposals were approved in February, and three more are being prepared.

Goal 2. Dropout rates reduced to 20%.

Current Status: Project activities are just beginning in this area but the strategies appear to be appropriate for realizing the goal of reducing dropout rates.

Goal 3. Facility upgrading, teacher training, and technical assistance for 15 training institutions, reaching 5 institutions annually during the first three years of the four year activity.

Current Status: Agreements signed with two training centers and five proposals are in various stages of preparation and approval, assuring that five institutions will be receiving assistance during the first year of activity.

Component VII. ITEC/UNAH/Rural Education/Miami-Dade (PACD January 1990)

Goal 1. Establish advisory committee for ITEC and assure that CBI and certification exams are consistent with Advisory Committee's recommendations.

Current Status: Committee organized and functioning. CBI materials are under development and exams will be written in 1987.

Goal 2. Contract technical assistance and organize advisory committee for UNAH in entrepreneurial training.

Current Status: Technical assistance contracted; advisory committee organized and functioning.

Goal 3. Conduct follow-up study on Miami-Dade participant training program and encourage multiplier effect using trainees.

Current Status: Study conducted as planned; multiplier effect will require additional training resources because of different training needs.

Goal 4. Finance UNAH study on projected manpower requirements through year 2000.

Current Status: Study being conducted as planned. L. 50,000 AID contribution being provided to UNAH through CADERH.

Goal 5. Establish alternative rural education prototype system; providing basic education for 270 persons and secondary education for 20 persons; using agricultural and rural activities as the medium of instruction.

Current Status: Technical assistance contracted; curricula to be developed January-March 1987; and training programs to begin March-April 1987.

APPENDIX II

**RESUMEN DE VIDA**  
%titulo%  
**PERSONAL EJECUTIVO DE CADERH**

**DIRECTOR EJECUTIVO**

**Lic. Ricardo Castillo Callejas**

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Oficial de Alto Nivel en:

Banco Atlantida, S.A.  
Banco Financiera Hondureña, S.A.

Junta Directiva de:

Casa Propia, S.A.  
Inversiones y Creditos, S.A.  
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Inmobiliaria Maya, S.A. de C.V.  
Desarrollos Turisticos de Tela, S.A.

**ACTIVIDADES SOCIALES**

Cámara Junior  
Country Club de Tegucigalpa  
Club Rotario Tegucigalpa Sur  
Club Deportivo Olimpia  
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**COORDINADOR ADMINISTRATIVO**

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Junta Nacional de Bienestar Social

Codiseñador del Proyecto de Riego San Juan de Flores

Inspector y Supervisor de varios proyectos públicos y  
Privados.

Constructor Independiente de obras civiles e  
Hidráulicas.

# JUNTA DIRECTIVA DE CADERH

## PRESIDENTE

Ing. Leonel Z. Bendeck

Ingeniero Químico  
Georgia State University

Gerente General  
Honduras Fosforera, S.A.

Socio y Director de múltiples empresas privadas.

Director de Asociación Nacional de Industriales (ANDI)

Ex-Presidente de la ANDI

Director de Fundación para la Investigación y Desarrollo  
Empresarial (FIDE)

Miembro de múltiples asociaciones profesionales, culturales y  
beneficas.

## VICE-PRESIDENTE

Ing. Jesús Simón

Ingeniero Civil

Gerente General  
Constructora Simón, S.A.  
Presidente de Cámara Hondureña de la Industria de la  
Construcción (CHICO)

Director del Consejo Hondureño de la Empresa Privada-COHEP

Miembro del Colegio de Ingenieros Civiles de Honduras

Socio y Director de múltiples empresas privadas.

Miembro de organizaciones sociales y beneficas.

## TESORERO

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Socio de Morales, Palao, William y Asociados

Socio de Universidad Tecnológica Centroamericana (UNITEC)

Ex-Vice Decano de la Facultad de Ciencias Económicas de la Universidad Nacional Autónoma de Honduras

Miembro del Colegio de Peritos Mercantiles y Contadores Públicos de Honduras.

Directivo de Cámara Junior

Asesor de múltiples empresas públicas y privadas

## SECRETARIO

Sr. Ariel Espinal

Perito Mercantil y Contador Público

Propietario de comercializadora de artículos para el hogar.

Miembro de asociaciones culturales y benéficas.

## PRO-SECRETARIO

Sr. Andrés Víctor Artiles

Líder sindical desde 1954

Secretario General Confederación Hondureña de Trabajadores

Varias veces mediador en la solución de conflictos laborales

Ha desarrollado trabajos para la Organización Internacional del Trabajo (OIT)

## VOCALES

Ing. Zacarías Bendeck

Propietario Fundador de varias empresas importantes

Asesor de Gerentes de empresas

Gerente General de Centro Mecánico Industrial, S.A.

Director del Consejo Privado de la Empresa Hondureña (COHEP)

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**Abogado Dario Humberto Montes**

Abogado y Notario Publico, Fundador de un Bufete de Abogados de alto. prestigio.

Ex-Ministro de Trabajo y Previsión Social.

Asesor de importantes empresas y hombres de negocios

Miembro del Colegio de Abogados de Honduras

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Director de la Fundación para la Investigación y Desarrollo Empresarial (FIDE)

Miembro del Country Club de Tegucigalpa

Miembro del Club Rotario Tegucigalpa Sur

Miembro de varias organizaciones culturales y beneficas

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Abogado y Notario Público

Candidato a Doctorado en Desarrollo Organizacional  
Universidad de Berkley

Decano, por dos ocasiones, de la Facultad de Ciencias  
Economicas de la Universidad Nacional Autonoma de Honduras.

Socio Fundador de la Universidad Tecnologica Centroamericana  
(UNITEC)

Disertante en multiples conclaveS internacionales

Asesor de varias empresas y hombres de negocios.

APPENDIX III

LIST OF PERSONS INTERVIEWED

Members of the CADERH Executive Committee

Leonel Bendeck, President  
Owner, Match Manufacturing Company

Jesus Simon, Vice-President  
Owner, Construction Company

Andres Victor Artiles, Treasurer  
President, Honduran Workers' Confederation

Pedro Canahuati, Alternate  
Owner, Furniture Manufacturing Company  
Member, Carpentry and Cabinetmaking Advisory Committee

Julio Rafael Galdamez, Alternate  
Owner, Metalworking Company  
Member, Precision Machinist Advisory Committee

Alejandro Carrion, Regional Vice President for the North Coast  
Owner, Retail Distribution Company

Personnel: CADERH

Ricardo Castillo, Executive Director  
Armando Alvarenga, Director Component VI  
Jose Luis Aguirre, Liaison Officer, Component VII-UNAH  
Luis Sabillon Luque, Technical Director, Component I  
Armando Medina, Director, Component VII-Rural Education  
Jose Adolfo Hendricks, Director of Promotion  
Rina Mercedes Rodriguez, Occupational Analyst  
Martha de Vinciguerra, Instructor Trainer-INFOP

ITEC

Verney Samayoa, Director  
Max Guerra, Writer

FIDE

Ramon Medina Luna, Director

FEPROEXAH

Carlos Manuel Zeron, Executive Secretary

Ministry of Public Education

Luis Barahona, Sub Secretary for Technical Affairs

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INFOP

Armando Castro Sierra, Executive Director  
Julie Handal de Ortega, Director, San Pedro Sula Training Center  
Oscar Sanchez, Technical Director, San Pedro Sula Training Center

Centro Tecnico Hondureno Aleman  
Nicolas Ochoa, Director

Component VI

Filete Cordoba, Instructor, Instituto Tecnico Santa Maria  
Member, Carpentry and Cabinetmaking Advisory  
Committee

Elias Murillo, Director, Instituto de Artes y Oficios de San Pedro  
Sula

James O'Leary, Director, Instituto Loyola

Textiles Rio Lindo

Brecina Bisuela, Personnel Administrator

## APPENDIX IV

### CADERH RATIONALE FOR OCCUPATIONS PROPOSED IN AMENDMENT

#### 1. Secretary \*\*

There is a large demand for qualified secretaries. This is true even though private and public high schools produce over 8000 per year. Selecting secretary training under the amendment could give CADERH an immediate positive presence and credibility in the private sector. It would be fairly simple to augment CADERH's work in this area to include bilingual and executive secretarial training. CADERH's work could complement existing training in formal educational institutions and result in certification. Certified secretaries could fit well into the CADERH job placement and temporary help activities. Furthermore, the large potential number of secretaries would help CADERH meet its program goals and generate income.

#### 2. Apparel related occupations \*\*\*

This category might include several occupations such as cutters, machine operators, and sewing machine mechanics. Exact definition will have to wait until work is begun with industrial representatives. The experience FIDE has had with the Arrow/Katan project using the Kurt Salmon training group should prove to be valuable in defining the specific occupations. Based on research done for the amendment, the apparel industry should provide substantial employment in export-oriented business.

#### 3. Refrigeration and Air Conditioning \*\*

CADERH staff report that INFOP efforts in this area are inadequate and that demand for trained technicians far exceeds supply. Additionally, many of the projects initiated by FEPROEXAH in export-oriented agroindustry require refrigeration. Export of fresh fruits and vegetables, seafood, meat, and other agricultural products requires a significant expansion of training capacity in this area.

#### 4. Auto Mechanics \*

One industrialist interviewed by the evaluation team stated that the investment in motor vehicles in Honduras was five times greater than the investment in stationary equipment. It is unclear if this is accurate. Nonetheless, there are many vehicles and they are frequently poorly maintained. All sectors of the economy are dependent on the transportation system. Inadequate

maintenance and repair means that an unnecessarily large amount of foreign exchange is spent on vehicle purchase and spare parts.

#### 5. Electricians \*

With the construction of the El Cajon dam and hydroelectric project, electrification is planned for many new areas of the country. Additionally, urban areas with electrical systems such as Tegucigalpa and San Pedro Sula are growing twice as fast of the country as a whole. The demand for electricians to do residential and commercial wiring should expand. CADERH needs to do additional work to determine if the training needs include industrial electricians.

#### 6. Electronics Technician \*\*

According to the CADERH staff, most current electronics training is focused on radio and T.V. repair. Computers, solid state and microelectronics technologies are pervasive and growing in importance. There is no apparent source of training in Honduras besides correspondence courses of questionable quality. Potential employment includes telecommunications, repair of consumer goods, industrial maintenance, and even vehicle repair. Multinational companies tend to use the same level of technologies in developing countries as they do at home. Electronics training appears to be important for export-oriented industry and the modern sector of economy in general.

#### 7. Bus and Truck Drivers \*

Current licensing procedures apparently do not screen poorly trained professional drivers. Transportation is a critical element in economic development. Drivers are in charge of very expensive equipment and their certification could be very valuable means by which employers could hire and evaluate employees. If training and certification program were developed, the number of drivers and their visibility could prove to be very useful to CADERH's image.

#### 8. Heavy Equipment Operators \*

Building construction and a wide range of infrastructure projects are highly dependent on heavy equipment. A single piece of heavy equipment represents a very large investment. One of the industrialists interviewed by the evaluation team indicated that his heavy equipment productivity was very low compared to what he had observed in the U.S. and even in Mexico. He also commented on the amount of financial risk he had to take by allowing an unproven operator to operate a machine worth \$500,000. Currently there are no licensing or certification requirements.

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## 9. Industrial Maintenance Mechanics \*\*\*

According to CADERH's staff, there are no training programs for industrial maintenance mechanics in Honduras. There are no certification standards. For the modern sector of the economy, there is probably no occupation which is more important. Industrial maintenance crosses a number of technical areas; this is one reason why developing training and certification is difficult. A number of industrialists interviewed for this evaluation commented that it is impossible to find qualified industrial maintenance mechanics. They also expressed frustration regarding their efforts to train their own maintenance mechanics.

## 10. Construction Carpenters \*

Construction carpenters are employed to do concrete form work, scaffolding, wooden roof structures, doors, windows, and trim. Almost all construction work requires these skills yet there are no certification standards. According to CADERH staff, the productivity of this occupation is well below other countries. The poor quality of carpentry is evident in many new buildings. This is a quite visible occupation and CADERH's work could be very valuable to the construction industry

## 11. Masons \*

According to CADERH's staff, nearly all commercial and most contractor-built residential construction uses brick or block. Wooden construction is relatively short-lived due to insect damage. There are no certification standards for masons. Increasing the productivity of masons could prove quite valuable to the construction industry.

- \*\*\* Very important to export-oriented business
- \*\* Important to export-oriented business and modern sector
- \* Important to modern sector

ATTACHMENT A  
 CADERH 1993 PROJECTED [Lps. 000]

	SUB TOTALES	SUB TOTAL	TOTALES	TOTAL
XCEDENTE ACUMULADO (1987 - 1992)				L. 12.2
<u>INGRESOS</u>				
1. MEMBRESIA			L. 73.0	
2. CERTIFICACION			31.5	
2.1. Competencia 700 X 10.00		L. 7.0		
2.2. Oficio 980 X 25.00		24.5		
3. ESTUDIO DE NECESIDADES DE CAPACITACION			110.4	
24 estudios por un promedio de L.4,600.00 c/u		110.4		
4. COLOCACION DE EMPLEO			160.0	
Colocación empleo temporal y permanente		160.0		
5. VENTA DE MATERIALES DIDACTICOS Y MEDIOS AUDIOVISUALES			200.0	
5.1. Manual del participante (13,000 u) a L.10.00 c/u		130.0		
5.2. Manual para instructor (1,400 u) a L.25.00		35.0		
5.3. Alquileres de Medios (120 rentas a L.50.00 c/u)		6.0		
5.4. Venta de ayudas A.V. (116 ventas a L.250.00 c/juego)		29.0		
6. FONDOS ROTATORIOS (intereses)			220.0	
6.1. Componente VIII (80% prestado)		160.0		
6.2. Componente VI (80% prestado)		60.0		
TOTAL INGRESOS				807.4
<u>EGRESOS</u>				
1. PERSONAL PERMANENTE			L. 454.5	
2. PERSONAL TEMPORAL Y A COMISION			56.2	
3. ASISTENCIA TECNICA INTER NACIONAL			18.2	
4. PRESTACIONES SOCIALES (SS/INFOP)			12.5	
5. CAPACITACION DE PERSONAL			2.0	
6. OTROS GASTOS DE OPERACION			280.5	
6.1. Viajes		L. 36.2		
6.1.1. Local	L. 18.0			
6.1.2. Internacional	18.2			
6.2. Reuniones		6.0		
6.3. Papeleria y Utiles		12.0		
6.4. Comunicaciones		12.0		
6.5. Mantenimiento		16.2		
6.5.1. Vehículos	8.8			
6.5.2. Equipo, Mobiliario y Edificio	7.4			
6.6. Combustible y Lubricantes		9.4		
6.7. Cuotas y Suscripciones		3.2		
6.8. Servicios Públicos		12.0		
6.9. Alquiler		- 0 -		
6.10. Seguros (vehículo mobiliario y equipo)		9.6		
6.11. Materiales y Suministros (Imprenta/Reprod. A.V)		190.0		
6.12. Publicidad y Mercadeo		48.0		
TOTAL EGRESOS				L. 798.0
EXCEDENTE				L. 9.4
Reserva Prestaciones			200.0	
Capital de Fondos Rotatorios			2,500.0	
Componente VIII				
Componente VI		2,000.0		
		500.0		

3. OUTLINE OF BASIC PROJECT IDENTIFICATION DATA

1. Country: Honduras
2. Project Title: Advisory Council for Human Resources Development
3. Project Number: 522-0257
4. Project Dates: August 1, 1984 - July 16, 1992
  - a. First Project Agreement: August 1, 1984 - July 31, 1985
  - b. Final Obligation Date: Planned for FY92
  - c. Most recent Project Assistance Completion Date: July 16, 1992
5. Project Funding:
  - a. A.I.D. Bilateral Funding (Grant) US\$ 2,080,000
  - b. Counterpart Funds 4,450,000

US\$ 6,530,000
6. Mode of Implementation: Host country contracts with the American Management Association and Central Texas College.
7. Project Designers: CADERH and USAID/Honduras
8. Responsible Mission Officials:
  - a. Mission Directors: Anthony J. Cauterucci, MD 1984-1986  
John Sanbrailo, MD 1986-1987  
Carl Leonard, DMD 1984-1987
  - b. Project Officers: Marcia Bernbaum 1984  
Richard Martin 1985  
Henry Reynolds 1985-1987
9. Previous Evaluations: Internal Evaluations conducted by USAID/Honduras each semester of the project 1984-87, and one previous independent evaluation December 1986.

## 2. SCOPE OF WORK

### IMPLEMENTATION EVALUATION OF CADERH

#### 1. Background

The CADERH operational program grant (OPG) was authorized by USAID/Honduras on July 26, 1984 for \$975,000 and L.1,124,850 (\$762,425) in local currency. Subsequent amendments increased total project funding to \$1,325,000 and L.8,900,000 (\$4,450,000), expanded the number of project activities and extended the PACD. The present PACD is January 30, 1990.

At present, USAID/Honduras is preparing a project amendment for the further expansion of project activities over a five year period, extending the PACD to February 1992, and increasing life of project costs to \$6,125,000 and L.13,250,000 (\$6,625,000) in local currency. The evaluation findings will be used by the Mission to develop the design of new interventions.

#### 2. Objective:

To provide an institutional evaluation of the Advisory Council for Human Resource Development (Centro Asesor para el Desarrollo de los Recursos Humanos de Honduras-CADERH). The evaluation will focus on CADERH's performance in being responsive to private sector needs in the areas of instruction and certification; meeting outputs during the first 30 months of implementing project activities; the administrative and technical capabilities for executing planned project activities; and the institution's financial self-sustainability.

#### 3. Statement of Work

The contractor will be responsible for carrying out the following activities during a three week period.

a. Conduct a technical analysis of the institution's current strategies for improving the quality and relevance of instruction. The analysis should review the impact of the first 30 months activities on the vocational sector and the potential of these strategies to affect cost-effectiveness, retention rates, job placement rates, and to meet private sector training needs and priorities in Honduras. Strategies to be evaluated include the following:

- the use of private sector trade advisory committees for defining training needs;
- trade certification, with an analysis of the comparative productivity and skill levels of people who have been certified as compared to those who could not pass the certification exam;
- competency based instruction; and
- the integration of production activities with vocational instruction.

b. Conduct an analysis of CADERH's proposed activities under the amendment. Proposed activities are designed to improve the quality, relevance, and cost-effectiveness of training, have a significant impact on employment generation and balances of payments, serve as an incentive for attracting investors to Honduras, and meet the training needs of businesses which are being assisted by FIDE, FEPROEXAH, and similar institutions. The strategies to be analyzed include:

- the use of private sector trade advisory committees;
- trade certification;
- competency based instruction;
- performing industry specific training needs analyses;
- contracting industry specific training;
- obtaining a multiplier effect from contracted training through using local training resources;
- strengthening in-plant training;
- creating job placement services; and
- establishing a training materials bank.

c. Conduct an institutional analysis of CADERH in regard to the institution's technical, administrative, and financial capabilities; and the institution's ability to respond to the needs of FIDE, FEPROEXAH, and other institutions responsible for providing production assistance for Honduran producers. It is important to examine the magnitude of the proposed activities within the context of past performance.

-Technical capability: the institution's ability to implement current project activities, and the planned activities under the amendment.

-Administrative capability: administrative performance in the execution of the current project, and administrative capability for the execution of activities under the amendment.

-Financial capability: current and projected potential of the institution to become a self-financing institution, and specific actions which must be taken for assuring the present and anticipated financial future of CADERH.

-Organizational flexibility: the evaluation will examine the hierarchical structure, personnel qualifications, interpersonal relations, leadership, organizational procedures, and the external political/institutional environment to respond to new challenges. It should also determine the extent to which the institutional organization is sufficiently flexible for responding to the private sector's changing needs, and examine the rationale for using CADERH, rather than other private or public institutions, for the execution of the activities contemplated in the project amendment.

#### d. Methodology

- 1) Review available documentation related to the project to become familiar with the rationale, scope, goals, and activities under the current project and the proposed amendment.
- 2) Develop a work plan and outline for the evaluation report and obtain the approval of A.I.D. and CADERH for executing the evaluation based on this work plan.
- 3) Interview personnel at CADERH, various private sector affiliates, FIDE, FEPROEXAH, and training centers. Key questions will address: knowledge of and support for CADERH's goals and programs both politically and financially, analysis of CADERH's role in the training system, impressions of the past performance and capabilities to perform larger scale projects, and impressions of the strengths and weaknesses of CADERH.

4. Qualifications: the contractor will provide the services of one individual for a period of 3 weeks in the area of training evaluation and one person for two weeks in the area of FVO administration, finance, and organizational evaluation. The following education and experience will be required.

Vocational Training Evaluator/Primary Consultant

- A minimum of a Masters degree in education and 5 years experience in vocational training and administration.
- Knowledge of A.I.D. procedures.
- Knowledge of Latin American vocational training institutions and the economic, technical, and policy constraints in these institutions.
- Thorough knowledge of competency based training, certification and standards, and how the system functions in Latin America.
- Fluency in Spanish.

Administrative Evaluator

- A minimum of 5 years experience in the administration, project planning and execution, and the financial management of private voluntary organizations (PVO)s.
- Knowledge of Honduran PVOs, and the socioeconomic and political milieu in which they function.
- Knowledge of A.I.D. procedures.
- Fluency in Spanish.

5. Time Frame: The primary consultant will arrive in Honduras no later than January 10, 1987 for a period of three weeks in-country. He/she will spend two weeks gathering and analyzing data, meeting with CADERH, GON, FIDE, FEPROEXAH, and A.I.D. offices. The third week will be spent preparing and presenting a draft report. Six day work weeks are authorized.

The administrative evaluator should arrive in Honduras no later than 5 days after the primary consultant. He/she will spend at least one week gathering and analyzing data. The remaining time will be utilized for the preparation of a draft report under the supervision of the primary consultant. Six day work weeks are authorized.

## 6. Reports

The consultants will prepare a draft and a final report. The draft report must be presented to the Mission at the end of the three week period of the primary consultant. The final report must be presented within two weeks after receiving the Mission's comments on the draft report.

Both the draft and the final report must have an executive summary. The summary must include the following sections: purpose of the evaluation, methodology, major findings, conclusions, and recommendations.

The draft and final reports must include the following sections: methodology utilized, previous internal and external evaluations and their impact on project implementation, the project's developmental impact, evaluation findings, lessons learned with factors that proved to be critical to the project's success or failure, and evaluation recommendations.

The evaluation must also include a listing of the other evaluation participants, including host country personnel, their field of expertise, and their roles in the evaluation.

## 7. Relationships and Responsibilities

The consultants will report to Henry Reynolds, USAID/Honduras Education Officer. Further support for the consultants will be provided by Ted Landau, Project Support Officer (DF), Ned van Steenwyk (HRD/E), Elizabeth Kvitashvili (DF), Orlando Hernández (DP), and Marvin Brandt (PSP).

ILLUSTRATIVE BUDGET

Primary Consultant

1. Compensation (\$250/day x 20 work days)	\$5,000
2. Fringe Benefits (26% of salary)	1,300
3. In-Country Perdiem (23 days x \$104)	2,392
4. International Perdiem	200
5. Travel (1 roundtrip ticket from U.S. to Honduras)	900
6. FICA	750
7. Misc. Expenses	458
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Sub-Total:	\$10,600
Overhead (26% of all Direct Costs):	2,968
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Primary Consultant Total Cost:	\$13,568

Administrative Consultant

1. Compensation (\$165/day x 14 work days)	\$2,310
2. Fringe Benefits (26% of salary)	600
3. In-country perdiem (4 days x \$104)	416
4. FICA	162
6. Misc. Expenses	412
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Sub-Total:	\$3,900
Overhead (28% of all Direct Costs):	1,092
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Administrative Consultant Total Cost:	\$4,992

Total Illustrative Budget

1. Primary Consultant	\$13,568
2. Administrative Consultant	4,992
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Total Cost:	\$18,560