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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

CAPITAL ASSISTANCE PAPER

Proposal and Recommendations
For the Review of the
Development Loan Committee

HONDURAS: SECONDARY EDUCATION

522-L-017

AID-DLC/P-612

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

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AID-DLC/P-612
June 20, 1967

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Honduras: Secondary Education

Attached for your review are the recommendations for authorization of a loan in an amount not to exceed $7,000,000 to the Government of Honduras to assist in financing the United States dollar and local currency costs of equipment, material and services necessary for the development and expansion of a system of secondary education in Honduras.

This loan proposal is scheduled for consideration by the Development Loan Staff Committee at a meeting on Friday, June 23, 1967.

Rachel C. Rogers
Assistant Secretary
Development Loan Committee

Attachments:
Summary and Recommendations
Project Analysis
ANNEXES A-G

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June 20, 1967

HONDURAS - SECONDARY EDUCATION

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June 20, 1967

HONDURAS - SECONDARY EDUCATION

I. SUMMARY AND RECOMMENDATIONS

A. BORROWER: The Government of Honduras (GOH). The Ministry of Education will be responsible for implementation of the project.

B. LOAN AMOUNT: $ 7,000,000.

C. PURPOSE AND BACKGROUND: Since 1951 the United States foreign assistance program has supported the GOH in the development of its education effort. Several programs aimed at commencing, expanding and improving the primary school system have been carried out including classroom construction, textbook provision, normal school construction and development and in-service teacher training programs. Traditionally the GOH has felt that secondary education was not a governmental responsibility and thus it never has operated what could be called a public secondary education system. In 1965 GOH officials, USAID officials and CIAP officials all focused on secondary education and agreed that it constituted the principal "bottleneck" in Honduran education. This project is the result of the past two years of discussions and planning for the improvement of secondary education in Honduras.

D. PROJECT DESCRIPTION: This project is essentially a complete reorganization of secondary education in Honduras. It consists of three principal components:

1. Construction. 20 secondary schools will be constructed in the major population concentrations of the country which will include 358 classrooms. 150 classrooms are scheduled for the Tegucigalpa area, including a rebuilding of the secondary teacher training institute, and 208 for other areas. Total cost- $7,400,000.

2. Equipment Attached furniture will be provided as a part of the construction package. An additional $1,500,000 will be provided to cover students and teachers furniture, all laboratory and other equipment, and textbooks and libraries.

3. Technical Assistance A U.S. university contract team will be brought to Honduras to assist in reorganizing the administration and curriculum of the teacher training institute and in training key personnel in the U.S. from the Ministry of Education, the teacher training institute and the secondary school system. The contract cost is estimated at $1,128,000. The GOH will provide an additional $460,000 to operate training programs conducted within Honduras.

Total Project Cost	$10,488,000
GOH Contribution	$ 3,000,000
AID Loan	$ 7,000,000

E. Availability of Other Financing As detailed in Section VIII A(3), there is no alternate source of financing for this project.

F. Statutory Criteria All statutory criteria have been met or will be met. (See Annex F)

G. Issues

1. In a sense, a major issue involved in this project is whether AID should enter the field of secondary education. This question was settled in principle at the time the IRR was considered. The willingness constantly shown by the Ministry of Education to consider sweeping changes in the secondary field has confirmed the desirability of commencing work at this level.

2. As proposed, this loan would finance more than 50% of the local currency costs of the project. The reasons for this recommendation are developed in Section VIII C of this paper. The only note that should be added, as this paper exemplifies, is that education projects simply do not involve substantial U.S. procurement.

H. Recommendation Authorization of a loan to the Government of Honduras for an amount up to $7,000,000 to assist in the financing of a secondary education development project according to the following terms and conditions:

1. Interest and Terms of Repayment The loan will be amortized over a period of 40 years from the date of first disbursement, the first 10 years of which shall be a grace period on the repayment of principal. The interest rate shall be 1% per annum during the grace period and 2½% per annum thereafter.

2. Major Conditions:

a. Equipment, materials and services (except shipping and marine insurance financed under the loan) shall have their origin in and be procured from the United States or the Central American Common Market countries. Shipping financed under the loan shall be procured from the United States, and marine insurance financed under the loan shall be placed in the United States with a company authorized to do business in any state of the United States.

b. Disbursements under the loan in an amount up to $4,725,000 (equivalent) may be spent in the member countries of the Central American Common Market. The balance of the loan shall be for procurement from the United States.

c. United States dollars utilized under the loan to finance local costs shall be made available to the Borrower or its designee through the Special Letter of Credit procedure and shall be used only for procurement in the United States.

d. The loan shall be subject to such other terms and conditions as AID may deem advisable.

3. Special Conditions

a. prior to and as a condition precedent to initial financing, Borrower shall submit to AID in satisfactory form and substance, the customary legal opinion, certification of signature and other evidence of the validity of the loan obligation.

b. prior to and as a condition to initial financing, and in form and substance satisfactory to AID, Borrower shall submit a letter from the Minister of Finance indicating the manner in which it will provide its contribution to this project. Borrower's overall contribution of $3,500,000 shall be expressed in a covenant in the loan agreement.

c. prior to and as a condition precedent to financing contruction services, Borrower shall submit to AID, in satisfactory form and substance, a detailed plan, and a timetable for effectuating said plan, which reconstitutes the Office of School Construction and Maintenance. The plan shall include numbers and type of personnel hired or to be hired, the duties of each, the position of the Office within the Ministry, the basic purposes and functions of the office, and a projected budget for the office sufficient to cover the administrative costs of operating the office and the reasonable maintenance needs for the schools to be constructed under this loan and for other presently existing publicly owned schools.

d. prior to and as a condition precedent to financing construction services for each school, Borrower shall submit to AID evidence that clear title has been obtained in the name of the GOH for the land upon which the school is to be constructed.

e. A.I.D. and Borrower shall conduct an overall performance review of this project three years after the date the loan agreement is signed and prior to and as a condition precedent to approving construction contracts committing more than 60% of the total $6,291,408 allocation for construction AID shall be satisfied that:

i. The plans submitted by the GOH regarding textbooks and for reconstituting, staffing and funding the Office of School Construction and Maintenance have been acceptably implemented.

ii. The Escuela Superior has been completed and that its total enrollment of full time students has been increased to 250 including 150 in the first class entering after the completion of construction.

iii. There has been decentralization of administration by the delegation of appropriate functions to Departmental and School staffs.

iv. The technical assistance provided by the U.S. University team has been concluded effectively or, if further technical assistance is required, that satisfactory arrangements have been made for the continuation of the University contract, presumably with additional AID loan funds.

f. the loan agreement shall include a covenant binding the Borrower to employ, within the public secondary school system to be created hereunder, all persons who receive training financed with these loan funds. The Borrower, of course, will nominate the persons to be trained and will, except for unusual circumstances, utilize these trained personnel in the secondary education system.

g. Not later than 18 months after the signing of the loan agreement the Borrower shall submit, in form and substance satisfactory to AID, a plan for providing text and library books in the secondary school system to be financed hereunder. All book purchases to be financed by funds committed to this project, either by AID or by the Borrower, shall be in accordance with the plan which shall include, but not necessarily be limited to, the following:

(1) A list of the courses in both junior and senior high school for which textbooks will be sought during the term of this project and lists of book selections or alternate availabilities wherever possible;

(2) A descriptive statement of the type and size of the libraries that will be provided for the junior and senior high schools;

(3) A cost analysis of the amount to be spent initially on text and library books, to be funded as part of this project, and of the continuing annual requirements for additional books;

(4) A financial plan detailing the manner in which the Borrower will implement this plan including provision for funding the future recurring requirements of books.

h. Because of the relatively large share of the national budget devoted to educational purposes, which share has been increasing in recent years in both absolute and relative terms (i.e. as a percentage of national budget), the fiscal aspects of this particular project are considered to be of greater importance than the overall education sector fiscal performance. It is probable that the GOH will continue to increase its effort in education and thus, only the following minimum covenants are recommended for inclusion in the loan agreement:

i. The Borrower shall guarantee that the total education budget shall be increased from its 1966 level by the amounts necessary to support the project to be financed hereunder. These increases shall include both the Borrowers' $3.5 million contribution to the capital cost of the project and the new funds needed to cover the increasing recurring costs which the new secondary system will produce.

ii. Because of the large amount of local cost financing provided by this loan, the Borrower shall agree to conduct annual education budget reviews during the disbursement period of this loan jointly with USAID personnel prior to the submission of the Education Ministry budget to the Honduran Congress. This annual review shall consider the budgetary allocation to and the actual experience with the various aspects of other directly related education

programs such as primary classroom construction and the continuing support given by the GOH to the ODECA primary grades textbooks program. Because of unusual demands for investment funds in other sectors in a given year, the relative size of the education budget may not remain at the present high level through the entire disbursement period; however, unless AID otherwise agrees in writing, it is expected that the total education budget shall be maintained at least at the 21% of national budget proportion effected in 1966.

Project Committee

Richard P. Ruby	Capital Development Officer*
Fred Alvarez	Mission Engineer*
Philip T. Cox	Chief, Office Public Development-USAID
Joseph A. Grimes	Regional Legal Advisor
Modesto Guerra	Mission Economist*
J. Glenn Coombs	former USAID Education Advisor
L. A. Berry	Chief Education Advisor *
Donald R. Scott	Secondary Education Advisor*
Gene Allsup	Education Planning Contract Consultant*
Melvin Gruwell	Secondary Education Contract Consultant

*Drafting Officer

II. Borrower

The Borrower will be the Government of Honduras (GOH) acting through the Ministry of Education. This project has been developed by joint effort of the USAID education staff, Señor Rafael Bardales B., the Minister of Education and the Office of Planning within the Ministry of Economy. The project will be implemented principally by the Office of School Construction and Maintenance, working in close coordination with the Planning Office, the Dirección General de Educación Media, and the Director of the Escuela Superior (secondary teacher training institution).

Financial negotiations regarding this proposed loan have involved both the Minister of Education and the Minister of Finance, who is the legally designated contact for central government foreign borrowings. Once signed by these two Ministers, the loan agreement will be ratified by the Council of Ministers and the Honduran Congress and will become an obligation of the Republic of Honduras.

III. Background Statement

A. Honduran Education System

The education system in Honduras consists of three levels generally accepted as conventional in all countries, namely, primary, secondary and higher education. The elementary level of education consists of six grades; the secondary level consists of five or six years depending upon the program of studies pursued by the student; higher education consists of six to eight years of study depending upon the area of specialization. In addition, there is one significant area of instruction beyond the secondary school not included in the Honduran concept of higher education. This is the three-year program at the Escuela Superior del Profesorado for the preparation of secondary school teachers.

Primary and secondary education together with the Escuela Superior are responsibilities of the Ministry of Education. The university (higher education) is autonomous; the three-year school for social workers (not included above) is under the jurisdiction of the Ministry of Labor, and the three-year school for nurses (not included above) is under the jurisdiction of the Ministry of Public Health.

Secondary education, the area under consideration for this projected activity, consists of two levels: viz, the three years of "Ciclo Común" (roughly comparable to junior high school in the U.S) and the "Diversificados" of two or three years depending on the course of study, (roughly comparable to the senior high school in the U.S.) The two year diversificados prepare the students for university admission or for secretarial jobs, and the three-year diversificados prepare students for elementary school teaching or jobs in commerce such as bookkeeping.

B. AID's Education Programs in Honduras

1. Normal Schools: Renovation of facilities, expansion of libraries of three normal schools, and the addition of dormitories.

kitchen, dining facilities, and a laundry at Villa Ahumada. The facilities at the Villa Ahumada Normal School were completed in February 1967 and occupied in March, 1967. Participant training for Normal School Teachers and provision for some teaching aids for Normal Schools were also included. Grant funds in the amount of $300,000 were made available for this activity, $189,000 of which were used for the additional facilities at Villa Ahumada.

2. Elementary School Construction: The construction of 434 elementary school classrooms distributed throughout the country. This activity was financed through the Aided Self-Help Primary School Construction Project, Loan No. 522-M-005, in the amount of $600,000 and a grant of an additional $600,000. The GOH made an additional contribution of $6,500.89 for operations, equipment and tools, materials and supplies. This construction expanded the base of the educational pyramid sufficiently to now require expansion of the secondary education sector. The GOH is now continuing this activity and has budgeted approximately $440,000 for said purpose in 1967.

3. SCIDE: Considerable assistance was provided to rural areas through the Servicio Cooperativo Interamericano de Educación (SCIDE), an organization established jointly by GOH and USA in April, 1951 and formally terminated in 1965. Projects have included elementary teacher training, rural normal school development, vocational agriculture education, crafts and trades, and some community development.

4. Textbooks: Honduras has participated in the ROCAP regional textbook program for elementary schools. This program has provided textbooks through grades three into grade four at the present and will eventually provide textbooks through grade six. There have been 1,083,166 textbooks distributed to date.

C. History of AID Interest in Secondary Education

Except for the proposed project AID has concentrated its educational efforts in Honduras in elementary education, including the preparation of elementary school teachers at the normal schools. The GOH has traditionally felt that secondary education was not the responsibility of the State and, as will be developed more fully, has not attempted to operate what could be called a secondary education system. The vast majority of the secondary schools are either completely private or receive only partial financial support from the GOH.

During late 1965 several events coincided which resulted in the present focus on secondary education. Honduras' Five Year National Development Plan was published and revealed an almost total lack of planning in the secondary education sector. A construction target of roughly 100 new secondary school rooms per year was set by the plan but the rooms were mostly listed as additions to the normal schools. During 1965 the Education Planning Office was created, staffed and commenced study of the secondary education sector. In the fall of 1965, reviews of the Development Plan, both by the AID officials here in Honduras and at the CIAP session in Washington, focused attention on secondary education as the principal bottleneck in the education system and stimulated discussion of the need for increased effort in this area.

Subsequent conversations among USAID and GOH personnel established secondary education as the priority target in educational planning and produced a letter in March 1966 inquiring about AID assistance in financing a secondary education program. An IPR was prepared during the third quarter of FY 1966 and approved by AID/W in May, 1966. The Minister of Education's letter of June 2, 1967 summarizes his interest in and agreement to the terms of this project. (See Annex E)

The Minutes of the CAEC consideration of the IRR (May 3, 1966) note the following points which are discussed in this Loan Paper:

a) The project should be coordinated with the IBRD and UNESCO;

b) The paper should evaluate current and proposed GOH efforts in education;

c) The project should be limited to the GOH fiscal capability;

d) The feasibility be evaluated of funding the proposed U.S. University technical assistance contract under the loan;

e) That the school construction program be phased to the availability of teachers;

f) A.I.D./W should be advised (as has been done) prior to completion of the Loan Paper if the project requirements increase substantially.

IV. Detailed Project Description

This project is essentially a complete reorganization of the secondary education system of Honduras. As contemplated prior to funding negotiations with the Minister of Finance it included the conversion of 13 semi-official secondary schools to public or official status together with the rebuilding and amplification of said schools, the rebuilding and amplification of 5 presently existing official secondary schools, the building of 7 new official secondary schools, the rebuilding, amplification and reorganizing of the secondary teacher training institution with the assistance of U.S. technicians and the training of key Ministry, Escuela Superior and other secondary school officials. Taken as a whole, this project would have provided public secondary education opportunity in fifteen departments.

The IRR indicated a total project cost of approximately $4.5 million and contemplated the construction of some 450 classrooms at both the ciclo común and diversificado levels plus the teacher training institution. It was thought that most of the classrooms would be constructed in towns and villages other than the capital city and that no effort would be made to replace or amplify the Instituto Central in Tegucigalpa. As the project developed, however, it became an across-the-board effort in secondary education. Semi-official schools in certain areas of population concentration were obvious candidates for conversion to official status, rebuilding and amplification and certain other areas of the country, previously without any secondary facilities had strong claims for recognition. A program which would provide so many communities of the country with modern school facilities could not omit the capital city. GOH officials at first desired to replace virtually all presently inadequate facilities in Tegucigalpa but were persuaded that this would leave too small an amount of funds for the other areas. The inclusion of the large schools in Tegucigalpa, however, increased the overall project size considerably in terms of numbers of schools. Recent USAID experience with Honduran construction costs also indicated that per-meter costs thought valid at the time the IRR was prepared were low.

The nature of the construction cost analysis is described in detail in Section VII. During the final weeks of the intensive review of this project it was determined that the total construction cost for all facilities listed below would be approximately $10 million including A&E services and a minimal allowance for contingencies but excluding equipment. Assuming roughly 10% for equipment ($1 million) and adding the cost of the proposed technical assistance ($1.5 million, see details below) the total project cost came to $12.5 million. Discussions between USAID officials and the Ministers of Finance and Education indicated that Honduras would not, because of competing claims on its investment budget, be able to contribute sufficient funds during the planned four year implementation period to finance its share of a project of such large size. Subsequent negotiations produced general accord on the priority of projects in the list and the determination to eliminate 5 schools (marked with asterisk and found at following locations: Colinas, Amapala, Tocoa, Puerto Lempira and Macuelizo) and to reduce the construction related to the Instituto Central at Tegucigalpa from 120 rooms to 60 rooms, i.e. two new facilities of 30 rooms each with the GOH agreeing to improve the existing facilities in Tegucigalpa and continuing to use at least a portion of them for the forseeable future.

The lists in section A below have been left "untrimmed" as developed by the Planning Office of the Ministry and USAID education to illustrate the planning and site selection process. Removing the schools marked by an asterisk reduces the total number of classrooms as follows:

i) Schools to be converted, 7 less rooms replaced and 9 less additions.
ii) Official schools to be rebuilt, 57 less classrooms replaced and 3 less additions.
iii) New schools, 24 less rooms.

Thus, the project as recommended adds up to 166 replacements, 136 additional rooms on converted schools and 56 rooms in new schools, a total of 358 rooms.

A. Construction

The construction contemplated in this project prior to the reduction in size from a total cost of $12.5

million to $10 million would have provided approximately 458 new secondary school classrooms including 230 replacements of presently inadequate classrooms, 148 additional classrooms on the 18 schools to be rebuilt and amplified, and 80 classrooms in the 7 new official secondary schools. Map # 2 shows the geographical distribution of schools.

The distribution of these 458 classrooms was as follows:

SEMI-OFFICIAL SCHOOLS TO BE RECONSTRUCTED AND CONVERTED TO OFFICIAL SCHOOLS

Name of School	Location	No. Classrooms to Be Constructed Replace	New
1. Alvaro Conteres	Sta. Rosa de Copán	9	3
2. Francisco J. Mejia	Olanchito, Yoro	11	1
3. F. Delano Roosevelt	Puerto Cortés, Cortés	10	6
4. Inst. Departamental	Danlí, El Paraiso	7	1
5. La Independencia	Sta. Bárbara, Santa Bárbara	12	12
6. Juan Lindo	Trinidad, Santa Barbara	6	2
*7. Marco A. Soto	Colinas, Sta. Bárbara	5	3
8. La Fraternidad	Juticalpa, Olancho	12	16
9. Espíritu del Siglo	Trujillo, Colón	8	0
10. Leon Alvarado	Comayagua, Comayagua	9	7
*11. Itsmenia	Amapala, Valle	2	6
12. Terencio Sierra	Nacaome, Valle	6	2
13. José C. del Valle	Choluteca, Choluteca	12	0
		109	59

OFFICIAL SCHOOLS TO BE REPLACED AND AMPLIFIED

*14. Inst. Central	Tegucigalpa	57	63

Name of School	Location		
15. Esc. Normal Mixt.	Tegucigalpa	20	0
16. Normal de Varones.	"	23	5
17. Escuela Superior del Profesorado	"	21	9
18. Esc. Sup. Anexo	"	0	12
		121	69

NEW OFFICIAL SCHOOLS TO BE BUILT

*19. New School		Tocoa, Colón	8
*20. "	"	Pto. Lempira, Gracias a Dios	8
21. "	"	Roatán, I. de la Bahía	8
22. "	"	San Pedro Sula, Cortés	20
23. "	"	Progreso, Yoro	16
24. "	"	La Ceiba, Atlántida	12
*25. "	"	Macuelizo, Sta. Bárbara	8
			80

Determinations as to the distribution of schoolrooms to be constructed under the schedule set forth above were based upon a combination of two criteria: a) the discrepancy between the number of sixth grade graduates in a given department and the enrollees in grade seven in that department, and b) the discrepancy between the estimated number of children of the appropriate school age and the number of children actually enrolled in grade seven in a given department.

After studying the data relative to the above two criteria, sites were selected according to the joint judgment of USAID education personnel and personnel of the Ministry of Education Planning Office. Both sets of criteria produced approximately the same list of locations and necessary classroom numbers. These sites were visited by members of the Planning Office and USAID engineering staff to determine their suitability in terms of engineering and construction requirements.

The total number of classrooms was limited more or less arbitrarily because USAID personnel and personnel from the Ministry of Education Planning Office recognized

that all of the secondary education needs of the country could not be met for a number of reasons: (2) there are not at present, nor will there be in the near future, enough qualified teachers to staff the total number of needed classrooms, (b) to avoid placing too great a strain on the engineering and construction capability of the country, and (c) maintenance of the new physical facilities, payment of teacher's salaries, plus all the other expenses incidental to the operation of a school system would present an intolerable burden upon the national education budget. Therefore, it was decided to limit the number of classrooms to be constructed in accord with the GOH ability to staff and maintain them.

Two alternatives were available in making the decision as to where the new schools should be located. Would it be preferable to meet all the secondary education needs in a limited area of the country, or would it be preferable to meet a part of the needs in every area of the country? USAID and the GOH Planning Office personnel chose the second alternative and schools were located in fifteen of the eighteen departments of the country. It was believed by the planner that the GOH would be more likely in the future to add to existing facilities than it would be to plan and construct educational facilities where none exist.

The following table presents in summary form the present secondary education classroom situation in the areas of the schools included in the project, the projected needs for 1975 of said areas, and the impact of this project on those needs.

City	Department	Present Situation: No. of Students Enrolled	Present Situation: No. of Classrooms	Planned Construction: No. of Classrooms	Planned Construction: Student Capacity	1975 Needs: Student Estimate	1975 Needs: % Provided for by this Construction
Santa Rosa	Copan	299	12	12	480	925	51.9
Santa Barbara	Santa Barbara	435	12	24	960	1,063	89.9
Trinidad	Santa Barbara	221	11	8	320	431	74.2
Olanchito	Yoro	350	11	12	480	770	62.3
Puerto Cortes	Cortes	358	10	16	640	1,346	47.5
Danli	El Paraiso	280	7	8	320	500	64.0
Juticalpa	Olancho	490	12	28	1,120	1,251	89.5
Trujillo	Colon	216	9	8	320	631	50.7
Comayagua	Comayagua	413	9	16	640	1,087	58.9
Tegucigalpa (Fco. Sup.)	Fco. Morazan	192	18	30	1,200	1,200	100.0
Tegucigalpa (Anexo)	Fco. Morazan	215	5	12	480	585	82.1
Nacaome	Valle	172	6	8	320	672	47.6
Choluteca	Choluteca	310	10	12	480	979	49.0
Tegucigalpa (Inst. Cent.)	Fco. Morazan	3,842	57	60	3,600	7,927	45.4
Tegucigalpa (Normal)	Fco. Morazan	328	20	20	800	987	81.1
Tegucigalpa (Normal)	Fco. Morazan	1,176	23	28	1,120	1,489	75.2
New Schools							
Roatan	Islas de Bahia			8	320	342	93.6
San Pedro Sula	Cortes			20	800	1,531	52.2
Progreso	Yoro			16	640	1,175	54.5
La Ceiba	Atlantida			12	480	891	53.9

B. Equipment and Textbooks

As explained fully in Annex D all attached equipment such as built-in library stacks, etc., have been included in the construction cost estimates. Detailed cost analysis has not been made of unattached furniture and equipment such as student and teacher desks and chairs, administrative and secretarial furniture and office equipment and laboratory equipment (science, shop, home economics, commerce, teaching aids and library catalogs etc.) USAID advisors indicate that 20-25% of building costs is customary in the United States for this type of expenditure but feel that a much lower percentage would be ample for this project because much of the furniture would be produced locally at prices much lower than in the U.S. and because the laboratory equipment that would be suitable to these schools would be much less sophisticated than that desired in the U.S. It is estimated that between $800,000 and $900,000 will be required for equipment.

It is further estimated that between $600,000 and $700,000 can be used effectively for the acquisition of textbooks for the student population expected to enroll in the public secondary system initially and for the development of libraries in the junior and senior high schools to be constructed hereunder. These library cost estimates are derived from recent USAID experience in working with the Normal School libraries and the textbook component is calculated on the basis of about $20 per student assuming 4 or 5 books per student.

A total allocation of $1,500,000, therefore, has been recommended for equipment , textbooks and library development. Because text and library books at the secondary level represent a new endeavor for the GOH, a special condition to the loan has been recommended which (see Section I Summary and Recommendation, H, 3(g)), specifies the manner in which plans will be made for the acquisition of text and library books.

C. Technical Assistance

In the secondary schools of Honduras, less than 15 percent of the teachers and administrators are professionally qualified for the positions they hold. The only institution for training secondary school personnel, the Escuela Superior del Profesorado, produces less than 30 percent of the number of teachers required each year for replacements and for newly created positions. Thus, to achieve the objectives of this proposed construction program, there is an obvious need for the expansion of the Escuela Superior as described above.

Top priority has been given to the construction of new physical facilities and the expansion and improvement of curriculum in the Escuela Superior because on it will depend the future success of the newly emerging Honduran secondary school system.

The Escuela Superior has a dual responsibility in its role as the only secondary school teacher training institution in the country. It must not only provide the nation's secondary school teachers with the knowledge and abilities to cope with a new concept in education (free public secondary education for all) but it must also equip the teachers whom it trains to begin the task of developing curriculum, methodology, and techniques to meet the needs of a changing society in Honduras.

The present program of studies found in the Escuela Superior is completely inadequate to cope with the changing concepts and future needs of Honduran secondary education.

The U.S. university contract team of educators proposed for inclusion in the technical assistance component of this project will attempt to guide the administration of the Escuela Superior in making needed changes in the total teacher training program. University training in a United States institution hopefully will provide key adminstrative, supervisory, and teaching personnel from the Escuela Superior with the competency necessary to train Honduras' future secondary school teachers to meet the demands of a changing concept of secondary education in Honduras.

An illustration of the changing secondary education concept may be found in the Minister of Education's determination to include the American comprehensive high school idea in education planning. Comprehensive high schools are to be located in four strategic areas in the country (San Pedro, El Progreso, La Ceiba and Santa Rosa de Copán) and they will be staffed by teachers who will have been trained in the Escuela Superior and by administrators who will have received some training in the United States. These schools will be established on an experimental pilot basis for the purpose of adapting the concept of free choice and mobility inherent in the philosophy of the modern American high school. The free choice and mobility concepts remove the restrictions which prevent students from selecting specific courses of study in accordance with their interests and abilities and, under professional guidance, permit them to make the decisions which affect their adult lives.

The principal task of the United States university contract team is to modify and improve the program of teacher training in the Escuela Superior. A companion task will be the administration of the training program in the United States and local workshops for administrator and teacher improvement to be conducted in Honduras. All United States participant trainee costs will be included in the contract with the United States university; however, the local workshop expenses will be funded by the Government of Honduras.

As may be noted in the graphic presentation below, each of the two types of training, U.S. and local in-service training, will be provided for persons from three broad personnel categories: (1) Ministry of Education staff members, (2) Professional personnel at the Escuela Superior del Profesorado, and (3) Administrators and teachers who will staff the new secondary schools.

At the Escuela Superior del Profesorado, training periods of varying durations should be provided for forty persons, including the Director, the Sub-Director and all other administrative and teaching personnel. The Administrators and the academic department heads should receive training outside Honduras, while all others of the staff should be provided with in-service training programs. This training should be of a quality and intensity to assure that this institution will be staffed by well-trained professionals who can conduct the initial three-year college level program in the new facility, and help in the subsequent development of a four-year degree program for secondary teachers.

In the Ministry of Education, training should be provided for twenty persons: The Director General of Secondary Education, four members of the Planning Office, and fifteen Departmental Supervisors.

All teachers and administrators of the new secondary schools should receive in-service training courses. All directors and some sub-directors should be provided with additional training outside Honduras. An estimated total of four hundred persons would be involved - only thirty of whom would be given training outside the country.

Working both with and through the Escuela Superior, the university team would consist of at least six members as follows:

1) A Specialist in School Administration and Supervision, to serve as coordinator for the contract team, and assist the Director of the Escuela Superior in all matters pertaining to school administration and supervision. He will help implement suggestions and recommendations made by other contract specialists and the Planning Office of the Ministry of Education, assist in the development of training programs for secondary school administrators and supervisors, and serve as adviser to the Director General for Secondary Education.

2) A Specialist in Curriculum Development to study the current three-year college program of teacher preparation including content, organization, administration and adequacy in terms of the needs of the secondary schools of the country. He will make recommendations, assist in implementing program improvements at the Escuela Superior, and help develop a plan of transition to a four-year degree program.

3) A Specialist in Mathematics and Science to study the scope and sequence of the current mathematics and science elements of: (a) the teacher training program and (b) the secondary schools. He will recommend and assist in implementing changes leading to the upgrading and modernization of present curricula in these fields.

4) A Specialist in Guidance and Teaching to help develop programs of guidance and testing at the secondary school level. Ability and achievement testing will be given priority treatment, with "interest" and other psychological inventories being given such attention as the limited time will permit.

5) A Specialist in Teacher Education to help improve the programs for professional education of teachers in-service. He will study the current program to determine what improvements are needed in the way of formal training which will lead to ultimate certification and/or a degree. He will help develop a plan for the optimum use of facilities and personnel at the Escuela Superior for training incumbent, uncertified teachers at night sessions, short courses and during vacation periods.

6) A Specialist in Education Research to organize studies in research methodology in the Escuela Superior to assist teachers in developing methods and techniques of research appropriate to the needs of Honduran education. He will work closely with other contract specialists to encourage data collection, research and its implementation by Honduran educators in their subject areas.

If possible, the contract university would be required to establish special, on U.S. campus courses for the Honduran participants, and assure AID and the GOH that at least 50 percent of all courses offered in the United States will be conducted in the Spanish language. The estimated cost of such a U.S. university contract, including overhead, would be one million, one hundred twenty-eight thousand ($1,128,000) dollars, about four hundred thirty-eight thousand of which would be earmarked for 876 man-months of training in the U.S. at the contract university.

In order to staff the new secondary school facilities with full-time, certified teachers with a minimum loss of time, the Escuela Superior should begin operating at capacity as soon as the buildings are ready for occupancy. To assure enrollment of the required number of full-time students each year, for three consecutive years 150 student scholarships should be provided by the GOH. Each scholarship should provide 800 dollars per student year. The $360,000 cost of this training should be made a part of this project and counted as part of the contribution of the GOH. These scholarships would permit persons already teaching in secondary schools who do not have Escula Superior certification to take leave of absence and receive the training they need. The scholarships are basically a living allowance as the Escuela Superior is tuition-free.

The following chart shows the cost estimate breakdown by categories:

Technical Assistance from U.S. to be Funded Under Loan

1. University Contract

6 members-3 years at $35,000 each (210 x 3)	$	660,000.00
plus an additional $30,000 general backstop		30,000.00
	$	690,000.00

2. U.S. Training

Ministry of Education, 20 persons, 1 yr. at 6,000 each	$	120,000.00
Escuela Superior, 8 persons, 1 yr. at 6,000 each		48,000.00
Secondary Schools, 30 persons, 1.5 yr. at 9,000 each		270,000.00
	$	438,000.00

Training to be Funded by GOH

1. In-Service Training

4-week workshops, $250.00 per student, 200 students per year - 2 years	$	100,000.00

2. Becas at Escuela Superior

150 becas per year at 800.00 each, 3 yrs.		360,000.00
Total amount of technical assistance and local training		$ 1,588,000.00

The USAID staff has recognized that the Minister of Education from time to time experiences problems with regard to the general operation and management of the Ministry. Some of these problems come about because of the nature of the overall GOH governmental structure and others have to do with limitations in his line and staff organization. Discussions

with the Minister have revealed his own recognition of some of the problems and his willingness to cooperate in a pilot study by an outside consultant to assist in reorganizing administrative procedures within the Ministry.

USAID/Honduras therefore is considering grant funding the services of a management firm for the purpose of providing the Honduran Ministry of Education with an accurate professional assessment of its effectiveness as reflected in its administrative, organizational, and planning structure. The study conducted by this firm will be aimed at identifying areas of strength and weaknesses that tend to help or to hinder the effective operation of the Ministry of Education and at identifying any inherent obstacles within the overall governmental structure that tend to perpetuate areas of ineffectiveness. The firm will also be asked to recommend and detail modifications needed to produce efficient operation of the Ministry of Education.

One of the primary USAID technical assistance efforts is the improvement of the administrative functioning of the GOH. An operation and methods task force, staffed by A.I.D. direct hire and contract consultants and Hondurans, has been created within the Ministry of the Presidency, the nerve center of the entire GOH. This group will be able to follow up on the implementation of the recommendations made by the management firm regarding the Ministry's administrative processes.

The services of the management firm should be offered on a grant funded basis in order to gain time. The loan could not possibly be ready for utilization until near the end of 1967 whereas a grant funded study could be commenced soon enough to provide recommendations at the time the Ministry is recognizing the Office of School Construction and preparing operating cost budgets for the secondary system. The Minister has already indicated his sensitivity to the implied connection between the desired administrative reform and the proposed capital assistance project.

V. Human Resources Analysis

A. Description of Structure of Honduran Education System

The structure of the Honduran education system is set forth graphically in Annex A (Exhibit 1) and was described briefly in Section III.. Certain characteristics of the education system, however, are not revealed by simple graphic presentation. It is with some of these characteristics that the following paragraphs deal.

Elementary education is to be found in essentially every zone of the country, and at least a few of the grades are available to children of beginning elementary school age in nearly every community. Careful analysis, however, reveals that all grades of elementary education (six years) are offered in only about 17.5 percent of the elementary schools. The extent to which the full range of elementary education is available in each department of the country is set forth in Annex A (Exhibit 2). The basic reason for this shortfall in the availability of elementary education is that until 1956 there were two systems of elementary education, the rural elementary system of four years and the urban elementary system of six years. The GOH has not yet been able to provide the standard six years of elementary education to all areas of the country, and numerically private schools at the elementary school level are rather insignificant. (See enrollment data by school classification, Annex A, Exhibit 3). As will be indicated in Section VI B steps have been and are being taken to extend the availability of all six grades of elementary school to all children in every area in the country.

The secondary school system (Educación Media), as described briefly in Section III above, consists of two levels: viz., the basic cycle (Ciclo Común) and the upper levels of specialization (Diversificados). There are ninety-eight secondary schools classified as "official", "semi-official", "Private with subvention", and "private".(See Annex A Exhibit 4).

Availability of educational opportunity at the secondary level is sometimes completely unrelated to the desire, initiative, and willingness of the local community to support education. This deplorable situation grows out

of the over centralization of the public school system with all policies, curriculum, support, and location of schools determined by the central administrative staff located in Tegucigalpa. Over centralization does not take advantage of recent local initiative, drive, and motivation as evidenced by the municipalities' willingness to provide land for schools to be constructed in this program.

The official schools are completely dependent upon the GOH Ministry of Education. There are nine official schools, none of which offers all of the courses of study within the official secondary school curriculum. One, the Instituto Central in Tegucigalpa, which is the only institution approaching a public secondary school, offers all but the normal course. Six of the nine official schools are normal schools devoted to the preparation of teachers for the elementary schools of the country, one is a military school, and the last, a night school, is the demonstration school for the Escuela Superior. The official schools received approximately $700,000 in government support in 1966. The official schools are situated at six locations in five departments (provinces) of the country. (See Annex A, Exhibit 5).

There are twenty-four schools classified as "semi-official". One of these (located in Tela) offers both day and night courses. The difference between the official and semi-official schools is that students in the semi-official schools pay fees. The fees paid by students vary from $5.00 to $7.00 per month depending upon the location of the schools. The GOH Ministry of Education provides the total financial support for both types of schools except for the amount represented by student fees paid to the semi-official schools. Administratively, there are no differences. The semi-official schools received $218,982 in government support in 1965. They are situated in twenty-five locations in fourteen departments of the country. (See Annex A, Exhibit 6)

There are twenty-three secondary schools classified as "private with subvention". Two of these schools offer both day and night courses and six of these schools offer only night courses. These schools are privately financed, but receive a yearly allowance from the GOH Ministry of Education.

In 1965 the amount distributed among the twenty-three "private with subvention" schools amounted to $35,000, and was used to help pay teachers' salaries and maintenance costs. These schools are situated at seventeen locations in thirteen departments of the country. (See Annex A, Exhibit 7). Students in these schools pay an average of $6.00 per month for tuition plus an annual matriculation fee of about $6.00, in addition to a fee of 75¢ for each final examination.

There are forty-two secondary schools classified as "private". Twenty-eight of these schools offer courses only during the day, seven offer both day and night courses and seven offer only night courses. They receive no financial support from the GOH Ministry of Education. They are located at fifteen locations in eight departments of the country and are sponsored by various church organizations, private companies such as Standard Fruit Company, and by individual enterprise. (See Annex A, Exhibit 8). Students' fees in the private schools are essentially the same as those paid by students in the "private with subvention" schools mentioned above.

B. Narrative and Statistical Analysis of School Population

Annex A, Exhibits 9 and 10, depicting available data on the population of Honduras, indicate that it is reasonable to estimate the school age population (children 7 to 15 years) at 545,600 children. Of this estimated number of children about 227,000, or 42 percent, were originally estimated as the projected enrollment in Honduran schools in 1965. Actually, the enrollment overran the projected estimates, and the school enrollment increased to 283,608 children in the elementary school level and to 306,740 children counting the secondary level.

The use of school population data, age 7 to 15, for example, based on projections of old census data, is reliable only to the extent that the statistician's judgment is realistic. The enrollment data and other data found in official statistical reports are fairly reliable. However, it is misleading in that actual enrollments of school children include a certain percentage, perhaps 10 to 15 percent or more, of over-age children, i.e., beyond the normal school-age group. Thus, the estimates set forth here, while probably reasonably realistic, should be recognized only as good approximations. However, there are certain conclusions: viz.,

1. Nearly forty-one percent of the total elementary school enrollment in 1965 was enrolled in grade one. (See AnnexA, Exhibit II).

2. Only slightly over half of the number of sixth grade graduates in a given year are enrolled in the first year of secondary schools. (Ciclo Común) This represents only about one out of each sixteen pupils who originally enrolled in the first grade six years earlier. (See AnnexA, Exhibit 12).

3. This staggering rate of attrition is due to a number of factors but in large part to the fact that such a large percentage of schools offer less than six grades (See AnnexA , Exhibit 2). Many pupils drop out of school for economic reasons. Other factors influencing pupils to leave school before completing the sixth grade include (a) an unrealistic elementary school curriculum which does not meet the pupil's needs, (b) poorly trained teachers many of whom have not completed even the elementary grades, and (c) a lack of challenge.

As indicated in Section III secondary education consists of a basic cycle of three years and an upper level (Diversificados) of two or three years.

In 1966 there were ninety-eight secondary schools located in forty-seven communities in fifteen departments enrolling a total of 26,587 pupils. These pupils represent about 4.3 percent of the estimated population aged twelve to twenty-five years on a country-wide basis. However, extreme variation in enrollments from department to department where secondary schools exist indicate that the percentage of estimated secondary school age population enrolled vary from 0.7 percent in the Department of Lempira to 10.9 percent in the Department of Francisco Morazán (which includes the Central District). (See Annex A, Exhibit 13 and Map #1). Actual secondary school enrollments vary from an enrollment of 186 pupils in the Department of Colón to 10,642 in the Department of Francisco Morazán, which includes Tegucigalpa. The number of secondary education institutions varies by Department from 0 in the Departments of Gracias a Dios and Islas de la Bahía to twenty-six in the Department of Francisco Morazán. Opportunities for study in secondary schools (in

the sixteen Departments where they exist), are limited to preparation for elementary school teaching in five departments. Secondary schools in only two Departments, Francisco Morazán and Cortés, offer all four courses at the upper levels. (See Annex A, Exhibit 14).

C. Qualitative Assessment of Present System

1. Curriculum:

Not unlike other developing Latin American nations, the Honduran system of education is a national institution and forms a part of the cultural image together with other institutions such as land tenure, the church, and marriage customs. Like other institutions it is subject to institutional characteristics and is thus difficult to modify.

The curriculum is generally conceived to encompass all the things that contribute to the development of a pupil while he is in school. It is not surprising, therefore, to find that the curriculum is overcrowded and cluttered with unrelated elements of instruction at all levels, lacks articulation from level to level, and includes very little in the way of experiences planned to prepare a young Hondurenean for participation in the economic community. The curriculum originated in the European tradition, has been somewhat modified by the Chilean educator's concepts of education, and has been geared to a politico-socio-economic structure that is now in its demise - being displaced by the dynamics of the current world scene. It stands now, along with the other national institutions, in need of re-orientation and re-organization.

At the elementary level one finds, beginning at grade one and continuing through grade six, a multiplicity of courses of study in the hands of teachers hardly more advanced in some cases than the pupils in their charge. (See Annex A Exhibit 15). Periods of instruction per week add to

thirty hours in grades one and two, thirty-four hours in grade three, and thirty-five hours in grades four, five and six. The four general areas of instruction, physical education, academic education, manual education, and esthetic education are overcrowded with sub-areas of instruction far beyond the capacity and ability of normal children of elementary school age. This of course accounts for many of the problems of both children and teachers and contributes to the school's failures to retain a better percentage of elementary school children. To this unsatisfactory state of the elementary school curriculum, of course, must be added the almost complete lack of textbooks (except for readers), supplementary materials, teaching equipment and surroundings conducive to teaching and learning.

The content and organization of secondary school opportunities suffer from most of the shortcomings of the elementary schools below them. The administrative organization as seen in the Ciclo Común level represents an advance in educational thinking and planning, since the Ciclo Común is conceived as an exploratory level comparable to the junior high school in the United States. So far, however, it remains a paper concept. This is due in part to the fact that the curriculum of the Diversificados is so rigid and structured that the Ciclo Común must prepare its students to cope with the Diversificados' curricula, and also to the failure on the part of the administrative authorities to recognize that the Ciclo Común will represent terminal education for a large percentage of Honduran youth.

One of the difficulties which the pupil encounters in advancing from the Ciclo Común to study at the upper secondary level is that the pupil must make a decision to enter a course of study that

will determine his life's vocation. This decision must be made by the pupil at such an early age that he cannot realistically determine which vocation to choose, and the curriculum is so rigid and structured that once a decision is made to enter upon a given course of study the pupil has no option to change.

In five departments the only available course of study is the normal school. A pupil either enters the course for elementary school teachers, enrolls in school away from home (if a place can be found for him) or leaves school.

The list of courses of study required for each level of each Diversificado (See Annex B Exhibit 16) is rigid with no allowance for individual bent or interest and contains no elective element. In order to pass from a given level to the next higher level, the student may fail not more than one course. There is no system of granting credits (such as the Carnegie Unit) as we understand them in the United States system of secondary education.

Hopefully, the comprehensive curriculum revision called for in the GOH Five Year Plan (currently being developed by the appointment of a National Committee for Curriculum Study) will assist in bringing about needed reforms in teacher training. There is presently a USAID contract technician working with the Ministry of Education on curriculum development. The Minister of Education has accepted the technician's recommendation to appoint a National Curriculum Committee and certain sub-committees whose job it will be to study the various parts of secondary school curriculum. They will respond to the Minister of Education regarding the modifications and revisions needed to bring Honduran secondary education in line with modern educational thought.

The work has progressed to the point where the Minister has proposed names of educators for service on these committees.

2. Teacher Training, Availability and Tenure:

A recent report published by the Ministry of Education states that 53.34% of the elementary school teachers have met the legal qualifications for teaching, 11.84% are enrolled in upgrading courses, and that 34.82% lack qualifications. This reflects the positive results of efforts to improve teacher education in Honduras. Partially as a result of AID's efforts, 1,009 unqualified elementary teachers received in-service training in 1965 and eight hundred fifty-eight in 1966. The professionalization of uncertified teachers at the elementary and secondary education levels is carried out under the Escuela Superior del Profesorado. It is estimated that about 90% of the graduates of normal training courses take jobs as elementary school teachers.

The only institution in the country that trains for secondary teaching, the Escuela Superior del Profesorado, is as present completely inadequate to train enough teachers to staff the secondary schools of the nation. Over the past ten years only 210 secondary school teachers have been graduated, all but eight of whom have taken teaching jobs in secondary schools. One hundred fifty of these graduates were in-service teachers prior to beginning their training at the Escuela Superior. The annual output is currently about forty trained secondary teachers counting the in-service teachers. (See Annex A, Exhibit 17). The full-time enrollment in 1966 was 138 students, although the present enrollment consists largely of part-time employed students who attend night classes.

In order to supply the estimated 150 new full-time secondary school teachers needed each year to replace the part-time secondary school staff and to supply teachers for amplified enrollment,

the Escuela Superior will require immediate and drastic steps to increase its enrollment and amplify its facilities. It will need to enroll upwards of 550 full-time students in a curriculum that should be increased from the present three-year to a four-year course.

There are 1572 teachers in the secondary schools. Some of them teach in more than one school (ambulantes), and some teach at both primary and secondary levels. Sixty-five percent of the total (1,572), or 1,032 of these secondary teachers, have "Titulados de Normal", representing graduation from a normal training course at the secondary level, but not full training for teaching in secondary schools. (See Annex A, Exhibit 18). Only 14% of the secondary school teachers have the title "professor of secondary education", obtained at the Escuela Superior.

Teachers at the secondary level are not included in the decree setting forth the salary scale (escalafón) unless they have taught elementary school previously or now teach at both levels. Salary schedule and other dispositions pertinent to Elementary Education Teachers appear in Decrees No. 173 and 114 dated October 16, 1957 and June 6, 1963, respectively. Both Decrees will be in force until the Ley del Escalafón del Magisterio Primario (Salary Schedule and Tenure Law for Elementary School Teachers) becomes in force. This law is presently being studied by the National Congress and will possibly be issued during the current year.

With reference to salaries for Secondary Education Teachers, the government pays $1.50 per hour of class, a salary policy which helps make secondary teaching a part-time profession. Both primary and secondary education teachers receive their salaries throughout the whole year

(ten months of school work and two months of vacation). Teachers who receive monthly salary based on an hourly rate continue to receive the same monthly salary during the two vacations months.

Secondary school teachers range in age from less than 20 years to 65 years and over. The great majority, however, (88%) are between 20 and 55 years of age (See Annex A, Exhibit 19). Their years of service range from beginners to more than 30 years. Nearly 72% have served from 2 to 15 years. (See Annex A, Exhibit 20).

3. Planning:
The present Ley Orgánica provides for the establishment of a Central Planning Office, the Oficina Integral de Planeamiento, which is charged with the responsibility for collecting and evaluating data from the Honduran public school system and for making recommendations for the improvement of public education in the republic. The Office was created in 1965.

There is ample evidence of ability and effectiveness in the Planning Section. The Director, a capable educator with some forty-five years experience in the Honduran education system, received his formal training in the public schools of Honduras and at the University of Chile. He possesses a combination of scholarship and personality which enables him to direct the work of his subordinates in such a manner as to utilize effectively the talents of all the Planning Office personnel. Because of the accurate and scholarly reports issuing from his office, he enjoys the complete confidence of the Minister of Education.

The Sub-Director of the Planning Office is a young economist who also received his formal training in Chile. Assisting him are three staff members: a statistician trained at the University of Chile, and two administrators trained in business administration at the University of the Pacific in

California.

As evidence of the effectiveness of the Planning Office since its inception in 1965, mention may be made of the several studies and publications which have issued from this Division: (1) Plan de Acción Educativa-Educación Primaria (2) Plan de Acción Educativa-Educación Media, (3) Plan de Acción Educativa-Educación Fundamental, and (4) Plan de Acción Educativa, Educación Normal, Secundaria y Comercial.

As further evidence of the prestige which this division enjoys, it may be added that no plans for the construction of schools, changes in curricula, laws providing for teacher tenure, etc., are usually made without first consulting the Planning Office. The opinions of the Planning Office personnel are sought by the directors in every area of education and are highly respected.

4. School Construction Department of Ministry of Education:

Primarily because of the impetus of the AID funded elementary classroom construction program, the Office of School Construction was established in the Ministry of Education in 1964. As previously noted, the AID effort in this regard was finished in early 1966. The GOH then assumed responsibility for continuing the program of constructing elementary classrooms and budgeted approximately $440,000 for this purpose for 1967. Unfortunately, the USAID staff is unable to find evidence that these funds are being utilized and classrooms being completed. The Office of School Construction was reorganized in early 1967 and several new personnel appointed who appear to be well qualified. Assurances have been given that the new staff is now implementing its program and that at least a substantial portion of the 140 classrooms planned for construction in 1967 will be completed. The conclusion is

inescapable, however, that this office is not fulfilling its assignment and that additional personnel and a much improved administrative system are necessary.

Given these circumstances, an outside A&E firm (preferably a joint venture between one of the better Honduran firms and a U.S. group with strong experience in school design and construction) will be required to plan and supervise the construction contemplated by this project. The Minister of Education has indicated his personal and official interest in strengthening the school construction capacity of the Ministry (see letter of application, Annex E) and is planning a new location for this Office. The A&E firm would establish headquarters within the new Ministry quarters during the execution of this project and will have a dual assignment; the execution of this particular project and the training and organizing of the Ministry employees. This effort plus the work of the management consultant on administrative procedures within the Ministry (discussed in Section IV C) which is being considered for grant funding, should materially improve the administrative capacity of the Ministry.

VI - Project Justification

A. Overall Analysis of Present Education Situation

In round numbers, the annual budget for education is $16,000,000 representing about 21% of the $75,000,000 annual national budget, or slightly more than 3% of the $500,000,000 Gross National Product. This tends to indicate that education has claim to a rather impressive proportion of national expenditures but the real dollar quantity represents deplorably inadequate purchasing power for a sector so badly in need of development.

To assess the merits of this loan application it must be placed in its proper perspective against a background of strengths and weaknesses which can be observed in the Honduran education system. Beginning with the weaknesses, and ending on a note of optimism, the list would be somewhat as follows:

(1) administration and control is centralized in the Central Government Ministry; (2) financing is a national Government responsibility; (3) the curriculum and the courses of study are dictated by the Central Government; (4) there is very little delegation of authority by the Ministry or his two or three trusted deputies ; (5) people at the local level have very little voice in the conduct of public education, and subsequently, feel very little responsibility for its success or failure; (6) the wealthy, the politically and economically powerful families send their children to private schools, thus draining off the influence, the concern and the potential financial support that is needed by all sectors of public education; (7) elaborate policies with regard to testing, grouping and promotion are rigidly enforced with little concern for the extremely divergent cultural and social influences or for the suitability of the tests; (8) tenure or civil service laws to protect the efficient incumbent against displacement by less capable political friends of the administration are difficult to enforce; (9) salaries are too low to demand and enforce adequate teacher training, or to attract the best qualified teachers after the training has been completed; (10) unequal distribution of adequate transportation, communication, health and leisure-time facilities makes it practically impossible to attract qualified teachers to some of the remote, rural areas of the country; (11) the limitations of physical facilities and personnel dictate against the enforcement of the compulsory school attendance laws.

Yet, quite apart from these negative elements, there are several very promising factors to be observed in the present situation. Among these are the following: (1) the Government, through its present Minister of Education, conducts a continuing, open-minded search for means to improve the educational system; (2) a relatively efficient planning office has been organized and has demonstrated its ability to compile and evaluate data which heretofore have never been utilized in Honduras; (3) the GOH budgets about 21% of total national revenue for education; (4) the National Planning Council sees education as one of the priority development needs; (5) school construction and maintenance have been completely reorganized into what appears to be a more efficient operation; (6) the GOH has agreed to participate in a Central American regional plan for the integration of education; (7) instructional materials are being improved in some areas at an impressive rate; (8) the improvement of secondary education has been assigned a high priority by government planners; (9) appointments of qualified, experienced administrators have recently been made to three of the most sensitive vocational education administrative positions (10) the national university had developed, and hopes to implement, a revolutionary new plan for its organization, administration and degree programs; (11) GOH has made statutory provision for a substantial increase in its annual allotment of funds to the National University.

B. Status of Elementary Education

As indicated previously in this presentation, elementary education in Honduras still needs a great deal of expansion as well as improvement in the quality of instruction. It suffers from a lack of well adapted facilities, adequate instructional materials, equipment and supplies.

It should be noted, however, that the Ministry of Education, to some extent with AID assistance, has taken major steps to improve the elementary education situation. Four hundred eighty four classrooms (mentioned earlier) have been built over the past three years through the use of loan and grant funds totalling $1,200,000. These rooms have replaced inadequate or obsolete space and provided additional space for increasing enrollments. This activity was planned for continuation by the Ministry of Education through its 1967 budget item of $441,500 obligated for the purpose of building 148 new classrooms. CARE and the Peace Corps are also continuing their assistance in providing new classrooms.

There is also an in-service training program initiated by USAID and now being carried on by the Ministry of Education, that is currently upgrading about 1,000 untrained elementary school teachers annually.

To these efforts of improvement in elementary education should be added two further activities (also mentioned earlier); 1) the renovation and construction program in three official normal schools, and 2) the ROCAP textbook program to provide textbooks for the elementary school grades.

Thus, elementary education, while still in great need for improvement, has received major emphasis over the past years. The basic processes that should provide for continuing improvement have been established. At this point, the secondary schools are falling behind, both quantitatively and qualitatively, in coping with the increased demand for educational opportunity.

C. Benefits and Goals of this Project

Partially as a result of AID efforts to assist in improving elementary education, sixth grade graduates have increased from 5,327 pupils in 1959 to 12,511 pupils in 1965. While this increase was taking place, however, the percentage of sixth grade graduates that found places in the first year of the secondary school fell from 85 percent in 1959 to 61 percent in 1965. (See Exhibit 12 Annex B) This points up the fact that Honduran education has reached a point where the number of pupils seeking entrance to the seventh grade greatly outnumbers the places available to them, and serves to emphasize the need for immediate expansion of education opportunity at the secondary level.

In the process of expanding educational opportunity at the secondary level the Ministry of Education will rebuild and convert 11 semi-official schools to official schools, rebuild 5 presently existing official schools, and establish 4 new official schools. This act will provide free public education to about 9,200 students who have been paying for this schooling and to about 9,100 students who have not had any previous opportunities for secondary education.

In addition to increasing the flow of students toward the supply of middle and upper level manpower, this project should produce certain very significant changes in the education process in Honduras. The introduction of the comprehensive high school concept in at least four schools and the accompanying curriculum reform will change the ciclo común to the extent that it will become a general studies and exploratory area prior to further concentration at the upper high school level. The upper three years will provide training in several areas such

as normal training, agriculture, building trades, commerce, home economics, and university preparation. Hopefully, this type of curriculum will help to provide a part of the middle-level manpower needs, will perhaps instill a sense of equality among graduates from the school, and will provide a pattern for future development of the comprehensive high-school concept.

Including secondary school teacher education in this activity is in the natural sequence of educational development.

There is much to be done in improving and expanding the teacher training program in Honduras. The only secondary teacher training institution in the republic resides in an inadequate rented building. The course offerings are limited in scope and are in need of revision, especially in light of the anticipated expansion of secondary education and revision of the secondary school curriculum. The enrollment should be at least tripled and it should be on a full-time basis. Major emphasis is needed in developing the Escuela Superior del Profesorado so that it may assume its place of leadership and service to the new secondary schools of the country.

The training program for school teachers is the heart of any education system. It makes teachers, supervisors, and administrators available to the schools and molds their attitudes toward education. This is where philosophies of education are developed and where curriculum theories and practices are conceived. The administrative and instructional staffs of teacher training institutions should recognize that their fundamental responsibility is to become the source of innovation and progress in education. What goes on in the classroom is the reflection of the extent to which a teacher training institution has accepted and discharged this responsibility.

Hopefully, this project will produce an impact in Honduran education sufficient to generate definite qualitative changes. The combination of reorganizing and greatly amplifying the operations of the teacher training institution plus creating a modern system of physical facilities around the country will

both provide and permit the entry of a type of teacher and a type of curriculum that Honduras has not previously enjoyed. It should be a significant step towards an education system oriented to the needs of the country.

D. Priority in Program Planning

As mentioned previously, the GOH has become increasingly aware of the country's educational needs and does allot a very sizeable share of the national budget to education. The Five Year Development Plan has set what are fairly ambitious goals in terms of raising the literacy level to about 70% by 1970; however, all efforts contemplated in the plan would fall short of the goals stated in the Charter of Punta del Este which called for the elimination of adult illiteracy and the assurance, by 1970, of access to six years of primary education for each school-age child in Latin America. Funds have been budgeted to continue elementary classroom construction at roughly the same rate achieved under the now completed $1,200,000 AID program. The Development Plan calls for the construction of 558 new secondary classrooms from 1966-1970. The USAID has consistently supported GOH efforts in education and programmed technical assistance for education as one of its priority areas of activity. The USAID has played an influential role in generating the interest of the GOH in creating a bona fide secondary education system.

The priority importance of educational effort in Honduras is accentuated by the fact that there is no present evidence that the modest goals and construction targets set by the GOH are being accomplished. Funds have not been budgeted in 1966 or 1967 for the construction of secondary classrooms and thus far the funds budgeted in 1967 for elementary classroom construction are apparently not being disbursed. In the opinion of the USAID, this failure is due to administrative inability within the Ministry of Education. Should this trend continue it is possible that both the general literacy rate and the percentage of elementary school graduates going into secondary school will decline.

The efforts of the A & E firm in training personnel and assisting in organizing the Office of School Construction should produce an ancillary benefit in addition to implementing this particular project, i.e. The Ministry's ability to implement its primary classroom construction program should also be improved.

E. Relationship of Project to University Education

The process of developing an effective secondary-school system must take cognizance of the university with its potential for the development of high-level manpower, educational leadership and research capacity. Likewise, the university cannot ignore the secondary schools which control access to higher education and determine the level of preparation for university studies.

Honduras has one of the smallest university enrollments of all the Latin American countries. The annual enrollment growth is only 5.3% as compared to an average of 9.0% for the other Latin nations. This may largely be attributed to the woefully small number of secondary school graduates, which in turn places a severe limitation upon the preparation of high-level manpower in fields critical to development.

The National University of Honduras has been slow in development and is in need of assistance to establish itself in a position of leadership within the educational structure of the country. With the help of the IDB and the Ford Foundation a new university city construction program was recently launched. AID assistance through CSUCA has contributed to the establishment of a "general studies" program. The implications of this step are profound, in that it will ultimately result in a departmental system which will be a counterpoise to the monopoly power of the professional faculities. Further evidence of progress directly related to secondary education is revealed in the recent establishment of new disciplines and the provision of central library and science laboratory facilities.

VII. ENGINEERING ANALYSIS

1. General Description of Project

The project consists of the construction of 20 secondary schools scattered in 15 of the 18 departments of Honduras. The schools will vary in size from 8 to 42 classrooms and each will have the necessary complementary facilities such as administrative space, libraries, laboratories, restrooms, etc. according to its size.

The total cost of the construction including engineering is estimated at $7,400,000. It is proposed that the GOH will contribute $2,140,000 (30%) and that $5,260,000 (70%) will be provided by AID. Dollar costs for the construction will be low. It is estimated that only $638,000 or approximately 12% of loan funds (5% of construction costs and 30% of engineering costs) will be paid for in dollars. Local currency requirements for the work is estimated at $6,762,000 of which $4,622,000 or 68% will be provided from the AID loan.

2. Engineering Plan

a. Technical Feasibility

Merriam and Merriam Architects and Engineers designed a basic model plan which will be the basis for the final design of each school. The model is an improvement and expansion of the type of design used for the construction of the AID financed primary school program and the Villa Ahumada Normal School in Honduras. This type of design has proven successful in Central America for this type of construction.

Since the size of each school is known and sites have been selected, Merriam and Merriam's engineers were able to adjust the basic design model to each proposed school and to prepare a cost estimate for each. A comparison of the cost estimates with actual construction costs of the Villa Ahumada Normal School which was completed in February of 1967 and with other work of this type indicates that the costs estimates are reasonable. Therefore, it is determined that the requirements of Section 611 of the FAA have been met.

b. Engineering Plan for Implementation of Project

It is proposed that an Architectural-Engineering firm will be contracted by the GOH to prepare final plans, specifications and bid documents, to advertise the project for competitive construction bidding and to supervise the project construction. The construction

time period has been estimated at 48 months. The A & E firm will be U.S., Central American or a joint venture of U.S.-C.A. firms.

The physical construction will be accomplished by qualified construction contractors who will obtain the work through competetive bidding in accordance with AID regulations. The schools will be constructed and bid for primarily as individual projects. The schools in Tegucigalpa and in other areas where two or more are close together may be grouped into a large construction job. However, in such cases potential bidders will be allowed to bid individual schools or the total large job as they may desire. It is expected that U.S. and Central American construction firms will be interested in the work.

If the loan agreement is executed in 1967, A & E services can be contracted for early in 1968 and construction of the first school can begin in the middle of calendar year 1968. Disbursement of loan funds will probably begin during the second quarter of calendar year 1968 for engineering services and in the second half of 1968 for construction services. The bulk of loan disbursements for construction will occur during 1969 and 1970.

3. Maintenance

School maintenance throughout Honduras is the responsibility of the construction and maintenance division of the Ministry of Education. This is a new organization of the Ministry and as yet does not have the capability to perform proper maintenance of existing schools. The Ministry intends to provide this division with the capability to perform proper maintenance of existing and proposed schools including those to be constructed under this program.

The loan agreement will require that a maintenance plan will be prepared by the GOH and approved by AID before loan disbursements for construction are allowed.

VIII. Financial and Economic Analysis

A. Financial Analysis

1. Cost Summary and Financial Plan:

As detailed in other sections of this paper, the total cost of this program is as follows:

Construction (including engineering)	$ 7,400,000
Equipment	1,500,000
Technical Assistance	1,588,000
	$10,488,000

No reference has been made with regard to land acquisition expenses and yet these items could properly be counted as part of the over-all cost. In almost all of the areas outside of Tegucigalpa, land has already been provided or set aside by a populace eager to get a modern secondary school facility. The land has been donated by the municipality or, in a few cases, by an individual and in some instances purchased by the local parents' group. It is extremely difficult to estimate the value of these tracts, but a total of $150,000 - $200,000 would not be unreasonable. The tracts for the schools in Tegucigalpa will have to be acquired by the Ministry of Education at an expense estimated between $200,000 - $300,000. The GOH will assume the obligation of providing suitable tracts in addition to the cash contribution described herein.

When the total project was finally assembled a few weeks ago and the engineering cost estimates completed, the total cost was calculated at $12.5 million. As described in Section IV, the project had to be trimmed to the $10 million figure indicated above. The Minister of Finance has

confirmed the GOH contribution figure mentioned in the letter of application from the Minister of Education, i.e. $700,000 per year for the five school years 1968-1971, for a total of $3,500,000. Assuming the contribution proposed by the Minister of Finance, the financial plan tabulation, including indications of probable USG expenditures, is as follows:

		AID LOAN		
	GOH	$	LC	TOTAL
Construction	2,140,000	304,550	3,846,858	6,291,408
Engineering & Contingencies	---	333,000	775,592	1,108,592
Equipment	900,000	500,000	100,000	1,500,000
Technical Assistance	460,000	1128,000	---	1,588,000
	3,500,000	2,265,550	4,722,450	10,488,000

2. Recurring Cost Burden on GOH:

As stated earlier, the 1967 budget for the Ministry of Education is approximately $16 million. The sub-categories of the Ministry's budget are as follows:

a)	Central Administration	498,000
b)	University (though autonomous its funds come from GOH)	
	capital investment allocation	650,000
	recurring costs	1,150,000
c)	Primary Education	
	capital investment allocation	441,000
	recurring costs	9,630,000
d)	Escuela Superior (high school teacher training)	365,000
e)	Vocational Education	494,000

f)	Art Education	103,000
g)	Adult Literacy Program	149,000
h)	School Construction Div. Costs & Maintenance Fund	174,000
i)	Pensions	324,000
j)	Transfer Items	
	Athletic contests, conventions, etc.	282,000
	Subventions to non-public schools	404,000
	UNESCO, CARE & other international organizations	66,000
k)	Secondary Education	1,307,000
		$ 16,000,000

Two conclusions are obvious from the above itemization of the Ministry of Education budget: total expenditures for new buildings in 1967 are only $1,091,000 (University and primary classrooms programs) and the total allocation to secondary education is relatively light, i.e. it is even less than the allocation to the University and much less than the primary school allocation.

The secondary education component is spent as follows:

a)	Secondary administration	33,000
b)	Supervision & orientation	82,000
c)	Commercial education	325,000
d)	Ciclo común (junior high school), normal schools and secondary school (Instituto Central)	867,000
		$ 1,307,000

The GOH is currently transferring only $104,200 to the 11 semi-official schools that will be rebuilt and converted to official status under this project, in contrast with the above item 4) which it is spending on the seven (7) currently existing official schools. The conversion of 11 semi-official schools and the opening of four (4) new public schools will thus require that the secondary education budget for recurring costs be increased rapidly.

The Planning Office of the Education Ministry has worked out an analysis for all the official schools now operated which indicates the cost components of each school and derives an average cost per student. These average costs vary considerably from school to school because of economies of size and because some of the normal schools have a high percentage of boarding students. For purposes of projecting future recurring cost burden, however, a figure was selected which is much higher than the lowest (Instituto Central) but not as high as the extremely inefficient Normal School for Boys in Tegucigalpa. Multiplying this "selected average" cost-per-student figure included within this project produces an estimate of slightly over $2,000,000 for 1970, with further increases of $300,000--$400,000 per year expected as the attending population increases.

It should be noted that this $2,000,000 represents only a part of the secondary education budget allocation. The current allocation for this purpose is $867,000. The Escuela Superior allocation would also more than double within a few years. The GOH contribution to the capital investment represented by this project would be in addition to recurring cost increases, though the latter would not begin until the construction program is underway.

The GOH is currently transferring only $104,200 to the 11 semi-official schools that will be rebuilt and converted to official status under this project, in contrast with the above item d, which it is spending on the 7 currently existing official schools. The conversion of 11 semi-official schools and the opening of 4 new public schools will thus require that the secondary education budget for recurring costs be increased rapidly. The Planning Office of the Education Ministry has worked out an analysis for all the official schools now operated which indicates the cost components of each school and derives an average cost per student. These average costs vary considerably from school to school because of economies of size and because some of the normal schools have a high percentage of boarding students.

For purposes of projecting future recurring cost burden, however, a figure was selected which is much higher than lowest (Instituto Central) but not as high as the extremely inefficient Normal School for Boys in Tegucigalpa. Multiplying this "selected average" cost-per-student figure times the enrollment expected at the schools included within this project produces an estimate of slightly over $2,000,000 for 1970, with further increases of $300,000 - $400,000 per year expected as the attending population increases. It should be noted that this $2,000,000 represents a substantial part but not all of the secondary education budget allocation. The Escuela Superior allocation would also more than double within a few years. The GOH contribution to the capital investment represented by this project would be in addition to recurring cost increases, though the latter would not begin until the construction program is underway.

These estimates of future recurring costs are by no means accurate. They are reliable enough, however, to support two conclusions: this project will more than double the amount needed for the secondary education budget in a few years; and this requirement, though not easy to assume, is not so large in absolute amount as to be beyond the capacity of the GOH.

3. Availability of Other Financing:

As described previously, AID's interest in this project originated in 1965. In January 1966 it was learned that the IBRD was commencing consideration of a secondary education study in Honduras as well. Subsequent discussions determined that IBRD consideration of this project would involve the use of UNESCO technicians at the initial stages for evaluation purposes, and that UNESCO personnel were not then available for assignment in Honduras and probably would not be until late 1967. AID education technicians were already at work on the project, and on this basis the IBRD suggested in a letter of May 25, 1966 that they would probably not be able to take timely cognizance of Honduras' needs.

The Inter-American Development Bank and the Export-Import Bank were both contacted to verify their possible interest in this project as a part of the AID/W normal processing of the Intensive Review Request. IDB replied by letter of June 8, 1966 that it had limited itself to technical and vocational work within the secondary education field and the minutes of the May 5, 1966 EX-IM Bank- AID Liaison Group note that the EX-IM Bank was not prepared to consider this project.

Because this project is not "regional" in

the CADEI sense of the word. It would not be eligible for favorable consideration by CADEI. Thus, there is no apparent source of external assistance for this project other than AID.

B. Economic Analysis

1. Economic Overview:

The growth rate in the Honduran GNP in real terms dropped to 4.7% in 1966 from the 7.9% level reached in 1965. With population expanding at a pace of more than 3.1% per annum, the income gain in per-capita terms has consequently been substantially below the Punta del Este goal of 2.5%. In 1966, the per capita national income at current prices amounted to approximately $234.00.

The somewhat lower absolute increase in GNP in 1966 over 1965 of only $30.5 million is directly attributable to the agricultural export sector's moderate increase of 12% relative to the 35% increase registered in 1965. The export of bananas, which comprised 48% of the export sector's total increase in productivity in 1965, dropped from an increase of 59.2% in 1965 to 29.2% in 1966.

With the exception of construction, all sectors of the economy experienced moderate gains. The 4.7% real GNP increase for 1966, however, is not indicative of substantial improvement, for it is likely that only a small percentage--somewhat less than 20% of the total population--actually participated in the benefits, while some third of the population continued to live at a subsistence level.

The growth prospects for 1967 will continue to be poor relative to the record established in 1965. Coffee and cotton

exports, which had grown rapidly in the recent past, are expected to taper off and decline slightly, particularly coffee, which is predicted to drop by 50% from the 1966 level of $[illegible].1 million because of unseasonal rains which destroyed much of the crop in certain areas. Furthermore, the increase in income generated in the banana sector is not likely to be more than 10%, which is considerably lower than the increases reached in the two previous years.

Due primarily to variations in public sector investment, domestic expenditure since 1964 has expanded less than domestic product. This tendency has resulted in the accumulation of savings in the form of internal reserves of $21.0 million, up $3.3 million over 1965, and a decided recovery from the low point in 1963 of $8.9 million.

Commercial deposits and savings reached a high with increases of better than 35%. Loans to the private sector in 1966 dropped to 26.2% from the 29.[illegible]% rate reached in 1965. Though compatible with the reduced rate of economic activity in 1966, savings in the public and particularly the private sector continued making substantial increases. A moderate estimate places private sector savings and investment at approximately $64 million and $61 million respectively.

As in the two previous years, preliminary reports indicate an excellent record in the liquidation of the 1966 accounts of the Central Government except in implementing its budgeted investment. The 1966 budget of $65.5 million represented a 21% increase over 1965 with the major portion of the increase in the budgets for the Ministries of Education and Public Works.

Final expenditures amounted to $68.1 million with a discrepancy of $6.0 million in internal and external credit not utilized, or 68.8% of the capital investment budget of $9.0 million. Tax revenues exceeded estimates by $3.6 million, or 7.2%, with additional income from income taxes and sales taxes accounting for most of the increase. Compared to a $0.2 million surplus of the previous year, Honduras in 1966 ran a fiscal surplus of $0.5 million. Though running a surplus, expenditures in 1966 increased in absolute terms by 37% relative to revenues, i.e., expenditures increased by $8.3 million in 1966 as compared to an increase in revenues of only $6.0 million. The generally adequate capital position is a result of governmental borrowing outside of the banking system and a poor public investment record. The outlook for the period 1967-70, however, is for a doubling of past investment levels. Compared with approximately $75.0 million of investment in 1962-65, total investment during the 1967-70 period could possibly reach $160.0 million, of which Honduras is expected to finance about 40%.

2. <u>Debt Repayment Capacity of Honduras</u>:

The country's external indebtedness has grown steeply in recent years--from $14.5 million in 1963 to $25.6 million in 1966. The servicing of the debt, however, has not constituted a heavy burden on Honduras' balance of payments inasmuch as the total debt is small and, in large part, has been contracted at long term. Debt service payments in 1966 amounted to $2.9 million, or about 3% of that year's exports. Moreover, as seen in the Table below, such payments are not scheduled to rise appreciably in the future.

TABLE I- Estimated Consumed Service Payment on the External Public Debt of Honduras 1/

(In millions of US Dollars)

	Payments During Year		
	Amortization	Interest	Total
1966	1.9	1.0	3.9
1967	1.8	1.6	3.4
1968	1.8	1.7	3.5
1969	1.9	1.7	3.6
1970	1.9	1.8	3.7
1971	2.3	1.8	4.1
1972	1.9	1.7	3.6
1973	1.9	1.6	3.5
1974	2.1	1.5	3.6
1975	2.2	1.4	3.6
1976	2.4	1.4	3.8
1977	2.4	1.3	3.7
1978	1.9	1.2	3.1
1979	1.4	1.0	2.4
1980	1.4	1.0	2.4

1/ Based on public guaranteed debt of over one year's maturity repayable in foreign currencies.

SOURCE: IMF Report

Despite a slackening of pace, primarily in exports, there is an indication that the economy in general will experience another moderate year in 1967. In view of this, and considering the improved changes in tax administration, as well as the expected low external debt service requirements, Honduras appears to have ample capacity for absorbing new foreign loans, providing the loans are made on reasonable terms.

3. Impact on US Economy:

There will be no adverse effect on the US economy caused by this project in the sense

of the creation of competitive industry or competitive new national production. Aside from the direct expenditure of US goods and services for the construction and technical assistance components of this loan, the US investment in the education structure of Honduras will in the long term have a positive effect on the US balance of payments position. That is, the AID loan will stimulate the development of the institutional structures for real economic growth in Honduras by helping to mobilize the human resource potential of the economy, destroy a major bottleneck and multiply the number of people in the money economy. Because of its geographic position and traditional role as supplier of capital and other goods to Central America, the US should, thereby, benefit by an increase in the amount of US goods sold to the Honduran economy.

C. Justification of Proposed Loan Terms

In recent years the GOH has exemplified a willingness to address itself to the pressing socio-economic problems of the country. Government expenditures for health increased during the 1962-66 period from 2.4 million to 4.7 million. Budgeted expenditures in public works increased from $7.2 million to $15.1 million during the same period. Total expenditures during the 1961-66 period increased some 30.1% to 65.5 million in 1966. This significant increase in government outlays for social and economic projects was made possible by a remarkable growth in the country's GNP during the same period and by adequate fiscal policies which resulted in a substantial flow of private capital into the economy. Revenue collections were improved significantly (revenues from direct taxes increased by approximately 76.9% during the 1961-66 period). This was facilitated in part by the introduction of a sales tax

in 1964. The establishment of the Financiera Hondureña in 1964 has substantially stimulated investment in industry and some diversification of agriculture.

In spite of Honduras' efforts in the area of economic diversification, the country still remains heavily dependent on the exports of bananas and coffee. The prospects for the country's exports in through 1967 are less promising in contrast to the strong performance in the last three years. With the exception of bananas, and to a lesser extent timber, the major export commodities are not expected to show any significant increase over the levels registered in 1965. The increase in banana sales is estimated to be around 10% after the expansion of more than 59% in 1965. (see table on exports below). Coffee exports are expected to be substantially below last year and cotton sales will be somewhat lower in 1967, though cotton will probably benefit from improved prices. Inasmuch as there are not expected to be any strong increases in exports of other commodities, it appears on balance that national exports over-all will not show any substantial gain. A GNP growth rate of some 5% to 7% is forecast. In 1966 the net foreign reserves of Honduras increased by $2.4 million to $21.8 million. They were equivalent to less than two months of that year's payments for imports of goods and services. Thus, it now appears that the local currency portion of this loan, to be disbursed over a five-year period, will not result in an increase in Honduran net reserves. It is entirely likely that these funds will be needed to support a deteriorating balance of payments position, as forecast in the latest IBRD report on Central America.

PRINCIPAL EXPORTS OF HONDURAS

(In millions of U. S. Dollars)

	1961	1962	1963	1964	1965	1966
Bananas	39.5	37.4	32.0	34.2	35.6	63.4
Coffee	9.0	11.5	14.2	16.7	22.0	20.1
Timber	7.5	7.1	8.5	10.6	9.5	10.3
Live Cattle & Hogs	3.1	3.7	3.0	2.7	1.6	2.8
Frozen Meat	1.6	2.6	2.9	1.5	2.8	3.7
Cotton Fiber	0.3	2.1	2.5	3.0	3.5	5.9
Corn	0.5	3.0	1.8	4.0	5.3	4.2
Beans	1.3	1.8	2.1	2.7	3.5	2.6
Silver	2.8	2.9	3.5	3.1	3.7	2.6
Lead & Zinc	2.3	2.0	2.7	2.3	3.4	3.2
Other Products	4.1	5.9	7.9	10.0	9.5	18.1
Balance of Payments Adjustment	2.1	2.8	2.4	3.2	4.3	2.4
Total Expt.	74.1	82.6	84.3	96.0	108.7	144.3

SOURCE: Central Bank of Honduras, Dept. of Economic Research

Though there was substantial growth in both the GNP and the total tax revenues collected by the GOH from 1963 to the present, the tax burden, or tax collections, relative to GNP have remained almost constant, as the following table indicates.

Year	GOH Revenue	GNP	Revenue as Percent of GNP
1959	$ 35 mill.	$ 375 mill.	9.3%
1960	37 mill.	377 mill.	9.7%
1961	37 mill.	397 mill.	9.5%
1962	39 mill.	400 mill.	9.9%
1963	39 mill.	440 mill.	9.0%
1964	46 mill.	471 mill.	9.9%
1965	54 mill.	519 mill.	10.5%
1966	60 mill.	549 mill.	11.0%

SOURCE: Central Bank, Dept. of Econ. Studies

Thus, there appears to be reasonable basis for the conclusion that the GOH is not going to have increasing funds, in any substantial amount, with which to fund new capital investment projects during the next few years, even assuming a better taxing effort. There will be, however, very heavy new demands on the funds available for developmental projects.

Some of the larger loans already signed will be entering periods of full implementation and requiring large GOH contributions in 1969-1970 (AID Farm to Market Access Roads and the IDBD financed north coast road from Tegucigalpa to San Pedro Sula). Development loans under active consideration by the international lending agencies will require an excess of $5 million, perhaps as high as $8 million, per year of new contributions by the GOH. These loans include the following, plus presumably a few other projects.

1. Paving of western highway - IDBD $12 million
2. San Pedro-Tela road - IDB 7 "
3. Aguan Valley colonization - IDB 14 "

4. Pulp and paper infrastructure - AID/IDB 20 "

5. Banco Nacional de Fomento - AID 8 "

6. Tela-La Ceiba road (& others)-CABEI 5 "

It is, therefore, recommended that this project be supported by an AID loan of $7 million, a relatively high local currency financing ratio, because of the coincidence of the following factors: 1) this project is non-revenue producing, long term in pay-off and produces a rather high recurring cost burden on the GOH; 2) Honduras cannot expect significant increases in revenue over the next few years though it should commence several large development projects that will all require heavy GOH investments. It should be particularly noted that this project contemplates loan funding in excess of $1 million of technical assistance of the type more customarily supported by grant assistance.

The above does not present an overwhelming case for local cost financing in Honduras. However, given the extremely low level of economic and institutional development in Honduras, it would appear unwise to apply the same strict criteria as would be applied to LDC's further along in their development cycle particularly for an education-institution-building project such as this. A breakthrough in the field of education may very well provide the stimuli necessary to bring about many changes in Honduras which will be required for sustained economic development. It is basically for this reason that we believe that this local cost financing should be approved.

III. Implementation Plan

Section VII Engineering Analysis contains an implementation plan for the construction component of this loan plus a time-phased schedule for the start and execution of the various units of construction.

It is anticipated that this loan will be ready for signature during July 1967, and that the GOH will submit the agreement to Congress for ratification in August 1967. This would permit satisfaction of the conditions precedent during September and October, and hopefully, the formalization of contracts with the A&E firm and the US University by the end of 1967. On this basis, the University team would begin arriving early in 1968 and work through 1970, and construction on the first building, the Escuela Superior, could commence in July 1968.

As proposed herein, the A&E contract and the individual construction contracts will be between the GOH and the A&E and construction firm respectively, all to be approved by AID, as is customary in the implementation of internationally funded development project. A.I.D. would probably fund the entire A&E contract with loan funds. The construction contract will be funded jointly by A.I.D. and the GOH on a percentage basis. It is also anticipated that the U.S. University contract will be with the GOH, subject to A.I.D. approval regarding general terms, scope of work and cost provisions. This contract, which will probably be for a lump-sum amount, will be funded by a letter of commitment to be opened for the full contract amount when the contract is executed. As one of the principal functions of the University team will be training, they will both participate in and monitor the GOH performance of its obligations in the technical assistance aspect of this project.

This project contemplates rather extensive building construction which should be phased over a period of 5 years from the date the loan agreement is signed. As stated above, the Escuela Superior will be commenced first, approximately one year after the loan agreement date. In order to assure that the GOH is assuming its responsibilities generally and specifically to ascertain that the Escuela Superior will be, in fact, producing the trained school teachers necessary for the new system, an extensive review of the project's progress will be made at the end of the third year. The allocation of construction funds provided for this project by both the GOH and AID will be split; 60% may be committed for construction contracts during the first three years and 40% during the last two years assuming satisfactory progress was made during the first three years. The funds allocated to the technical assistance, A & E and equipment and book components of the project will be committed and used as necessary while construction progresses; however, the A & E contract will provide for possible termination at the end of the first three years.

The division of the construction proposed herein into the first and second phase will be as follows:

First Three Years (60%)

a. Escuela Superior (teacher training) and the Annex (model school);
b. 2-4 of the completely new schools, at the choosing of the GOH;
c. Not more than half of the total classroom construction other than (a) above planned for Tegucigalpa;
d. Contracts for enough other conversions and reconstructions of semi-official schools to commit the balance of 60% of construction funds (both A.I.D. & GOH).

Last Two Years (40%)

a. The remaining new schools not contracted and commenced during stage one;
b. The rest of the classroom allocation for Tegucigalpa;
c. The balance of the conversions and reconstructions of the semi-official schools.

The progress and performance review at the end of the third year will evaluate all aspects of this secondary education effort. Before authorizing expenditures from the last 40% of construction funds AID & the GOH must be satisfied the :

i) The plans submitted by the GOH regarding textbooks and for reconstituting, staffing and funding the Office of School Construction and Maintenance have been acceptably implemented;

ii) The Escuela Superior has been completed and that its total enrollment of full time students has been increased to 250 including 150 in the first class entering after the completion of construction.

iii) There has been decentralization of administration by the delegation of appropriate functions to Departmental and School staffs.

iv) The technical assistance provided by the U.S. University team has been concluded effectively or, if further technical assistance is required, that satisfactory arrangements have been made for the continuation of the University contract, presumably with additional AID loan funds.

SUPPORTING DATA FOR HUMAN RESOURCES ANALYSIS

Exhibit 1 - Diagram of the Education System of Honduras

Exhibit 2 - The Number of Elementary School in Each Department, Arranged by Grades - Levels

Exhibit 3 - Elementary School Enrollment Data by School Classification

Exhibit 4 - Secondary Schools of Honduras Arranged by Departments and Classified

Exhibit 5 - Locations of Official Schools

Exhibit 6 - Location of Semi-Official Schools and Annual Amount of Government Support

Exhibit 7 - Private Schools with Subvention and Annual Amount of Government Support

Exhibit 8 - Private Day Schools

Exhibit 9 - Honduras: Population Estimation of School Age Children by Departments (7 to 15 years of age) - Years 1965 - 1975

Exhibit 10 - Honduras: Projection of Student Population Enrolled (7 to 15 years)

Exhibit 11 - School Enrollments - Grade 1 through Grade 6

Exhibit 12 - Relationship between Total Primary School Age Population. Promotions from 6th Grade and Entrance to 7thd Grade by Years - 1959 - 1969

Exhibit 13 - Variations in Secondary School Enrollments by Departments

Exhibit 14 - Number of Students Enrolled in the Various Fields of Study

Exhibit 15 - Instructional Programs for Elementary Schools

Exhibit 16 - Secondary School Courses of Study

Exhibit 17 - Teachers Trained Annually

Exhibit 18 - Number of Teachers In-Service in Secondary Education with and without Normal School Certification.

Exhibit 19- Number of Teachers by Age

Exhibit 20- Number of Teachers by Years of Service

DIAGRAM OF THE EDUCATION SYSTEM OF HONDURAS

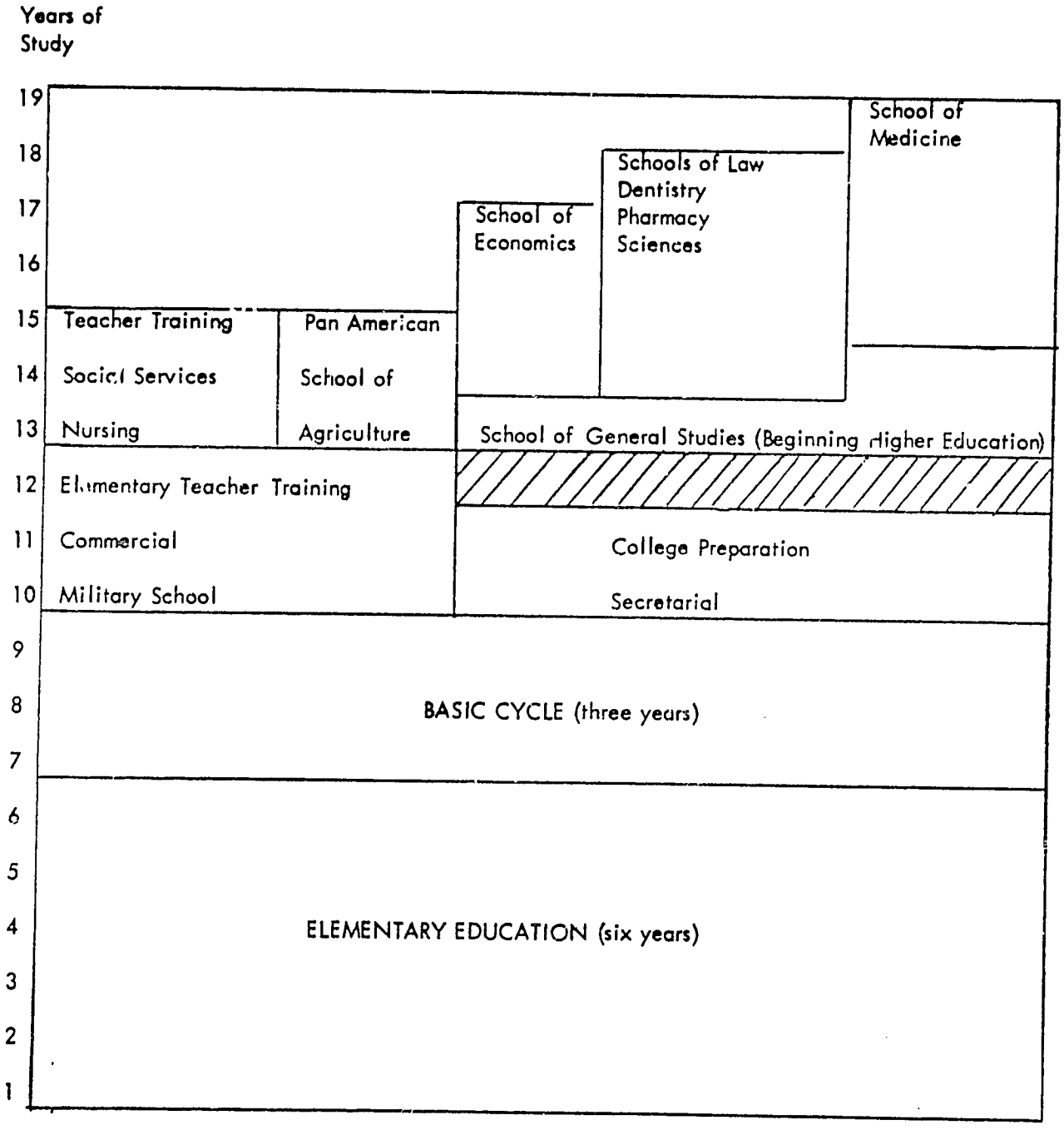

Diagram does not include the past elementary vocational schools (4 yrs.), the School of Fine Arts (5 yrs.), the Agriculture School (3 yrs.), or the School of Music (4 yrs.)

THE NUMBER OF ELEMENTARY SCHOOLS IN EACH DEPARTMENT ARRANGED BY GRADES - LEVELS OFFERED
School Year 1966

No.	Department	1st grade	2nd grade	3rd grade	4th grade	5th grade	6th grade	TOTAL
1	Atlántida	3	17	38	29	41	67	195
2	Colón	8	8	28	26	18	31	119
3	Comayagua	27	81	86	31	3	42	270
4	Copán	21	21	98	34	23	31	228
5	Cortés	13	35	97	41	22	82	290
6	Choluteca	9	86	90	59	24	50	318
7	El Paraíso	17	62	105	55	9	33	281
8.	Fco. Morazán	12	99	149	42	28	102	432
9	Gracias a Dios	2	6	21	11	7	11	58
10	Intibucá	1	16	49	38	18	31	153
11	Islas de la Bahía	-	1	5	4	2	14	26
12	Lempira	4	37	100	81	22	21	265
13	La Paz	4	34	56	17	14	20	145
14	Ocotepeque	6	34	63	28	17	19	167
15	Olancho	138	66	45	14	21	46	330
16	Santa Bárbara	22	46	124	47	16	47	302
17	Valle	2	24	47	50	19	26	168
18	Yoro	24	79	168	40	12	50	373
TOTAL		313	752	1369	647	316	723	4120

Source: DIRECCION GENERAL DE EDUCACION PRIMARIA

ELEMENTARY SCHOOL ENROLLMENT DATA BY SCHOOL CLASSIFICATION

No.	Departments	1966 Enrollment Official	Private	Total
1	Atlántida	18,257	4,055	22,312
2	Colón	9,920	1,019	10,939
3	Cortés	37,437	5,592	43,029
4	Comayagua	19,024	450	19,474
5	Copán	15,067	74	15,141
6	Choluteca	22,122	668	22,790
7	El Paraíso	16,873	162	17,035
8	Francisco Morazán	44,629	3,788	48,417
9	Gracias a Dios	4,006	-	4,006
10	Islas de la Bahía	2,094	60	2,154
11	Intibucá	10,947	-	10,947
12	La Paz	8,445	50	8,495
13	Lempira	14,236	-	14,236
14	Ocotepeque	8,229	27	8,256
15	Olancho	14,435	288	18,723
16	Santa Bárbara	21,256	1,139	22,395
17	Valle	15,084	-	15,084
18	Yoro	23,725	3,621	27,346
	TOTAL	309.786	20,993	330,779

Source: DIRECCION GENERAL DE EDUCACION PRIMARIA

SECONDARY SCHOOLS OF HONDURAS ARRANGED BY DEPARTMENTS AND CLASSIFIED

School Year - 1966

DEPARTMENT	CITY	NAME OF SCHOOL	TYPE OF ADMINISTRATION
Francisco Morazán	A- Tegucigalpa	1 - Instituto Central	Official
" "	"	2 - Normal de Señoritas	"
" "	"	3 - Normal Pedro Nufio	"
" "	"	4 - Anexo Escuela Superior	"
" "	"	5 - Escuela Militar F.M.	"
" "	"	6 - Tegucigalpa	Private
" "	"	7 - Alpha	"
" "	"	8 - Escuela Americana	"
" "	"	9 - Alfonso Guillén Zelaya	"
" "	"	10 - Luis Andrés Zúniga	"
" "	"	11 - María Auxiliadora	"
" "	"	12 - San Francisco	"
" "	"	13 - San Miguel	"
" "	"	14 - San José	"
" "	"	15 - Evangélico	"
" "	"	16 - Gregg	"
" "	"	17 - Sagrado Corazón	"
" "	"	18 - Manuel de J. Subirana	"
" "	"	19 - Centroameric. La Salle	"
" "	"	20 - Inmaculada Concepción	"
" "	"	21 - Cultura Nacional	Private with Sub.
" "	"	22 - Gustavo Adolfo Alvarado	" " "
" "	"	23 - Morazán	" " "
" "	"	24 - Moderno	" " "
" "	"	25 - Valle	" " "
" "	"	1 - Alma Latina	" " "
	a) Cedros	1 - Manuel Bonilla	Semi-Official
Atlántida	A - La Ceiba	2 - María Regina	Private
"	"	3 - San José	"
"	"	4 - Guadalupe Quezada	Private with Sub.
"	"	1 - Triunfo de la Cruz	Semi-Official
"	a) Tela	1 - John F. Kennedy	Official
	b) San Francisco	1 - Espíritu del Siglo	Semi-Official
Colón	A - Trujillo	1 - Leon Alvarado	" "
Comayagua	A - Comayagua	2 - Seráfico	Private
"	"	3 - La Inmaculada	"
"	"	1 - Normal Centro América	Official
"	a) El Edén	1 - Genaro Muñoz H.	Semi-Official
"	b) Siguatepeque	1 - Pompilio Ortega	Private withSub.
"	c) La Libertad	1 - Evangélico	Private
"	d) Minas de Oro	2 - San Antonio	Private with Sub.
"	e) " " "		

DEPARTMENT	CITY	NAME OF SCHOOL	TYPE OF ADMINISTRATION
Copán	A- Sta.Rosa	1 - Alvaro Contreras	Semi-Official
"	" "	2 - María Auxiliadora	Private
"	" "	3 - Domingo Sabio	Private with Sub.
Cortés	A. S.PedroSula	1 - José Trinidad Reyes	Semi-Official
"	" "	2 - Acasula	Private
"	" "	3 - Dionisio de Herrera	"
"	" "	4 - Debe y Haber	"
"	" "	5 - Evangélico	"
"	" "	6 - La Salle	"
"	" "	7 - María Auxiliadora	"
"	" "	8 - Minerva	"
"	" "	9 - Renovación	"
"	" "	10 - San Vicente de Paúl	"
"	" "	11 - Manuel F. Barahona	"
"	a) Pto. Cortés	1 - Franklin D. Roosevelt	Semi-Official
"	" "	2 - Sagrado Corazón	Private
"	b) La Lima	1 - Patria	"
"	" "	2 - Guadalupano	"
"	c) Choloma	1 - Cristo Rey	"
"	d) Villanueva	1 - Pompilio Ortega	"
"	e) Peña Blanca	1 - Adventista	"
Choluteca	A - Choluteca	1 - José Cecilio del Valle	Semi-Official
"	"	2 - La Salle	Private
"	"	3 - Santa María Goretti	"
"	"	4 - Superación	"
"	a) S.M. de Colón	1 - Lempira	Semi-Official
El Paraíso	A - Yuscarán	1 - Presentación Centeno	" "
"	a) Danlí	1 - Oriente	" "
"	b) El Paraíso	1 - Alejandro Flores	Private with Sub.
"	c) Villa Ahumada	1 - Normal de Señoritas	Official
Intibucá	A - La Esperanza	1 - Occidente	"
"	a) J. de Otoro	1 - Federico C. Canales	Private with Sub.
"	b) Camasca	1 - Sto. Tomás de Aquino	" " "
La Paz	A - La Paz	1 - Lorenzo Cervantes	Semi-Official
"	a) Marcala	1 - 21 de Octubre	" "
Lempira	A - Gracias	1 - Ramón Rosa	" "
"	a) Erandique	1 - Lempira	" "
Ocotepeque	A - N. Ocotepeque	1 - Juventud Hondureña	" "
"	a) San Marcos	1 - Los Amigos	Private
Olancho	A - Juticalpa	1 - La Fraternidad	Semi-Official
"	a) Catacamas	1 - 18 de Noviembre	" "
Santa Bárbara	A - Sta. Bárbara	1 - La Independencia	" "

DEPARTMENT	CITY	NAME OF SCHOOL	TYPE OF ADMINISTRATION
Sta. Bárbara	a) Trinidad	1 - Juan Lindo	Semi-Official
" "	b) S. José de Colinas	1 - Marco A. Soto	" "
"	c) Pinalejo	1 - Miguel P. Barahona	Private with Sub.
" "	d) Zacapa	1 - Brígido Bardales	" " "
Valle	A - Nacaome	1 - Terencio Sierra	Semi-Official
"	a) Langue	1 - John F. Kennedy	Private with Sub.
"	b) Amapala	1 - Itsmania	" " "
Yoro	A - Yoro	1 - Santiago	" " "
"	a) Olanchito	1 - Fco. J. Mejía	Semi Official
"	"	2 - Colón	Private with Sub.
"	b) El Progreso	1 - San José de Srtas.	Private
"	b) El Progreso	2 - Melvin Jones	"
"	"	3 - San José de Varones	Private with Sub.
"	"	4 - El Progreso	" " "
"	c) El Negrito	1 - María del Carmen	Private

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

LOCATIONS OF OFFICIAL SCHOOLS

DEPARTMENT	CITY	SCHOOL
Francisco Morazán	Tegucigalpa	Central
	"	Normal de Varones
	"	Normal de Sritas.
	"	Militar
Atlántida	San Francisco	J. F. Kennedy
Comayagua	El Edén	Centroamericana
El Paraíso	Villa Ahumada	Normal de Sritas.
Intibucá	La Esperanza	Normal de Occidente

LOCATION OF SEMI-OFFICIAL SCHOOLS AND ANNUAL AMOUNT OF GOVERNMENT SUPPORT

DEPARTMENT	CITY	NAME OF SCHOOL	ANNUAL SUBVENTION Lempiras (L.2-$1.)
TOTAL			437,964.00
Atlántida	La Ceiba	Manuel Bonilla	36,000.00
	Tela	Triunfo de la Cruz	12,000.00
Colón	Trujillo	Espíritu del Siglo	14,400.00
Comayagua	Comayagua	León Alvarado	18,960.00
	Siguatepeque	Genaro Muñóz H.	16,800.00
Copán	Santa Rosa	Alvaro Contreras	24,000.00
Cortés	San Pedro Sula	José Trinidad Reyes	36,000.00
	Puerto Cortés	Franklin D. Roosevelt	16,560.00
Choluteca	Choluteca	José Cecilio del Valle	20,160.00
	San M. de Colón	Lempira	14,880.00
El Paraíso	Yuscarán	Presentación Centeno	11,700.00
	Danlí	Deptal. Oriente	24,000.00
La Paz	La Paz	Lorenzo Cervantes	14,400.00
	Marcala	21 de Octubre	9,600.00
Lempira	Gracias	Ramón Rosa	24,000.00
	Erandique	Lempira	15,000.00
Ocotepeque	Nueva Ocotepeque	Juventud Hondureña	18,960.00
Olancho	Juticalpa	La Fraternidad	34,344.00
	Catacamas	18 de Noviembre	14,400.00
Santa Bárbara	Santa Bárbara	La Independencia	24,000.00
	Colinas	Marco Aurelio Soto	4,200.00
	Trinidad	Juan Lindo	9,600,00
Valle	Nacaome	Terencio Sierra	9,600.00
Yoro	Olanchito	Francisco J. Mejía	14,400.00

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

PRIVATE SCHOOLS WITH SUBVENTION AND ANNUAL AMOUNT OF GOVERNMENT SUPPORT

DEPARTMENT	CITY	NAME OF SCHOOL	TYPE OF SCHEDULE	AMOUNT OF SUBVENTION IN LEMPIRAS
TOTAL				70,800.00
Francisco Morazán	Tegucigalpa	G. A. Alvarado	day and night	2,400.00
" "	"	Moderno	day	3,000.00
" "	Cedros	Alma Latina	"	A 6,000.00
Comayagua	La Libertad	Pompilio Ortega	"	2,400.00
"	Minas de Oro	San Antonio	"	2,400.00
Copán	Santa Rosa	Sto. Domingo Savio	"	6,000.00
Cortés	S. Pedro Sula	Minerva	day and night	1,200.00
El Paraíso	El Paraíso	Alejandro Flores	day	6,000.00
Intibucá	Jesús de Otoro	F. C. Canales	"	6,000.00
"	Camasca	Sto. T. de Aquino	"	8,400.00
Santa Bárbara	Pinalejo	Miguel P. Barahona	"	4,800.00
" "	Zacapa	Brígido Bardales	"	3,600.00
Valle	Amapala	Itsmania	"	3,600.00
Yoro	Yoro	Santiago	"	6,000.00
"	Progreso	El Progreso	"	2,400.00
"	"	San José	"	4,200.00
"	Olanchito	Colón	"	2,400.00

PRIVATE SCHOOLS WITH SUBVENTION (NIGHT SCHOOLS)

TOTAL			21,000.00
Francisco Morazán	Tegucigalpa	Cultura Nacional	2,400.00
" "	"	Morazán	1,800.00
" "	"	Valle	2,400.00
Atlántida	La Ceiba	Guadalupe de Quezada	2,400.00
Cortés	San P. Sula	Debe y Haber	9,600.00
Valle	Langue	John F. Kennedy	2,400.00

(L. 2. - $1.)

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

PRIVATE DAY SCHOOLS

DEPARTMENT	CITY	SCHOOL	No. of Students	No. of Classrooms	No. of students per classroom
TOTAL			5,981	252	23.7
Fco. Morazán	Tegucigalpa	Tegucigalpa	396	12	33.0
	Tegucigalpa	Alpha	424	7	60.6
	Tegucigalpa	Escuela Americana	165	12	13.7
	Tegucigalpa	Ma. Auxiliadora	213	8	26.6
	Tegucigalpa	San Francisco	267	16	16.7
	Tegucigalpa	San Miguel	477	9	53.0
	Tegucigalpa	San José	44	5	8.8
	Tegucigalpa	Evangélico	67	4	16.7
	Tegucigalpa	Gregg	66	12	5.5
	Tegucigalpa	Sagrado Corazón	388	14	27.7
	Tegucigalpa	M. de J. Subirana	52	6	8.7
	Tegucigalpa	C. A. La Salle	33	6	5.5
	Tegucigalpa	Inmac. Concepción	49	1	49.0
Atlántida	La Ceiba	San José	60	9	6.7
	La Ceiba	Ma. Regina	160	10	16.0
Comayagua	Comayagua	Seráfico	47	5	9.4
	Comayagua	La Inmaculada	186	4	46.5
	Minas de Oro	Evangélico	80	6	13.3
Copán	Santa Rosa	María Auxiliadora	204	12	17.0
Cortés	San Pedro Sula	Evangélico	499	13	38.4
	San Pedro Sula	Acasula	95	6	15.8
	San Pedro Sula	S. Vicente de Paúl	380	20	19.0
	San Pedro Sula	La Salle	428	8	53.5
	San Pedro Sula	María Auxiliadora	268	8	33.5
	Villanueva	Pompilio Ortega	71	3	23.7
	Peña Blanca	Adventista	136	2	68.0
Choluteca	Choluteca	Sta. María Goretti	233	7	33.3
	Choluteca	La Salle	151	8	18.9
Ocotepeque	San Marcos	Evangélico	53	3	17.7
Yoro	Progreso	San José	222	11	20.2
	El Negrito	María del Carmen	67	5	13.4

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

PRIVATE SCHOOLS (with day and night sessions)

DEPARTMENT	CITY	SCHOOL		NO. OF STUDENTS	No. OF CLASS-ROOMS	NO. OF STUDENTS PER CLASS-ROOM
TOTAL				1485	33	45.0
Cortés	San Pedro Sula	D. Herrera	Total	575	9	63.9
		Day	123			13.7
		Night	452			50.2
						36.7
	Lima	Patria	Total	330	9	36.7
		Day	293			32.6
		Night	37			4.1
	Lima	Guadalupano	Total	379	7	54.1
		Day	263			37.6
		Night	116			16.6
	Puerto Cortés	S. Corazón	Total	201	8	25.1
		Day	168			21.0
		Night	33			4.1

PRIVATE NIGHT SCHOOLS

TOTAL			1283	41	31.3
Francisco Morazán	Tegucigalpa	A. G. Zelaya	445	9	49.4
	"	L. A. Zúniga	185	7	26.4
Cortés	San Pedro Sula	Renovación	358	6	59.7
	" "	M. F. Barahona	30	2	15.0
	Choloma	C. Rey	78	3	26.0
Choluteca	Choluteca	Superación	99	10	9.9
Yoro	Progreso	Melvin Jones	88	4	22.0

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

HONDURAS: POPULATION ESTIMATION OF SCHOOL AGE BY DEPARTMENTS -
(7 to 15 years of age) - YEARS 1965/1975

DEPARTMENTS AND AGES	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
TOTAL	545,614	564,304	583,951	604,497	626,075	648,668	670,979	695,408	720,158	745,759	772,444
WESTERN ZONE	145,773	150,115	154,689	159,430	164,412	169,627	174,890	180,320	185,972	191,757	197,770
Santa Bárbara	44,455	46,377	48,411	50,535	52,805	55,164	57,596	60,124	62,771	65,538	68,426
Copán	36,748	37,872	39,018	40,239	41,485	42,829	44,146	45,513	46,903	48,371	49,861
Ocotepeque	14,530	14,726	10,949	15,147	15,370	15,592	15,813	16,036	16,260	16,480	16,705
Lempira	29,818	30,466	31,160	31,880	32,597	33,362	34,128	34,915	35,725	36,537	37,371
Intibucá	20,222	20,674	21,151	21,629	22,155	22,680	23,207	23,732	24,283	24,831	25,407
NORTHERN ZONE	138,087	143,557	149,328	155,357	161,765	168,445	175,239	182,313	189,695	197,396	205,455
Cortés	58,296	61,037	63,914	66,953	70,150	73,508	76,959	80,567	84,360	88,335	92,492
Atlántida	26,845	27,917	29,037	30,226	31,490	32,792	34,145	35,544	36,991	38,505	40,095
Colón	12,298	12,772	13,293	13,838	14,408	14,999	15,592	16,207	16,847	17,511	18,222
Islas de la Bahía	2,326	2,349	2,373	2,373	2,395	2,421	2,442	2,466	2,490	2,513	2,538
Yoro	38,322	39,482	40,711	41,967	43,321	44,723	46,101	47,529	49,007	50,532	52,108
CENTRAL ZONE	124,232	128,911	133,795	138,947	144,332	149,986	155,821	161,884	168,177	174,716	181,574
Francisco Morazán	79,056	82,374	85,825	89,498	93,328	97,380	101,565	105,927	110,470	115,211	120,176
Comayagua	28,773	29,847	30,970	32,139	33,384	34,676	35,992	37,358	38,772	40,236	41,772
La Paz	16,403	16,690	17,000	17,310	17,620	17,930	18,264	18,599	18,935	19,269	19,626
SOUTHERN ZONE	69,404	71,571	73,839	76,208	78,679	81,275	83,236	86,567	89,566	92,239	95,213
Choluteca	43,608	47,216	48,927	50,686	52,547	54,508	56,470	58,505	60,618	62,805	65,069
Valle	23,796	24,355	24,912	25,522	26,132	26,767	26,766	28,062	28,748	29,434	30,144
EASTERN ZONE	68,118	70,150	72,300	74,555	76,887	79,337	81,793	84,319	86,948	89,659	92,432
El Paraíso	30,943	31,804	32,712	33,667	34,650	35,678	36,708	37,752	38,866	39,994	41,147
Olancho	33,746	34,769	35,817	36,944	38,097	39,323	40,551	41,805	43,109	44,439	45,821
Gracias a Dios	3,429	3,577	3,771	3,944	4,140	4,336	4,534	4,752	4973	5,218	5,464

Calculations made by the Secretaría del Consejo Superior de Planificación Económica, based on "National Census of Honduras, General and Educational Characteristics of the Population". Dirección General de Estadística y Censos. December, 1964.

UNCLASSIFIED
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HONDURAS: PROJECTION OF THE STUDENT POPULATION ENROLLED (7 to 15 years)

ZONES AND DEPARTMENTS	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
TOTAL	227,039	235,133	268,950	278,786	289,138	299,969	338,997	351,766	364,774	378,255	392,338
WESTERN ZONE	45,111	46,453	52,660	54,275	55,976	57,751	64,962	66,983	69,089	71,245	73,489
Santa Bárbara	15,083	15,735	18,068	18,861	19,708	20,588	23,450	24,479	25,557	26,684	27,860
Copán	8,751	9,018	10,220	10,540	10,867	11,219	12,615	13,005	13,411	13,822	14,248
Ocotepeque	5,165	5,234	5,845	5,922	6,010	6,096	6,745	6,840	6,936	7,029	7,125
Lempira	9,698	9,909	11,148	11,406	11,662	11,936	13,320	13,627	13,943	14,260	14,586
Intibucá	6,414	6,557	7,379	7,546	7,729	7,912	8,832	9,032	9,242	9,450	9,670
NORTHERN ZONE	75,832	78,849	90,232	93,886	97,773	101,822	115,582	120,270	125,163	130,264	135,611
Cortés	32,077	33,556	38,685	40,525	42,460	44,492	50,816	53,198	55,703	58,327	61,072
Atlántida	17,019	17,699	20,250	21,079	21,960	22,868	25,976	27,041	28,142	29,293	30,503
Colón	7,064	7,336	8,399	8,744	9,104	9,477	10,747	11,171	11,613	12,070	12,560
I. de la Bahía	1,935	1,954	2,171	2,171	2,193	2,215	2,438	2,462	2,486	2,508	2,534
Yoro	17,737	18,274	20,727	21,367	22,056	22,770	25,605	26,398	27,219	28,066	28,942
CENTRAL ZONE	58,433	60,702	70,316	73,107	76,023	79,090	89,732	93,323	97,053	100,935	105,005
F. Morazán	41,588	43,334	50,608	52,774	55,033	57,422	65,334	68,140	71,062	74,112	77,308
Comayagua	11,464	11,892	13,573	14,086	14,631	15,197	17,208	17,861	18,537	19,237	19,972
La Paz	5,381	5,476	6,135	6,247	6,359	6,471	7,190	7,322	7,454	7,586	7,727
SOUTHERN ZONE	24,654	25,422	28,847	29,770	30,733	31,745	35,459	36,880	38,070	39,291	40,555
Choluteca	16,038	16,603	18,925	19,605	20,325	21,084	23,829	24,687	25,579	26,502	27,457
Valle	8,616	8,819	9,922	10,165	10,408	10,661	11,630	12,193	12,491	12,789	13,098
EASTERN ZONE	23,009	23,707	26,895	27,748	28,633	29,561	33,262	34,310	35,399	36,520	37,678
El Paraíso	9,387	9,648	10,916	11,235	11,563	11,906	13,363	13,747	14,149	14,559	14,979
Olancho	11,854	12,214	13,840	14,276	14,721	15,195	17,093	17,622	18,172	18,732	19,313
Gracias a Dios	1,768	1,845	2,139	2,237	2,349	2,460	2,806	2,941	3,078	3,229	3,381

Calculations made by the Secretaría del Consejo Superior de Planificación Económica, based on "National Census of Honduras, General and Educational Characteristics of the Population". Dirección General de Estadística y Censos. December/1964.

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SCHOOL ENROLMENTS - GRADE 1 THROUGH GRADE 6

	Primary School Total	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6
1958		93,287	34,869	19,441	10,956	7,697	5,631
1959		95,350	44,948	23,099	13,241	9,182	6,675
1960	205,113	95,372	48,108	28,612	15,358	10,235	7,428
1961	222,403	100,010	50,994	32,458	18,655	11,880	8,406
1962	237,821	103,373	53,846	34,875	21,357	14,390	9,988
1963	251,544	106,709	55,588	37,088	23,384	16,710	12,065
1964	267,177	113,701	58,668	38,642	24,452	17,791	13,923
1965	283,606	116,024	64,449	42,443	26,968	19,045	14,677
1966	330,779						

Data from ANNUAL STATISTICAL REPORT

RELATIONSHIP BETWEEN TOTAL PRIMARY SCHOOL AGE POPULATION, PROMOTIONS FROM 6th GRADE AND ENTRANCE TO 7th GRADE BY YEARS - 1959-1969

YEAR	Promotions		Matriculated 7th Grade	
	6th Grade	% of Total	Number	% of Previous year 6th grade graduates
1959	5,327	4.45	4,368	85
1960	6,252	4.88	4,768	89
1961	7,351	5.25	4,962	75
1962	8,838	6.46	4,220	57
1963	10,776	6.84	5,635	63
1964	11,981	6.86	6,127	61
1965	12,511	6.90	7,392	61

VARIATIONS IN SECONDARY SCHOOL ENROLLMENTS BY DEPARTMENTS

DEPARTMENT	No. of cities with schools	No. of schools	No. of class - rooms	No. of students enrolled 12 - 25 and over	No. of students per classroom	Population 12 to 25 30/June/66	% of Population of 12 to 25 years enrolled
TOTAL	47	98	857	26587	31.1	616.490	4.3
Fco. Morazán	2	26	299	10642	35.8	97,253	10.9
Atlántida	3	6	60	1936	32.3	31,453	6.2
Colón	1	1	9	186	21.8	14,168	1.3
Comayagua	5	8	45	1180	26.2	32,150	3.7
Copán	1	3	31	616	19.9	40,722	1.5
Cortés	6	18	156	6078	39.0	70,913	8.6
Choluteca	2	5	42	890	21.2	49,338	1.8
El Paraíso	4	4	32	674	21.1	34,069	2.0
Intibucá	3	3	21	442	21.1	23,171	1.9
La Paz	2	2	12	324	27.0	18,387	1.8
Lempira	2	2	11	230	20.9	34,558	0.7
Ocotepeque	2	2	13	347	26.7	15,664	2.2
Olancho	2	2	21	566	26.9	35,699	1.6
Sta. Bárbara	5	5	30	625	20.8	50,585	1.2
Valle	3	3	11	309	28.1	26,217	1.2
Yoro	4	8	66	1542	23.3	42,143	3.7

Source: DIRECCION GENERAL DE ESTADISTICA Y CENSOS.

NUMBER OF STUDENTS ENROLLED IN THE VARIOUS FIELDS OF STUDY

DEPARTMENT	Total	Basic Cycle Gen. Culture	Normal	Secondary Education (H. School)	Commerce	Secretarial	Secretarial Shorthand & Typing	Equivalence	Vocational
TOTAL	26,587	18,042	4,102	2,042	1,431	402	409	142	17
F. Morazán	10,642	6,844	1,061	1,165	834	292	380	66	-
Atlántida	1,936	1,319	348	154	101	10	-	4	-
Colón	186	117	69	-	-	-	-	-	-
Comayagua	1,180	808	323	42	-	7	-	-	-
Copán	616	438	139	39					-
Cortés	6,078	4,199	745	495	457	81	29	72	-
Choluteca	890	657	146	37	33	-	-	-	17
El Paraíso	674	422	243	9	-	-	-	-	-
Intibucá	442	308	134	-	-	-	-	-	-
La Paz	324	231	93	-	-	-	-	-	-
Lempira	230	174	55	1	-	-	-	-	-
Ocitepeque	347	243	104	-	-	-	-	-	-
Olancho	566	389	143	34	-	-	-	-	-
Santa Bárbara	625	469	141	15	-	-	-	-	-
Valle	309	309	-	-	-	-	-	-	-
Yoro	1,542	1,115	358	51	6	12	-	-	-

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

INSTRUCTIONAL PROGRAMS FOR ELEMENTARY SCHOOLS

Areas of Instruction	Number of Hours of Weekly Instruction by Grade					
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6
I. Physical Education	2	2	2	2	2	2
II. Academic Training						
1. Spanish	5	5	5	5	5	5
2. Mathematics	4	4	4	4	4	4
3. Natural Science	3	3	3	4	4	4
4. Social Studies	3	3	4	4	4	4
III. Manual Arts						
1. Industrial Arts and Home making	4	4	4	4	4	4
2. Gardening and Home Agriculture	2	2	3	3	3	3
IV. Art and Music						
1. Plastic Arts, etc.	2	2	3	3	3	3
2. Music	2	2	2	2	2	2
V. Extra Curricular						
1. Sports	2	2	2	2	2	2
2. Chorus and Drama	2	2	2	2	2	2
TOTAL	31	31	34	35	35	35

SECONDARY SCHOOL COURSES OF STUDY

Ciclo Común

SUBJECTS	First Year	Second Year	Third Year
Spanish Language	5	5	5
Social Studies	5	5	5
Ethics and Civics	2	2	2
Natural Science	5	5	5
Mathematics	5	5	5
English Language	3	3	3
Plastic Arts	2	2	
Music Education	2	2	2
Physical Education	2	2	2
Industrial Arts and Home Economics	3	3	3
TOTALS	34	34	33

Normal (3 years)

First Year (Courses and hours per week) TOTAL 36

Spanish	4	Gen. Psych.	3
Mathematics	3	Biology	3
Chem. & Physics	3	Ind. Arts or Home Economics	3
History of Honduras and Central America	4	Soc. & Econ. Problems	2
Gardening	3	Physical Ed.	2
Edu. Psych.	5	Activities	2

Second Year TOTAL 37

Spanish	2	Methods - Math & Science	3
Mathematics	2	Methods - Spanish & Soc. Studies	3
Chem. & Physics	3	Music and Music Methods	3
Cultural History	3	Drawing & Modeling	3
Edu. Sociology	3	P.E. and P.E. Methods	2
Edu. Psychology	3	Ind. Arts or H. Econ.	3
Pre. of Edu. Materials	2	Orientation	2

Third Year		TOTAL	36
Organ. & Admin. of Schools	4		
History of Edu.	3		
Evaluation and Ed. Statistics	3		
Community Development	3		
Intro. to Philosophy	3		
Practice Teaching	17		
Orientation	2		

Secretariado (2 years)

First Year (Courses and hours per week)		TOTAL	34
Spanish	4	Typewriting	5
Commercial English	3	Shorthand	5
Bus. Arith. & Statistics	5	P.E. and Sports	2
Correspondence	5	Orientation	2
Soc. & Econ. Problems	3		

Second Year		TOTAL	34
Spanish	4	Typewriting	3
Commercial English	3	Shorthand	5
Prin. of Accounting	5	Records & Libraries	3
Correspondence	3	Office Machines	2
Record Keeping	2	P.E. and Sports	2
		Orientation	2

Comercio (3 years)

First Year (Courses and hours per week)		TOTAL	37
Spanish	3	Commercial English	3
Accounting Math	5	Statistics	3
Accounting	10	Prin. of Polit. Economics	4
Prin. of Sociology	2	P.E. and Sports	2
Prin. of Law	3	Orientation	2

Second Year		TOTAL	37
Correspondence and Record Keeping	3	Organ. & Admin. of Bus.	3
Accounting Math	5	Finance	3
Accounting	6	Soc. & Econ. Problems	3
Banking Accounting	5	Intro. to Philosophy	3
Business Law	5	Orientation	2

Third Year — TOTAL 37

Accounting Math	3	Organ. and Admin. of Bus.	3
Cost Accounting	6	Finance	3
Public Accounting	5	Soc. and Econ. Problems	3
Trade & Customs	5	Intro. to Philosophy	3
Land & Property Laws	4	Orientation	2

Bachillerato (2 years)

First Year (Courses and Hours per week) — TOTAL 37

Spanish	4	Philosophy	3
English	3	Sociology	2
Mathematics	4	Soc. and Econ. Problems	3
Hist. Honduras and C. America	4	Political Economics	2
Biology	3	P.E. and Sports	2
Physics	3	Orientation	2
Chemistry	3		

Second Year — TOTAL 37

Spanish	4	Chemistry	4
English	3	Philosophy	4
Mathematics	4	Gen. Psychology	3
Cultural History	5	P.E. and Sports	2
Biology	3	Orientation	2
Physics	3		

TEACHERS TRAINED ANNUALLY
1960 - 1966

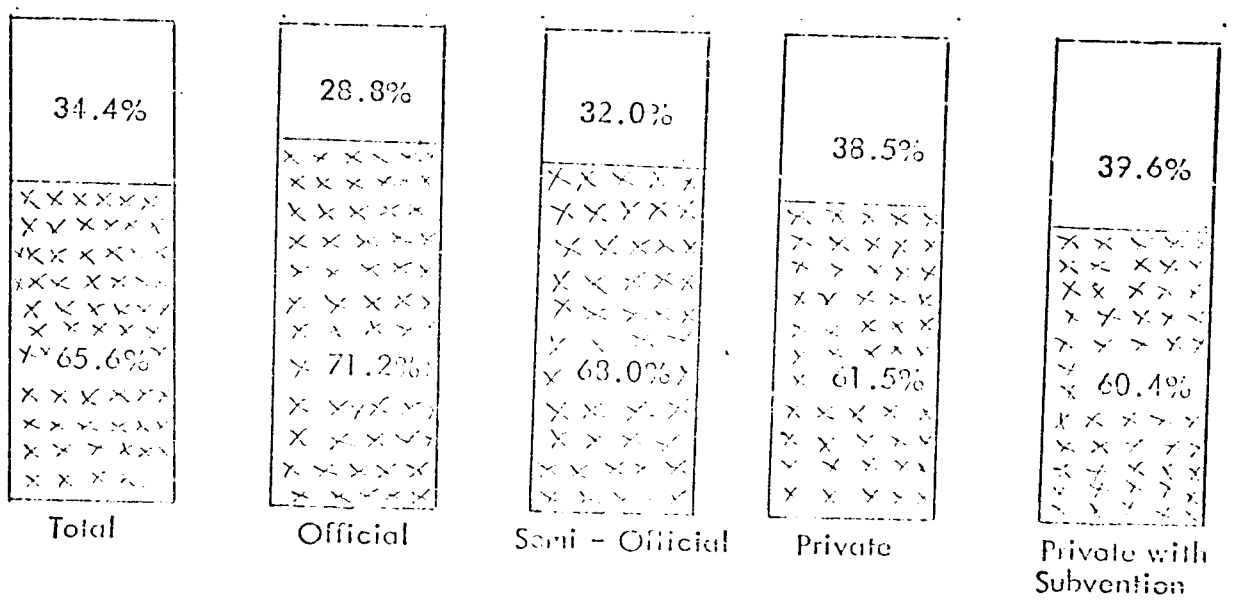
YEAR	PRIMARY	SECONDARY	OTHER	TOTAL
1960	528	35		563
1961	514	25		539
1962	519	40	9	568
1963	25 1/	42	11	78
1964	715	40	4	759
1965	734	28	13	779
1966	1053	38	13	1104

1/ In 1963 the training course was increased from two to three years, hence the drop-off in teachers completing training in 1963.

Source: MINISTRY OF EDUCATION

NUMBER OF TEACHERS IN SERVICE IN SECONDARY EDUCATION WITH AND WITHOUT NORMAL SCHOOL CERTIFICATION

TYPE OF ADMINISTRATION	TOTAL		Grads. from Normal		Unqualified Teachers	
	Total	%	Total	%	Total	%
TOTAL	1,572	100.0	1,032	65.6	540	34.4
Official	375	100.0	267	71.2	108	28.8
Semi-Official	482	100.0	328	68.0	154	32.0
Private	465	100.0	286	61.5	179	38.5
Private with Sub.	250	100.0	151	60.4	99	39,6



Normal School Graduates
Unqualified Teachers

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

NUMBER OF TEACHERS BY AGE

(March, 1966)

AGE GROUPS	NUMBER OF TEACHERS TOTAL	%
TOTAL	1,572	100.0
From 15 to 19 years	33	2.1
" 20 to 24 "	296	18.8
" 25 to 29 "	347	22.1
" 30 to 34 "	217	13.8
" 35 to 39 "	155	9.9
" 40 to 44 "	134	8.5
" 45 to 49 "	132	8.4
" 50 to 54 "	112	7.1
" 55 to 59 "	61	3.9
" 60 to 64 "	34	2.2
" 65 and over	45	2.9
Unknown	6	0.3

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

NUMBER OF TEACHERS BY YEARS OF SERVICE

(March 1966)

YEARS OF SERVICE	LEVEL OF EDUCATIONAL SERVICE						
	Pre - Primary	PRIMARY Urban	PRIMARY Rural	SECONDARY Urban	SECONDARY Rural	Secondary Teacher Training	Higher Education
TOTAL	75	885	72	1282	18	43	21
0 to 1	23	112	29	166	3	7	5
2 to 4	33	250	28	409	8	22	9
5 to 9	9	248	9	339	4	9	3
10 to 14	7	112	3	169	2	2	2
15 to 19	-	80	2	93	-	-	-
20 to 24	2	40	-	49	1	-	1
25 to 29	1	28	-	24	-	1	-
30 and over	-	15	1	33	-	2	1

Source: OFICINA DE PLANIFICACION INTEGRAL DE LA EDUCACION

ANNEX B

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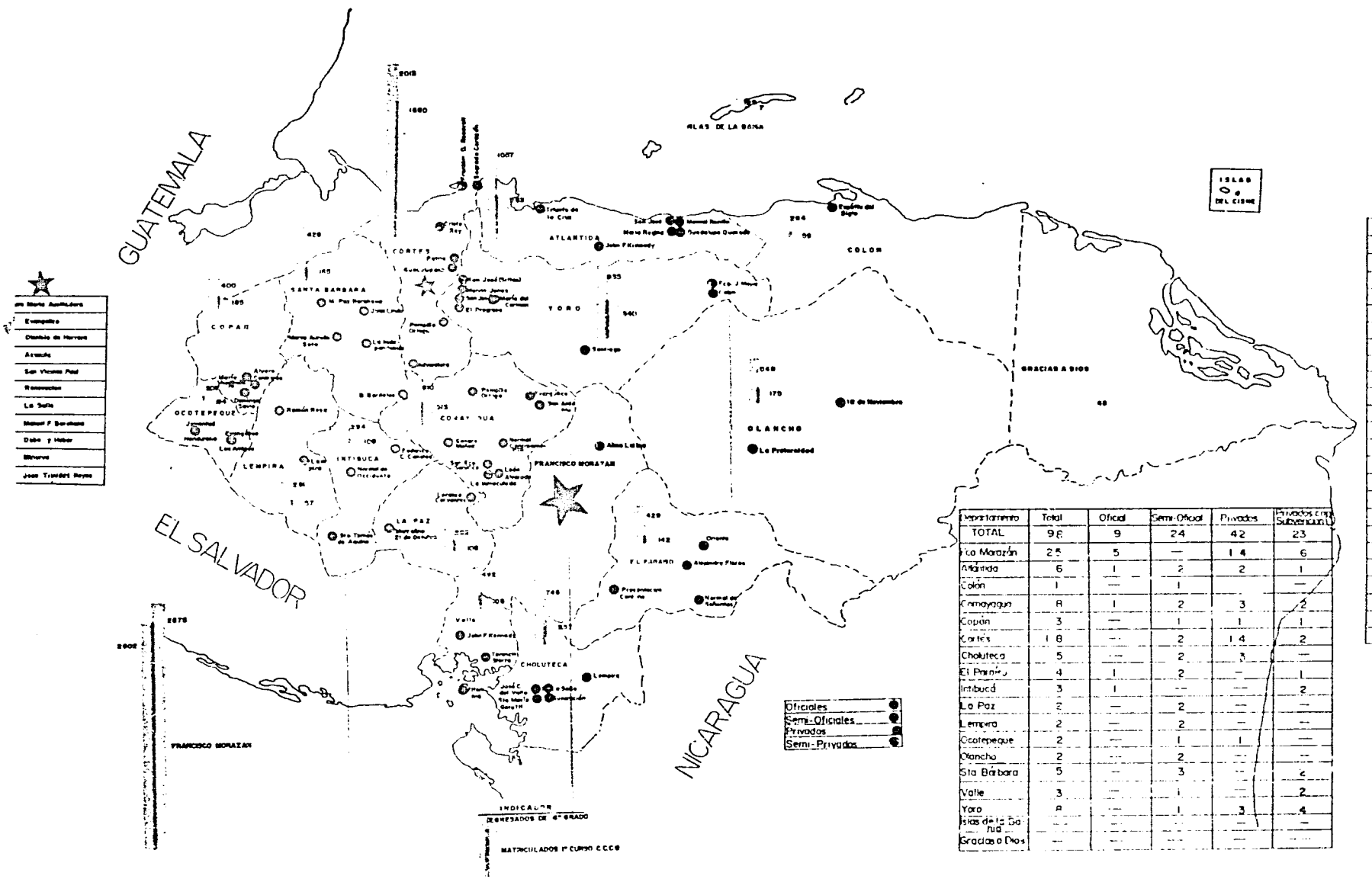
MAP #1 - Relationship between the Number of Sixth Grade Graduates and the Number of Students Enrolled in Grade 7 for 1966

MAP #2 - Locations of Proposed Construction of Schools

10 DE EDUCACION PUBLICA
Planeamiento Integral de la Educación
ción de Estadística"

DISTRIBUCION DE ESTABLECIMIENTOS DE EDUCACION EN EL NIVEL DE ENSEÑANZA MEDIA

ANNEX B MAP # 1



Departamento	Total	Oficial	Semi-Oficial	Privados	Privados con Subvención
TOTAL	98	9	24	42	23
Fco Morazán	25	5	—	14	6
Atlántida	6	1	2	2	1
Colón	1	—	1		—
Comayagua	8	1	2	3	2
Copán	3	—	1	1	1
Cortés	18	—	2	14	2
Choluteca	5	—	2	3	—
El Paraíso	4	1	2	—	1
Intibucá	3	1	—	—	2
La Paz	2	—	2	—	—
Lempira	2	—	2	—	—
Ocotepeque	2	—	1	1	—
Olancho	2	—	2	—	—
Sta Bárbara	5	—	3	—	2
Valle	3	—	1	—	2
Yoro	8	—	1	3	4
Islas de la Bahía	—	—	—	—	—
Gracias a Dios	—	—	—	—	—

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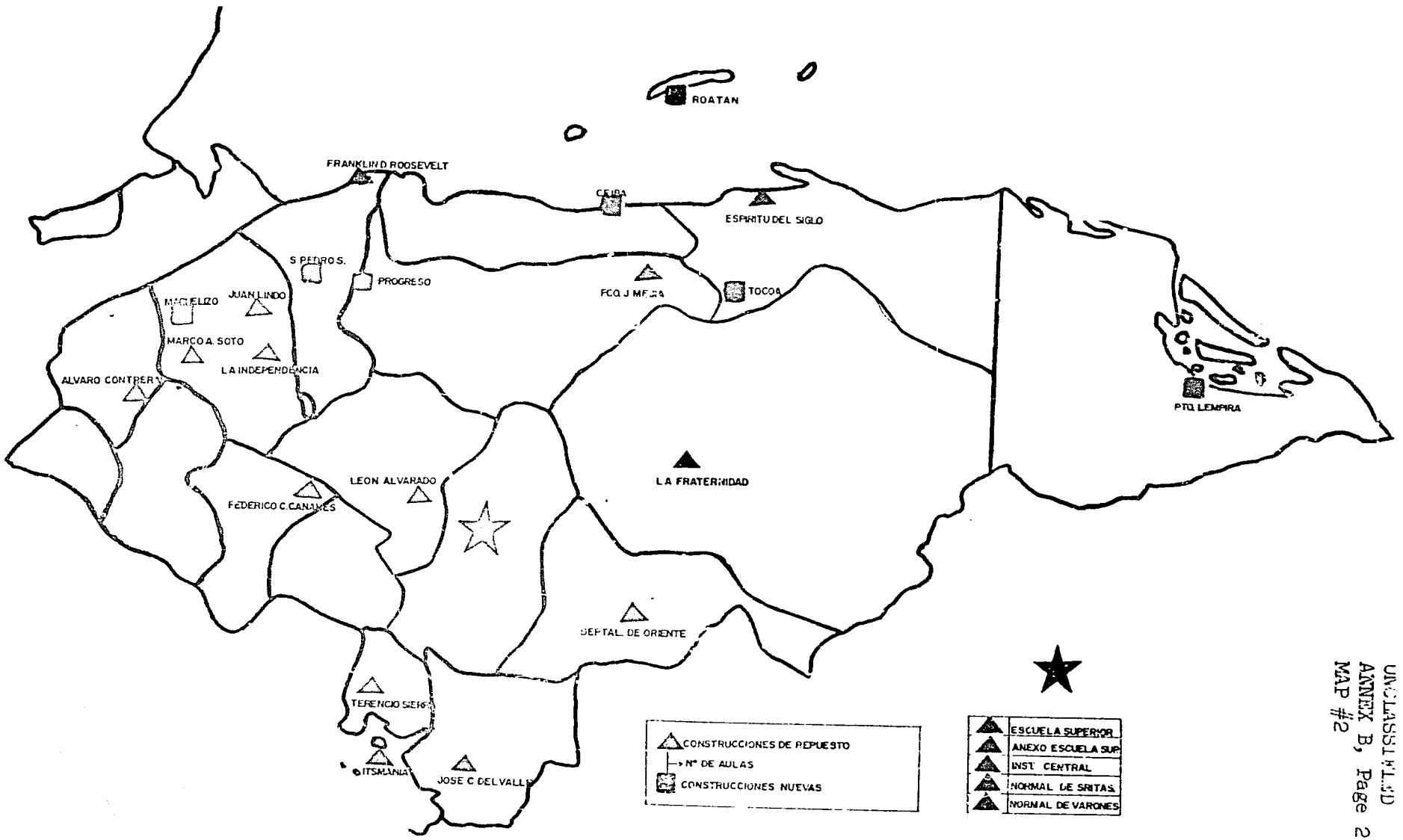
MAP #1

ANNEX B MAP # 2



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MAP #2

DETAILED ENGINEERING AND CONSTRUCTION ANALYSIS

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INDIVIDUAL SUB-PROJECT ANALYSIS	17

DETAILED ENGINEERING AND CONSTRUCTION ANALYSIS

A. Description of the Project

The proposed project contemplates the construction of 20 secondary education schools located in 15 of the 18 departments of Honduras. All locations can be reached over existing roads, although some of these roads lack bridges over large rivers and are not passable at times during the rainy season.

A total of 358 classrooms will be constructed under this program. One hundred and fifty are scheduled for the Tegucigalpa schools and 208 for schools in outlying areas. Following is a page that shows a list of the schools to be constructed, the departments in which they are located and the number of classrooms for each school.

The five schools to be constructed in Tegucigalpa include two regular secondary schools (Instituto Central), two normal schools (one for boys and one for girls) and a teacher-training school (Escuela Superior del Profesorado - 30 classrooms) with a practice-teaching annex of 12 classrooms.

The schools vary in size from 8 to 42 classrooms and therefore the complementary facilities and their size will vary accordingly. All schools will have the basic facilities such as administrative space, library, open-air assembly areas, restrooms, storerooms and laboratories as determined by student interest in the different locations. The larger schools will have cafeterias (no kitchen or serving facilities), gymnasiums, etc.

The following main facilities were considered for each school. The individual school sizes and their particular educational needs determined which of these facilities would be included in each school.

List of Complementary Facilities

1. Director's Office
2. Secretary's Office
3. Administration Office
4. Sub-Director's Office
5. Reproduction Room
6. Teachers' Hall
7. Orientation Hall
8. Advisor's Hall
9. Chief of Section's Hall
10. Library
11. Physics and Chemistry Laboratory
12. Biology Laboratory
13. Business Education (typing-shorthand)
14. Agricultural Education
15. Cafeteria
16. Gymnasium-Auditorium
17. Stage and Open Assembly Area
18. Industrial Arts Shop
19. Dressing Rooms
20. Cleaning Rooms
21. School Supply Room
22. Audio/Visual Storeroom
23. Showers
24. Restrooms

The complementary facilities for each school, the number and size of classrooms for each and the location of each school were determined by the Ministry of Education through its Planning Division. The methodology and justification are described in another section of this Capital Assistance Paper.

Each school will be provided with water supply and sewage disposal facilities furnished by the municipalities where the schools are to be located, or these facilities will be constructed for those schools where the municipalities cannot furnish them.

The individual school sites selected are close (walking distance) to the largest municipality within the radius of influence of each particular school and it is expected that students will commute to school daily. Therefore no dormitory or transportation assembly facilities will be provided.

LIST OF PROPOSED FACILITIES

		Department	Classrooms
1.	Instituto Central No. 1	Fco. Morazán	30
2.	Instituto Central No. 2	Fco. Morazán	30
3.	Escuela Superior del Profesorado & Annex	Fco. Morazán	42
4.	Escuela Normal de Señoritas	Fco. Morazán	28
5.	Escuela Normal de Varones	Fco. Morazán	20
	Sub-Total Tegucigalpa Schools		150
6.	Santa Rosa de Copán	Copán	12
7.	Santa Bárbara	Sta. Bárbara	24
8.	Trinidad	Sta. Bárbara	8
9.	San Pedro Sula	Cortés	20
10.	Puerto Cortés	Cortés	16
11.	Progreso	Yoro	16
12.	La Ceiba	Atlántida	12
13.	Olanchito	Yoro	12
14.	Trujillo	Colón	8
15.	Roatán	Islas Bahía	8
16.	Comayagua	Comayagua	16
17.	Juticalpa	Olancho	28
18.	Nacaome	Valle	8
19.	Choluteca	Choluteca	12
20.	Danlí	El Paraíso	8
		Sub-Total	208
		GRAND TOTAL	358

B. PROJECT CONSTRUCTION COST ESTIMATE

Preliminary plans and cost estimates were prepared by the architectural and engineering firm of Merriam & Merriam from Tegucigalpa, Honduras. The firm's background and work has been primarily structural design and supervision of construction. The firm has developed a master plan for the University of Honduras, designed and supervised several buildings for the university, in addition to other school work in Honduras. The firm has been retained for projects financed by AID.

The cost estimates for each sub-projects are based on the standard plans and specifications for a model design. Since the size and location of each school are known, Merriam and Merriam engineers were able to prepare cost estimates for each school. A comparison of the cost estimates against actual costs of the Villa Ahumada Normal School project indicate that Merriam and Merriam's cost estimates for this program are realistic. The Villa Ahumada School was completed in February of 1967.

The cost estimate is based on the maximum use of local materials. The following will probably be the source of construction materials:

Honduras:

1. Brick
2. Concrete Block
3. Rock (for Walls)
4. Cement
5. Cement Tile
6. Aluminum Windows
7. Reinforcing Steel
8. Lumber
9. Corrugated Asbestos Cement Roofing
10. Paint

Central American Common Market:

1. Asbestos Cement Pipe
2. Misc. Steel Products
3. Misc. Electrical
4. Plastic pipe
5. Corrugated Metal Roofing

United States:

1. Cast Iron Plumbing Fixtures
2. Bath & Restroom Fixtures
3. Misc. Electrical
4. Misc. Hardware
5. Plastic Pipe & Accessories
6. Aluminum

Skilled labor is not abundant in Honduras. In remote locations where some of the schools are to be constructed skilled labor is not available at all. Also the transportation of manufactured items to these locations will be difficult and expensive. For these two primary reasons schools in remote locations will be considerably more expensive than similar schools in locations where skilled labor is available and there is easy access to the site.

At the present time there are many road and other projects under study, design or construction in Honduras that will coincide with the construction period anticipated for this project. As an indication, at the present time engineering firms are experiencing difficulty finding local engineers, which was not the case two years ago. Also, all qualified construction contractors have as much work as they can handle. All of this means that projects that present logistic problems and where labor is not available will not be attractive to construction contractors and therefore costs for such projects will be relatively high. These situations were considered in preparing the cost estimate.

COST TABULATION

Sub-Projects	Classrooms	Cost Dollars
1. Instituto Central No. 1	30	$ 511,903
2. Instituto Central No. 2	30	511,903
3. Escuela Superior del Profesorado & Annex	42	796,391
4. Escuela Normal de Señoritas	28	362,117
5. Escuela Normal de Varones	20	313,530
Sub-Total Tegucigalpa		$2,495,844
6. Santa Rosa de Copán	12	$ 213,976
7. Santa Bárbara	24	351,565
8. Trinidad	8	212,264
9. San Pedro Sula	20	305,026
10. Puerto Cortés	16	220,156
11. Progreso	16	245,897
12. La Ceiba	12	287,817
13. Olanchito	12	251,265
14. Trujillo	8	269,578
15. Roatán	8	297,124
16. Comayagua	16	251,599
17. Juticalpa	28	357,179
18. Macaome	8	173,011
19. Choluteca	12	194,378
20. Danlí	8	163,929
Sub-Total		$3,795,564
Total Construction Cost		6,291,408
Engineering, Admin., Contingencies (15%±)		1,108,592
GRAND TOTAL		$7,400,000

LOCAL AND FOREIGN EXCHANGE COMPONENTS OF COST ESTIMATE

(U.S. Dollars)

	Honduran Contribution	AID Loan			Total Cost or Value
		Local Currency	Foreign Exchange	Total	
I. CONSTRUCTION:					
1. Schools	$ 2,140,000	$ 3,846,858	$ 304,550	$ 4,151,408	$ 6,291,408
2. Engineering Admin., etc.	----	$ 775,592	$ 333,000	$ 1,108,592	$ 1,108,592
Sub-Total	$ 2,140,000	$ 4,622,450	$ 637,550	$ 5,260,000	$ 7,400,000
II. VALUE OF SCHOOL SITES	$ 526,000	----	----	----	$ 526,000
	$ 2,666,000	$ 4,622,450	$ 637,550	$ 5,260,000	$ 7,926,000
Percentage of Total:	33.6	58.4	8.1	66.4	
Percentage of Loan:		87.8	12.2		

C. DESIGN CRITERIA:

General

The design of the schools is directed toward a standardized modular concept that may easily be adjusted to the existing and future needs of each municipality and the radius of influence of each school. The model concept will minimize engineering, construction, operation and maintenance costs.

Honduras' climate is a critical factor as regards the architectural design of structures to be occupied by people, since heating and air-conditioning are costly and seldom used. Therefore, in addition to allowing for easy expansion of facilities, the basic model is easily adaptable to take advantage of prevailing breezes, rainfall, sunlight and other climatic conditions of each locality.

School sites in each municipality were selected by local municipal authorities, local school directors and the Planning Division of the Ministry of Education with assistance from Merriam and Merriam and USAID education advisors. A basic design model has been developed to fit narrow and deep sites. No other adjustments to the basic model are anticipated.

Each site is suited for single-story and detached type of construction and each was carefully inspected by Merriam and Merriam engineers to ascertain that site conditions will not require any special foundation or structural design. It has been determined that each site is suitable for normal reinforced concrete spread footings and structural columns. There is no evidence at any of the selected sites that there have been marsh, swamp or similar conditions that could present foundation problems. No special site preparation problems are anticipated at any of the school locations. Also each site selected meets the following minimum criteria:

1. Functionally suitable for each school's requirements.

2. Reasonably flat to minimize site development costs.

3. Devoid of open sewers, cesspools, ditches or drainage pits, garbage dumps and incinerators.

4. That adequate water supply facilities are available or can be provided.

5. That adequate sanitary sewerage facilities are available or can be provided.

6. Establishment of the location and size of existing water, gas, sewer and electrical services.

7. Accessible for the transportation of materials and construction equipment.

8. That the soil bearing value is satisfactory and suitable for the construction of foundations at reasonable cost.

9. That there are no serious rock conditions that will require expensive removal.

10. Devoid of encroachments of every character including buildings, fences, etc.

11. Devoid of sub-surface obstructions such as tanks, old foundations and utility lines.

12. Sufficient slope for proper drainage.

13. Devoid of swamps, exposure to flooding, erosion, landslides and other natural hazards.

14. That the school can be oriented on the site to take advantage of climatic condtions.

15. Free of excessive noises from industry, railroads, foundries, highways, etc.

The basic design will consist of reinforced concrete foundations; a reinforced concrete structure; rock, brick or concrete block walls; cement tile floors over a sand base; aluminum windows; timber or metal roof trusses; plywood or asbestos cement ceilings and asbestos or sheet metal corrugated roofing.

This basic design is used for single story construction throughout Honduras. The A.I.D. supported 484 classroom primary school construction program and the recently completed $200,000 expansion of the Villa Ahumada Normal School for girls are of the same basic design. This program proved to be most economical because of its simple design and maximum use of local materials.

Although this is a large country-wide program for Honduras, individual schools are as small as eight classrooms with the minimum necessary complementary facilities. Therefore, since the size and other characteristics of the individual sub-projects proposed for this program are adaptable to this type of basic design, the GOH and Merriam and Merriam have selected this concept as best suited for this project.

Special

There are no building codes and little construction control in Honduras and, therefore, no special requirements have to be met. The design, however, will conform to United States standards and codes.

All attached items such as shelves, benches, lockers, bookcases, etc. are included in the school construction cost. Unattached items such as desks, chairs and other furniture are not included and are described and provided for in another section of this CAP.

The final design will consider using materials for doors, windows, trim, restroom facilities, etc. that will make the schools as indestructible as possible.

General Construction Standards

The following design standards are directed to make use of materials available in Honduras to the extent possible, such as rock, brick or concrete block walls, timber or steel roof trusses, asbestos cement, etc. No problems are anticipated as regards the availability of materials.

LIST OF DESIGN STANDARDS

Item	Standard
Foundations	Reinforced concrete
Floors	Cement tile
Structural	Reinforced concrete frame
Exterior and Interior Walls	Rock, concrete block or baked clay brick
Ceiling	Asbestos or plywood
Roof Frame	Timber or metal
Roof	Corrugated asbestos cement
Windows	Aluminum jalousie
Doors	Plywood panel and wood frame
Paint	Water base for interior walls, oil base for doors and wood trim
Electrical	Will conform to US codes. Consists primarily of ceiling and wall receptacles.
Plumbing	Will conform to US codes. Consists primarily of restroom facilities
Roads, Walks, etc.	Gravel
Water Supply:	
Source	From the community or wells
Storage	Reinforced concrete tanks
Distribution System	Plastic asbestos cement pipe and galvanized steel pipe
Sanitary Sewer Disposal:	
Collection System	Concrete pipe
Treatment	Septic or Imhoff tanks

D. ENGINEERING AND CONSTRUCTION PLAN:

The project will be administered for the Government of Honduras by the Ministry of Education, with direct implementation responsibility placed on its Construction Division. The Construction Division will be assisted by the various departments of the National Planning Council, the Ministry of Public Works and the Construction and Maintenance Division of the Ministry of Education. Most important, the Government of Honduras plans to retain the services of a qualified architectural-engineering firm to prepare final plans and specifications, to advertise the construction for competitive bidding, and to supervise the construction of the project. The Ministry will also require that the engineering firm assist in reorganizing and staffing the Construction Division so that it can properly accomplish its construction and maintenance responsibility. While the execution of the project will be entirely the responsibility of the Borrower, AID will monitor its implementation and therefore USAID, ROCAP and AID/W engineering talent can be called for when needed. With all of this assistance the Ministry of Education should be able to implement the project in a proper and timely fashion.

The physical construction will be accomplished by construction contractors bidding for the work on a competitive basis. United States and Central American contractors will be eligible to bid for the work.

The first step that will be taken toward the physical construction of the project will be the selection of architectural-engineering services. Such services will be provided by a United States or Central American firm or a joint venture of U.S. and C.A. firms. The A/E firm will prepare final plans and specifications, advertise the project for competitive construction bids and supervise its construction.

A 48 months physical construction program is anticipated. The individual schools will be grouped into sub-projects or advertised individually for construction. Construction priority for each school and sub-project will be established by the Ministry of Education. Priority will be established on educational requirements taking into consideration cost factors such as weather and availability of materials and labor at certain periods of the year.

Competitive bidding for the construction will be accomplished in accordance with AID requirements and Honduran law.

It is expected that implementation of the project will continue for 60 months after the signature and ratification of the loan agreement. The 68 month period is analyzed in the following table.

Project Implementation Schedule

		Portion of 60 Month Program
I.	Activity Schedule	
	1. Meeting Conditions Precedent and Contracting for Engineering Services	1st thru 6th
	2. Engineering Services:	
	a) Preparation Final Plans & Specs.	6th thru 47th
	b) Bid & Award Sub-Projects	11th thru 49th
	c) Supervision of Construction	11th thru 59th
	3. Project Construction	11th thru 59th
	4. Final Acceptance & Disbursements	59th thru 60th
II.	Procurements/Disbursement Schedule	
	1. Engineering Services	6th thru 60th
	2. Project Construction	11th thru 60th
III.	Procurement/Disbursement Schedule by Currencies	
	1. Local Currency	
	a) Project Sites	1st thru 24th
	b) Project Construction	11th thru 60th
	2. AID Loan	
	a) Engineering Services	6th thru 60th
	b) Project Construction	11th thru 60th

E. MAINTENANCE

The Government of Honduras has been aware for some time that the maintenance of schools now being accomplished leaves much to be desired. The maintenance program needs revamping from all aspects including budgeting, management, equipment, materials supply and administration. The AID-supported primary school program recently completed has aggravated this problem. At the present time the Ministry of Education, through its Division of Construction and Maintenance, is responsible for the maintenance of the following schools and has budgeted for it as shown:

Type of School	No. of Schools	No. of Classrooms	Budget (Dollars)
1. Primary	3,228	---	50,000
2. Special & Private	105	857	---
3. Vocational	4	48	---
		TOTAL	$ 50,000

The Division of Construction and Maintenance also has the responsibility for the construction of 148 new rural primary classrooms in 1967 and the furnishing of technical assistance for a program that contemplates the construction of 300 primary classrooms by CARE.

The Division has not been staffed for such a work load. During the past year, however, the Ministry of Education has been reorganizing the Division, increasing its budget allocation, employing qualified personnel, and is attempting to establish a system for the supply of materials, tools and equipment. It is expected that the result will be an organization that can perform proper maintenance of existing and proposed schools.

Because of the importance of maintenance of all existing schools in Honduras and in order to assure the proper maintenance of the proposed secondary school construction project, a covenant of the Loan Agreement

will state that prior to the first disbursement for construction services for any of the schools, the Borrower will prepare and submit a plan satisfactory to AID for the maintenance of all government schools in Honduras and particularly previously AID-financed primary schools and the secondary schools to be constructed under this program.

In addition the Borrower will show evidence to AID of the implementation of the maintenance plan by conducting regular inspections with AID officials, by submitting semi-annual reports for the first five years after the first disbursement from loan funds and on a yearly basis thereafter for the period of the loan. The Borrower will also provide to AID its approved annual budget allocation and distribution for school maintenance.

F. INDIVIDUAL SUB-PROJECT ANALYSIS:

TEGUCIGALPA SUB-PROJECTS

I. General

1. Site: --- All sites available are adequate and similar in area, soil conditions, location with respect to distance from the center of the city and are on boulevards or highways.

2. Utilities: --- Preferable to provide all lots with their own water supply systems and sewage disposal systems. Electricity must be brought in from the nearest source of municipal supply.

3. Materials and Labor: --- Local supply of materials has traditionally been adequate, but recent increase in construction has made materials scarce. It is assumed, however, that new manufacturing plants will alleviate the situation by the time the project gets under way. Both skilled and unskilled labor is available, although it is somewhat scarce because of accelerated construction efforts.

II. Cost Estimate - Instituto Central, No. 1 and No. 2

		Cost (Dollars)
1.	Site Preparation	7,995
2.	Foundations & Structural	187,311
3.	Masonry	90,584
4.	Windows & Misc. Metal Work	39,433
5.	Roof & Carpentry	29,575
6.	Electrical	50,274
7.	Plumbing	39,009
8.	Finishing Structure & Misc.	12,322
9.	Water Supply	9,000
10.	Sewage Disposal	8,000
11.	Access Streets	1,000
	Total Cost for One School	$ 511,903
	GRAND TOTAL - Two Schools	1,023,806

Cost per square foot - $ 7.30

III. Cost Estimate - Escuela Superior del Profesorado and Annex

		Cost (Dollars)
1.	Site Preparation	11,758
2.	Foundations & Structural	297,879
3.	Masonry	156,778
4.	Windows & Misc. Metal Work	62,712
5.	Roof & Carpentry	47,033
6.	Electrical	79,339
7.	Plumbing	108,745
8.	Finishing Structure & Misc.	19,597
9.	Water Supply	5,000
10.	Sewage Disposal	5,000
11.	Access Streets	2,500
	TOTAL	$ 796,391

Cost per square foot: $ 8.52

IV. Cost Estimate - Escuela Normal de Señoritas

		Cost (Dollars)
1.	Site Preparation	5,343
2.	Foundations & Structural	135,374
3.	Masonry	71,249
4.	Windows & Misc. Metal Work	28,499
5.	Roof & Carpentry	14,249
6.	Electrical	37,374
7.	Plumbing	49,874
8.	Finishing Structure & Misc.	8,905
9.	Water Supply	4,000
10.	Sewage Disposal	5,000
11.	Access Streets	2,250
	TOTAL	$ 362,117

Cost per square foot:- $ 6.85

V. Cost Estimate - Escuela Normal Asociada de Varones

		Cost (Dollars)
1.	Site Preparation	4,486
2.	Foundations & Structural	113,649
3.	Masonry	59,815
4.	Windows & Misc. Metal Work	23,926
5.	Roof & Carpentry	17,945
6.	Electrical	30,907
7.	Plumbing	42,871
8.	Finishing Structure & Misc.	7,431
9.	Water Supply	5,000
10.	Sewage Disposal	6,000
11.	Access Streets	1,500
	TOTAL	$ 313,530

Cost per square foot: $ 7.35

SANTA ROSA DE COPAN SUB-PROJECT

I. General

1. Site: --- Located 3,000 feet from the center of town on northwest end. 9.08 acres. Site is irregular with a hill as part of the site. An access street must be built with a culvert to reach the site.

2. Utilities: --- Water and electricity must be brought from municipal system a distance of 660 feet. A sewage disposal system must be built. Deep wells recommended.

3. Materials and Labor: --- Local materials are available, although some must be brought in from up to 12 miles from town. Imported materials must be brought in from San Pedro Sula over a good road. Unskilled labor is readily available; there is some skilled labor, but it is not readily available.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	1,913
2.	Foundations & Structural	38,267
3.	Masonry	47,834
4.	Windows & Misc. Metal Work	17,220
5.	Roof & Carpentry	44,007
6.	Electrical	17,620
7.	Plumbing	15,306
8.	Finishing Structure & Misc.	8,609
9.	Water Supply	15,000
10.	Sewage Disposal	7,000
11.	Access Streets	1,200
	TOTAL	$ 213,976

Cost per square foot: $ 5.20

SANTA BARBARA SUB-PROJECT

I. General

1. Site: --- Southwest of town by river. 1.21 acres. Divided in two levels, with difference of 40 feet between levels. Upper level drains on lower. Soil of upper level is clay and sandy, while lower level is coarse aggregate. Lower level crossed by ditch, with two small buildings. Access is via small suspension bridge, in deficient condition. No vegetation.

2. Utilities: --- Water can be brought in from river. Municipal electricity must be brought 1,980 feet. Sewage disposal plant must be built.

3. Materials and Labor: --- Local materials available and others can be brought easily by land from San Pedro Sula. Unskilled labor available and some skilled labor.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	4,984
2.	Foundations and Structural	66,458
3.	Masonry	88,067
4.	Windows & Misc. Metal Work	29,904
5.	Roof & Carpentry	76,421
6.	Electrical	30,404
7.	Plumbing	26,581
8.	Finishing Structure & Misc.	14,951
91	Water Supply	8,000
10.	Sewage Disposal	6,800
11.	Access Streets	4,000
	TOTAL	$ 351,565

Cost per square foot: $ 6.06

TRINIDAD SUB-PROJECT

I. General

1. Site: --- One mile from town over bad road. Uneven, draining through middle to creek. 7.41 acres. Slopes to north. Clay soil. Culvert or bridge necessary to cross creek for better access.
2. Utilities: --- Ample water supply from municipality. Electricity must be brought 0.6 miles. Must provide sewage disposal.;
3. Materials and Labor: --- Local materials available; imported materials can be readily brought in. Undilled labor plentiful. Skilled labor scarce, can be brought in from San Pedro Sula.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	2,881
2.	Foundations & Structural	30,424
3.	Masonry	48,030
4.	Windows & Misc. Metal Work	17,291
5.	Roof & Carpentry	44,108
6.	Electrical	10,291
7.	Plumbing	15,369
8.	Finishing Structure & Misc.	17,290
9.	Water Supply	5,000
10.	Sewage Disposal	4 000
11.	Access Streets	1,500
	TOTAL	$ 212,264

Cost per square foot: $ 6.20

SAN PEDRO SULA SUB-PROJECT

I. General

1. Site: --- Located within city limits on southwest portion of "Boulevard de Circunvalación". 10.03 acres. Flat with a slight slope towards the south. Excellent soil conditions.

2. Utilities: --- Electricity available at edge of property. Water and sewage systems must be provided.

3. Materials and Labor: --- All local materials available at reasonable prices. Imported materials available. All labor easily available.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	4,301
2.	Foundations & Structural	57,359
3.	Masonry	71,567
4.	Windows & Misc. Metal Work	25,746
5.	Roof & Carpentry	65,932
6.	Electrical	25,746
7.	Plumbing	22,993
8.	Finishing Structure & Misc.	12,152
9.	Water Supply	12,500
10.	Sewage Disposal	7,000
11.	Access Streets	500
	TOTAL	$ 305,826

Cost per square foot: $ 5.83

PUERTO CORTES SUB-PROJECT

I. General

1. Site: --- Located 6 kilometers from center in direction of potential growth. 6.91 acres. Flat with 1% slope to southwest, trees and ditch at southern boundary. Soil is sandy, requires good drainage system.
2. Utilities: --- Sufficient water from municipality. Telephone and electricity must be brought 2,640 feet. Sewage disposal system must be provided.
3. Materials and Labor: --- All materials available readily. Both skilled and unskilled labor available.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	3,077
2.	Foundations & Structural	41,033
3.	Masonry	51,291
4.	Windows & Misc. Metal Work	18,464
5.	Roof & Carpentry	47,100
6.	Electrical	18,934
7.	Plumbing	16,413
8.	Finishing Structure & Misc.	9,231
9.	Water Supply	5,000
10.	Sewage Disposal	8,000
11.	Access Streets	1,495
	TOTAL	$ 220,156

Cost per square foot: $4.96

PROGRESO SUB-PROJECT

I. General

1. Site: --- Located in the fastest growing sector of the community. 6.21 acres. Slight slope to south. Clay and sandy soil.

2. Utilities: --- Water and electric power is available from the municipality. Must develop its own sewage disposal system.

3. Materials and Labor: --- All materials and labor are readily available or can easily be brought from nearby San Pedro Sula over good roads.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	3,550
2.	Foundations & Structural	47,408
3.	Masonry	59,179
4.	Windows & Misc. Metal Work	21,304
5.	Roof & Carpentry	54,445
6.	Electrical	21,754
7.	Plumbing	18,937
8.	Finishing Structure & Misc.	10,120
9.	Water Supply	4,000
10.	Sewage Disposal	4,000
11.	Access Street	1,200
	TOTAL	$ 245,897

Cost per square foot: $ 5.10

LA CEIBA SUB-PROJECT

I. General

1. Site: --- Within "El Sauce" Housing Cooperative. Good, flat land with slight slope towards the south and ready access by highway. It is about one mile from center of town, towards the growth area of the city. 6.90 acres.
2. Utilities: --- The subdivision will provide all utilities.
3. Materials and Labor: --- Local materials somewhat scarce, although Standard Fruit Co. manufactures most building materials. Imported materials can be brought in by steamship or railway. Unskilled and skilled labor available from the area.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	4,045
2.	Foundations & Structural	53,934
3.	Masonry	67,418
4.	Windows & Misc. Metal Work	24,270
5.	Roof & Carpentry	62,024
6.	Electrical	24,770
7.	Plumbing	21,507
8.	Finishing Structure & Misc.	24,269
9.	Water Supply	3,000
10.	Sewage Disposal	2,000
11.	Access Streets	500
	TOTAL	$ 287,817

Cost per square foot: $ 4.65

CLANCHITO SUB-PROJECT

I. General

1. Site: --- Urban lot in center of town, near grade schools. 6.91 acres. Even slope towards north. Soil with abundant fine aggregate.
2. Utilities: --- All utilities available from municipality.
3. Materials and Labor: --- Stone, clay brick and lumber available; other materials imported from La Ceiba. Some skilled labor available. Unskilled labor available.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	3,622.00
2.	Foundations & Structural	48,293.00
3.	Masonry	60,366.00
4.	Windows & Misc. Metal Work	21,732.00
5.	Roof & Carpentry	55,587.00
6.	Electrical	21,732.00
7.	Plumbing	19,317.00
8.	Finishing Structure & Misc.	10,166.00
9.	Water Supply	5,000.00
10.	Sewage Disposal	5,000.00
11.	Access Streets	450.00
	TOTAL	$ 251,265.00

Cost per square foot: $ 6.55

TRUJILLO SUB-PROJECT

I. General

1. Site: --- Within city of Trujillo. 1.67 acres. Sandy soil with natural drainage. Level except for slight depression at center.

2. Utilities: --- Water and electric power available from the municipality. Must develop its own sewage disposal system.

3. Materials and Labor: --- Most materials must be brought from La Ceiba or San Pedro Sula. Skilled labor limited. Unskilled labor available.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	3,886
2.	Foundations & Structural	51,816
3.	Masonry	64,770
4.	Windows & Misc. Metal Work	23,317
5.	Roof & Carpentry	59,588
6.	Electrical	23,817
7.	Plumbing	20,726
8.	Finishing Structure & Misc.	11,658
9.	Water Supply	5,000
10.	Sewage Disposal	5,000
	TOTAL	$ 269,578

Cost per square foot: $ 8.00

ROATAN SUB-PROJECT

I. General

1. Site: --- 2,640 feet from center of town. 12.07 acres. Sufficient slope to east for adequate drainage. Hill about 49.6 feet high. Soil is fine aggregate.
2. Utilities: --- All utilities must be provided. Electricity must be brought from 0.62 miles. Well and septic tank can be provided at reasonable cost.
3. Materials and Labor: --- Only available materials are sand and gravel. Except for boat-builders there is no skilled labor.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	4,276
2.	Foundations & Structural	57,025
3.	Masonry	71,282
4.	Windows & Misc. Metal Work	25,661
5.	Roof & Carpentry	65,529
6.	Electrical	26,611
7.	Plumbing	22,810
8.	Finishing Structure & Misc.	12,330
9.	Water Supply	7,000
10.	Sewage Disposal	4,000
11.	Access Streets	600
	TOTAL	$ 297,124

Cost per square foot: $8.80

COMAYAGUA SUB-PROJECT

I. General

1. Site: --- Located 2,640 feet from center of town, in one of the fastest growing areas of the city, towards the southwest. 9.88 acres. Good soil conditions. Slight slope of 1% to 1-1/2% towards the west.

2. Utilities: --- Water and electricity available from the municipality. A sewage disposal plant must be built.

3. Materials and Labor: --- Local materials are available, while imported materials can be brought in by land. Unskilled labor available. There is some skilled labor, although additional labor might have to be imported.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	4,025
2.	Foundations & Structural	47,487
3.	Masonry	63,746
4.	Windows & Misc. Metal Work	22,148
5.	Roofs & Carpentry	54,047
6.	Electrical	21,598
7.	Plumbing	18,799
8.	Finishing Structure & Misc.	10,299
9.	Water Supply	5,000
10.	Sewage Disposal	4,000
11.	Access Streets	450
	TOTAL	$ 251,599

Cost per square foot: $ 5.13

JUTIGALPA SUB-PROJECT

I. General

1. Site: --- Located to the southeast of the city, with an area of 8.35 acres of flat land. Good soil conditions. Approximately 2,300 feet from center of town. A pedestrian bridge is being built for access to the site. School should help maintain bridge.

2. Utilities: --- Water and electricity can be brought from municipal source 1,970 feet away. A sewage disposal system must be built.

3. Materials and Labor: --- Local materials available. Imported materials brought from Tegucigalpa. Both skilled and unskilled labor available.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	5,102
2.	Foundations & Structural	68,036
3.	Masonry	85,046
4.	Windows & Misc. Metal Work	30,616
5.	Roof & Carpentry	78,242
6.	Electrical	31,116
7.	Plumbing	27,214
8.	Finishing Structure & Misc.	15,307
9.	Water Supply	8,000
10.	Sewage Disposal	7,000
11.	Access Streets	1,500
	TOTAL	$ 357,179

Cost per square foot: $5.99

NACACHE SUB-PROJECT

I. General

1. Site: --- Located on banks of river southwest and about 800 meters from center of town. Irregular in shape, hill with a flat top. 13.00 acres. Soil is clay and there are a few trees. Access road must be repaired.

2. Utilities: --- Municipal electricity must be brought in 660 feet. Water is available from municipality, but is so scarce it would be better to provide school with own; a sewage system must be provided.

3. Materials and Labor: Local materials available at slightly higher cost than elsewhere. Land transportation is good. Unskilled labor available. Skilled labor must be brought in.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	2,300
2.	Foundations & Structural	30,672
3.	Masonry	38,340
4.	Windows & Misc. Metal Work	13,802
5.	Roof & Carpentry	35,272
6.	Electrical	14,052
7.	Plumbing	12,268
8.	Finishing Structure & Misc.	6,900
9.	Water Supply	12,000
10.	Sewage Disposal	7,000
11.	Access Streets	405
	TOTAL	$ 173,011

Cost per square foot: $4.74

CHOLUTECA SUB-PROJECT

I. General

1. Site: --- Located within city limits. 14.82 acres. Next to two subdivisions under construction. Has a 1% to 1-1/2% slope towards south. Access street under construction. Good soil conditions and some vegetation, especially trees.

2. Utilities: --- Water and electricity provided by municiplaity, but must be brought in from 1,650 feet. Sewage disposal system must be built.

3. Materials and Labor: --- Materials available locally. Both skilled and unskilled labor available locally.

II. Cost Estimate

		Cost (Dollars)
1.	Site Preparation	2,751
2.	Foundations & Structural	36,676
3.	Masonry	45,844
4.	Windows and Misc. Metal Work	16,504
5.	Roof & Cappentry	42,177
6.	Electrical	17,004
7.	Plumbing	14,670
8.	Finishing Structure & Misc.	8,752
9.	Water Supply	4,000
10.	Sewage Disposal	4,000
11.	Access Streets	2,000
	TOTAL	$ 194,378

Cost per square foot: $5.14

DANLI SUB-PROJECT

I. General

1. Site: --- Located within the town limits and 2,640 feet from the center of town. 9.00 acres. Flat terrain which has a slight slope of 1% to 1-1/2% towards the west. Good soil conditions.

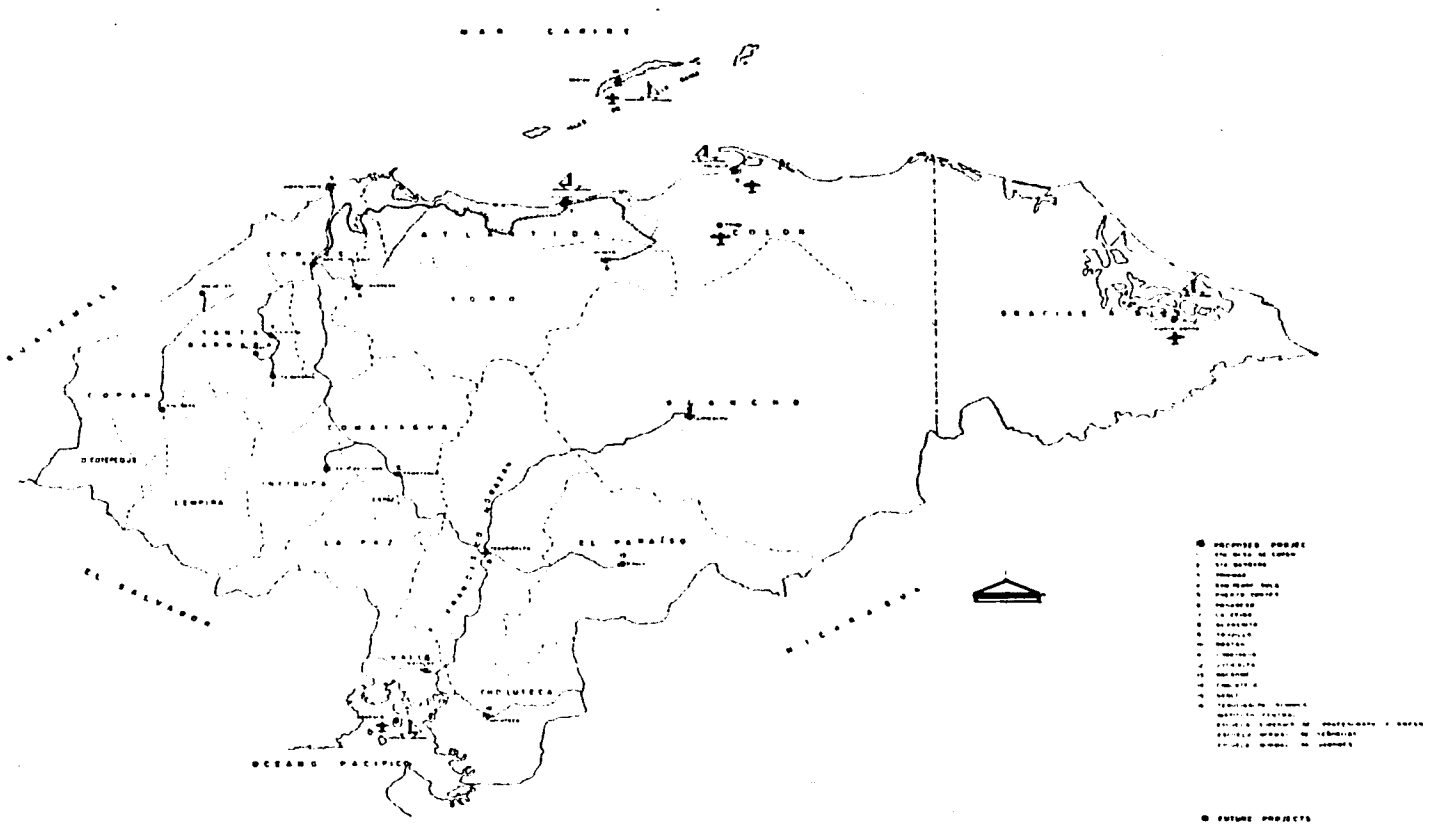
2. Utilities: --- There is municipal water and electricity, but the sewage disposal plant must be built.

3. Materials and Labor: --- Local materials available, while imported materials can be brought in by land. Labor is scarce, especially skilled labor.

II. Cost Estimate

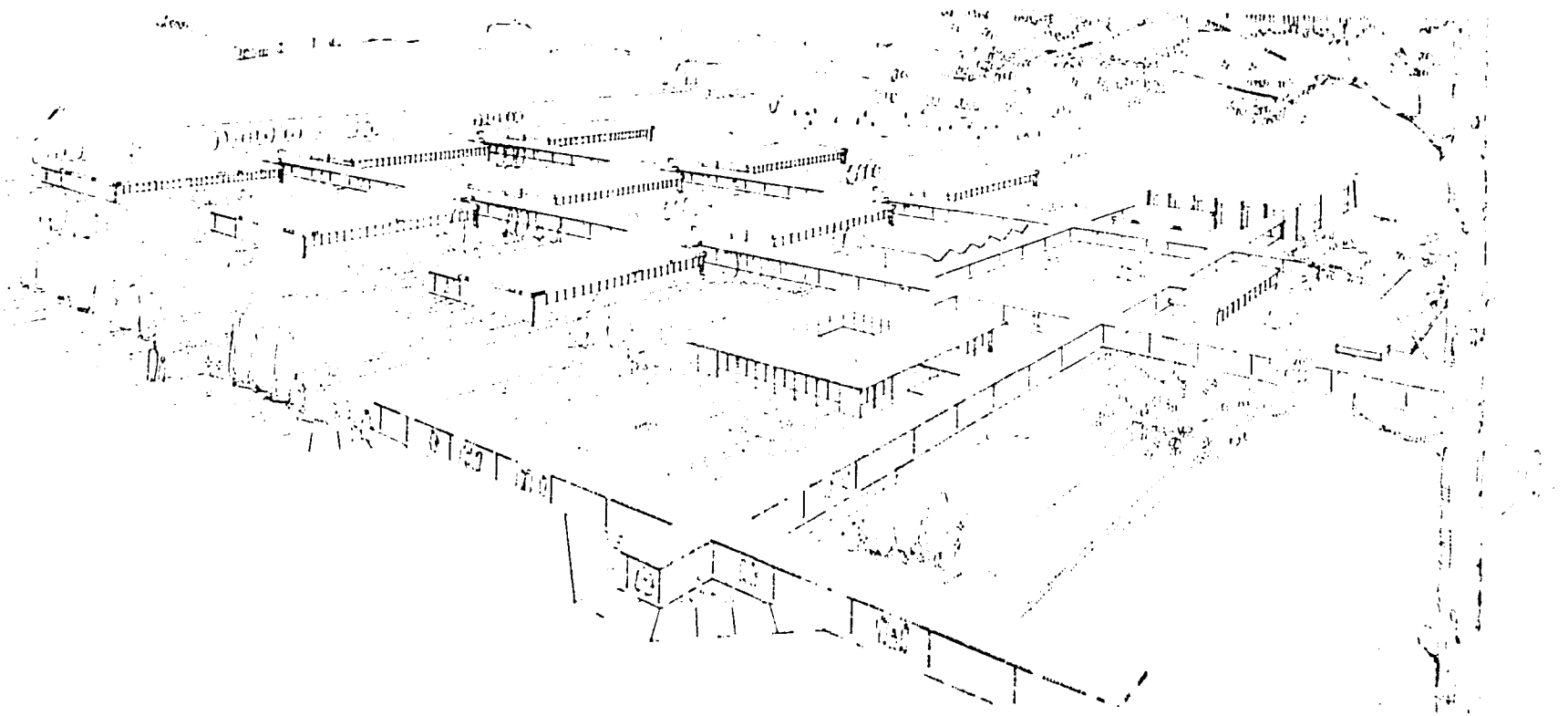
		Cost (Dollars)
1.	Site Preparation	2,296
2.	Foundations & Structural	30,616
3.	Masonry	38,270
4.	Windows & Misc. Metal Work	13,777
5.	Roof & Carpentry	35,209
6.	Electrical	14,132
7.	Plumbing	12,246
8.	Finishing Structure & Misc.	6,888
9.	Water Supply	5,000
10.	Sewage Disposal	5,000
11.	Access Streets	495
	TOTAL	$ 163,929

Cost per square foot: $4.82



HONDURAS SECONDARY SCHOOL PROGRAM

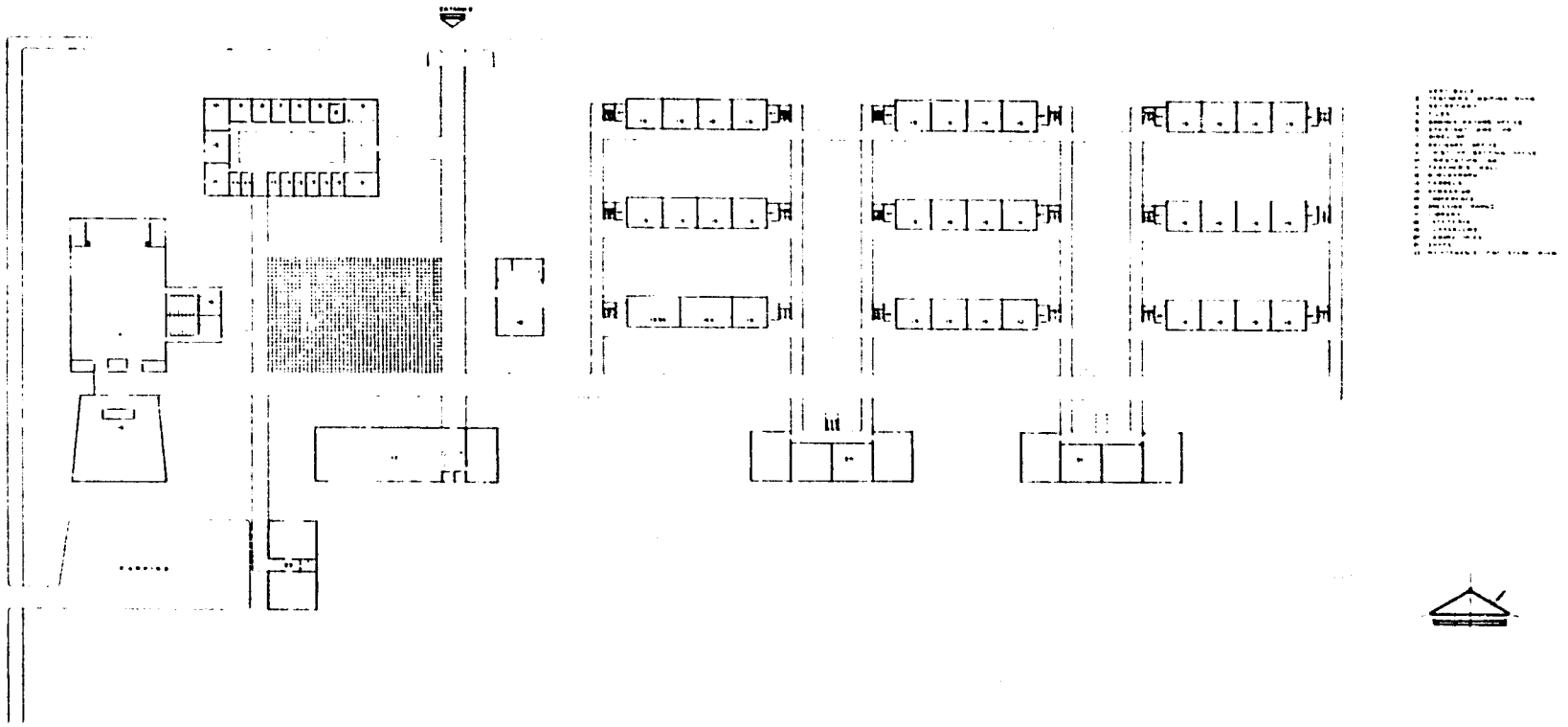
MERRIAM & MERRIAM S.A.



TYPICAL SCHOOL
AT MAXIMUM DEVELOPMENT

HONDURAS SECONDARY SCHOOL PROGRAM

MERRIAM & MERRIAM S.A.R.L.

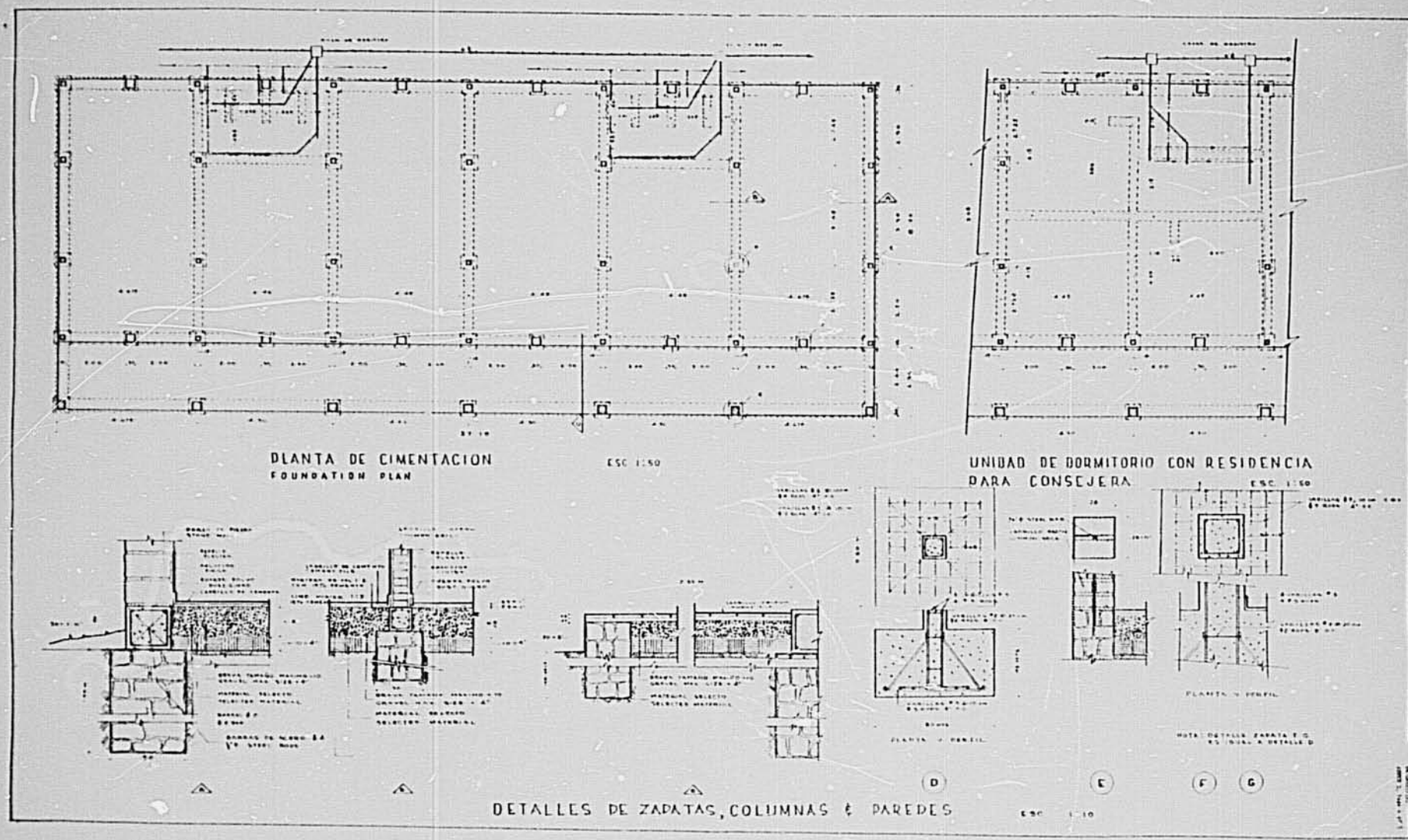


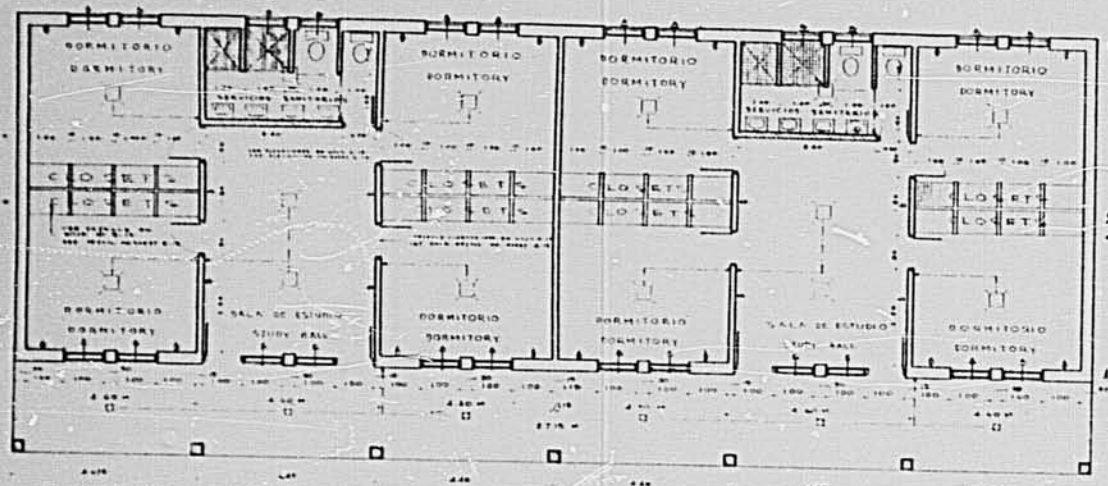
INSTITUTO CENTRAL

MAY , 1967 SCALE 1 : 400

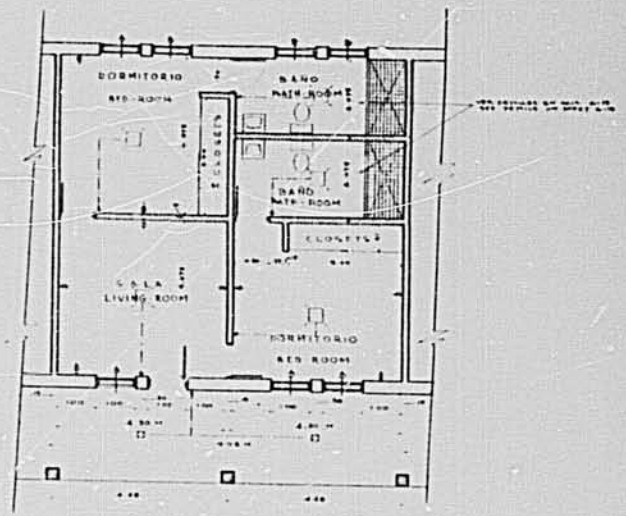
HONDURAS SECONDARY SCHOOL PROGRAM

MERRIAM & MERRIAM S de R.L.

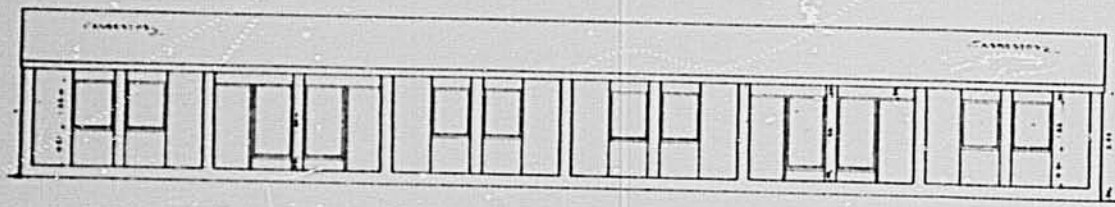

PLANTA DE CIMENTACION
FOUNDATION PLAN
ESC 1:50
UNIDAD DE DORMITORIO CON RESIDENCIA PARA CONSEJERA
ESC 1:50
DETALLES DE ZAPATAS, COLUMNAS & PAREDES
ESC 1:10
D
E
F
G
ESCUELA NORMAL DE VILLA AHUMADA
VILLA AHUMADA NORMAL SCHOOL
DANLI, HONDURAS
PROYECTO 20-B
DISEÑO:
DIBUJO:
APROBO:
3
13



PLANTA DE UNIDAD DE DORMITORIO
FLOOR PLAN OF DORMITORY UNIT

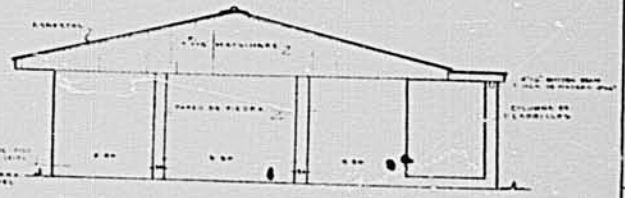


ESC 1:50 PLANTA DE RESIDENCIA DE CONSEJERA
PLAN OF HOUSE MOTHERS' RESIDENCE



ALZADO DE FRENTE
FRONT ELEVATION

ESC 1:50



VISTA LATERAL
SIDE VIEW

ESCUELA NORMAL DE VILLA-AHUMADA
VILLA AHUMADA NORMAL SCHOOL
CHIEF EDUCATION ADVISOR USAID
MINISTERIO DE EDUCACION PUBLICA

DISEÑO:
DIBUJO:
APROBO:

2/13

UAMLI, HONDURAS
PROYECTO 20-B
PROJECT 20-B

OFICIO No. 1827-CM

Comayagüela, D. C.
June 2, 1967

TRANSLATION

Mr. Robert J. Minges
Director USAID/Honduras
City

Dear Mr. Minges:

Following our many conversations and meetings involving USAID personnel, the Planning Office of the Ministry of Education, and the undersigned, it has been agreed that the greatest need in Honduran education lies in the establishment of a free public secondary education system.

This determination is in accordance with a thorough study of the Five-Year Plan to be developed in Honduras through a comprehensive study of education, made by the Ministry of Education Planning Office. It will be recalled that as early as May 7, 1966 the Ministry of Economía y Hacienda requested a loan to support a program of improvement and development of secondary education in Honduras. It was then felt that a program of construction to replace worn-out units in secondary education was indicated. At that time the Government of Honduras was anticipating the replacement of four facilities in the city of Tegucigalpa and the facilities at Puerto Cortes, Trandique, Santa Barbara, Santa Rosa de Copan, Trinidad, Colinas, and Coyoles Central. The Minister of Economía y Hacienda indicated that sites were available for each of those schools.

Over the intervening months, however, careful study has indicated that a more ambitious

plan for the development of secondary education should be considered. This plan anticipates the construction of some seven additional new schools, a training program to include a contract with a United States university for assistance in developing a program of teacher training and a modest program of scholarships for Honduran students who wish to study to be secondary school teachers. The program of construction, training, and scholarships is set forth in the following sections of this letter.

A. Construction of secondary schools at the following locations:

City	Department	No. Classrooms
Santa Rosa	Copan	12
Santa Barbara	Santa Barbara	24
Trinidad	Santa Barbara	8
Colinas	Santa Barbara	8
Olanchito	Yoro	12
Puerto Cortes	Cortes	16
Danli	El Paraiso	8
Juticalpa	Olancho	28
Trujillo	Colon	8
Comayagua	Comayagua	16
Amapala	Valle	8
Tegucigalpa	Franco. Morazan	30
Tegucigalpa	Franco. Morazan	12
Nacaome	Valle	8
Choluteca	Choluteca	12
Tegucigalpa	Franco. Morazan	90
Tegucigalpa	Franco. Morazan	20
Tegucigalpa	Franco. Morazan	28
Tegucigalpa	Franco. Morazan	30
New Schools		
Tocoa	Colon	8
Pto. Lempira	Gracias a Dios	8
Roatan	Islas de la Bahia	8
San Pedro Sula	Cortes	20
Progreso	Yoro	16
La Ceiba	Atlantida	12
Macuelizo	Santa Barbara	8

B. Technical Assistance Program consisting of:

1. In-service training for unqualified secondary school teachers.

2. Training in the United States for administrators, supervisors, and other key personnel to staff the new institution and the secondary schools to be replaced or newly constructed.

3. A team of educational advisors from the United States to assist in development and implementation of secondary teacher education program.

4. A system of scholarships to attract and encourage students to study at the Escuela Superior to become secondary education teachers.

We have recognized certain limitations in the engineering and construction capabilities of the Ministry of Education and are prepared to expand and improve our present construction division which has been in operation only a short time, since 1964. This Ministry also recognized that maintenance of the new facilities proposed under the construction component of this program represents an effort amounting to 5% annually of the total investment. We are planning a program to support the maintenance of secondary education buildings for the forthcoming year.

The top priority of this program is the development of a new Escuela Superior and the technical assistance advisory services. This will assure the provision of an adequate supply of secondary school teachers to staff the schools to be replaced or newly constructed. The Ministry of Education would guarantee the employment of the Escuela Superior graduates in its amplified

program of secondary education. The most significant aspect of this program is the fact that the Government of Honduras is anxious to provide, and under this program would be able to provide, free public secondary education to a vast number of graduates of the Honduran elementary schools who thus far have been denied education at the secondary level for economic reasons.

It should be added that the Government of Honduras will undertake to employ all personnel who receive training either in the United States or in Honduras under this program in jobs appropriate to the kind of training they receive.

Our mutual discussions of this past week have indicated that the total program envisaged herein would cost approximately $12,500,000. This, as you know, is much greater than was anticipated when we began consideration of an increased effort in secondary education; although the program is now much expanded, an investment program of this magnitude is not possible without external financial assistance and thus we wish to re-state our interest in AID loan assistance. Because of the level of customary expenditures maintained each year by the Ministry of Education, the fact that the construction called for in this program will greatly increase our annual operating costs in secondary education and because of the necessity we face of supporting several development projects over the next few years, it is not possible that the Government of Honduras will be able to invest more than $750,000 per year in this capital improvement at the educational level. The discussions we both have had with the Minister of Finance should be continued to determine the actual amount Honduras will be able to contribute annually within the next four years.

Please consider this letter as a formal declaration of our interest in proceeding with

this project and in securing the favorable consideration of AID for loan assistance. We trust that you will be able to provide sufficient assistance so that our mutual efforts will be able to carry out at least a substantial portion of this important program.

From the Director of the Mission, with all due consideration and respect,

(signed)
RAFAEL BARDALES B.
Minister of Public Education

cc: Lic. Manuel Acosta Bonilla
Minister of Economía y Hacienda

Ing. Miguel Angel Rivera, Secretary
Superior Council of Economic Planning

Dr. L. A. Berry
Chief Advisor on Education USAID

CHECK LIST OF STATUTORY CRITERIA

(Alliance for Progress)

HONDURAS - SECONDARY EDUCATION

In the right-hand margin, summarize for each item the information or conclusion requested. As necessary, reference the section(s) of the Capital Assistance Paper, or other clearly identified and available document, in which the matter is further discussed. This form may be made a part of the Capital Assistance Paper.

The following abbreviations are used:

FAA - Foreign Assistance Act of 1961, as amended by the Foreign Assistance Act of 1966.

App. - Foreign Assistance and Related Agencies Appropriations Act, 1967.

1. FAA §.102. Precautions that have been or are being taken to assure that loan proceeds are not diverted to short-term emergency purposes (such as budgetary, balance of payments, or military purposes) or any other purpose not essential to the country's long-range economic development.	1. The Loan Agreement will permit loan proceeds to be used only for purposes of the project activity.
2. FAA §.102. Information on measures taken to utilize United States Government excess personal property in lieu of the procurement of new items.	2. The Loan Agreement will obligate the Borrower to take appropriate measures to utilize U.S. Government excess property wherever possible.
3. FAA §.102. Information whether the country permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property.	3. The Government of Honduras does not permit, and takes adequate measures to prevent, the damage or destruction by mob action of U.S. property.
4. FAA §.201(d). Information and conclusion on legality (under laws of country and U. S.) and reasonableness of lending and relending terms of the loan.	4. Loan Funds are to be loaned at rates of interest which are not unreasonable or illegal for the Borrower and are within the limits established by the Section.
5. FAA §.251(a). Manner in which loan will promote country's economic development and contribute to the welfare of its people.	5. This loan will promote the Honduran's economic development by assisting in the development of human resources and institutions of secondary education.
6. FAA §.251(b)(1). Extent to which country is adhering to the principles of the Act of Bogota and Charter of Punta del Este and is showing a responsiveness to the vital economic, political, and social concerns of its people, and extent to which country has demonstrated a clear determination to take effective self-help measures.	6. The Government of Honduras is adhering to the principles of the Act of Bogota and the Charter of Punta del Este.

7. FAA §.251(b)(2). Information and conclusion on activity's economic and technical soundness.	7. The activity to be financed has been found to be economically and technically sound.
8. FAA §.251(b)(3). Information and conclusion on activity's relationship to and consistency with other development activities, and its contribution to realizable long-range objectives.	8. The project is related to and consistent with other development activities and long-range objectives.
9. FAA §.251(b)(4). Information and conclusion on possible effects on U. S. economy, with special reference to areas of substantial labor surplus.	9. It has been determined that this project shall have no foreseeable adverse effects on any area of the U.S. economy (See VIII B-3)
10. FAA §.251(b)(5). Information and conclusion on the degree to which the country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise.	10. The Government of Honduras has supported policies which recognize and promote individual freedom, initiative and private enterprise.
11. FAA §.251(b)(6). Information and conclusion on the degree to which the country is taking steps to improve its climate for private investment.	11. Honduras has taken numerous steps to improve its climate for private investment as evidenced by its participation in the AID investment guaranty program.
12. FAA §.251(b)(7). Information and conclusion on whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.	12. Through the development of human resources and institutions of secondary education the activity will contribute to the achievement of self-sustaining growth.
13. FAA §.251(b)(8). Information and conclusion on the extent to which the activity will contribute to the economic and political integration of Latin America.	13. To the extent that Honduras is economically strengthened by offering educational opportunities to students of lesser means, the project will contribute toward economic and political integration.
14. FAA §.251(b). Information and conclusion on availability of financing from other free-world sources, including private sources within the United States.	14. Other financing is not available for this project (See Section VIII, A-3)
15. FAA §.251(b). Information and conclusion on capacity of the country to repay the loan.	15. It appears reasonably certain that the Honduran Government has the capacity to be able to repay the loan.

16. FAA §.251(b). Information and conclusion on country's efforts to repatriate capital invested in other countries by its own citizens.

16. Account has been taken of the extent to which Honduras is making reasonable efforts to encourage repatriation of capital invested in other countries by its own citizens.

17. FAA §.251(b). Information and conclusion on reasonable prospects of repayment.

17. There appear to be reasonable prospects of repayment of this loan (See Section I,F).

18. FAA §.251(e). Information and conclusion on availability of an application together with sufficient information and assurances to indicate reasonably that funds will be used in an economically and technically sound manner.

18. The Borrower has made an application for loan funded assistance in this activity. Several reports and submissions have been prepared providing sufficient information and assurances to demonstrate that the funds will be used in an economically and technically sound manner.

19. FAA §.251(g). Information and conclusion on use of loan to assist in promoting the cooperative movement in Latin America.

19. Not applicable.

20. FAA §.251(h). Information and conclusion on whether the activity is consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its review of national development activities.

20. This activity is consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its review of national development activities.

21. FAA §.252(a). Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources.

21. The entire amount of the loan will be administered by a private entity and will directly and indirectly benefit private enterprise by contributing to the development of institution of secondary education.

22. FAA §.281. Extent to which the loan will contribute to the objective of assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions.

22. Through the eventual creation of an economic manpower pool. The nature of this activity will assure the increased participation of the people in the economic development of Honduras.

23. FAA §.601(a). Information and conclusions whether loan will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

23. All of the above listed efforts of Honduras will be encouraged by the increased availability of a greater supply of youth with secondary level training.

24. FAA §.601(b). Information and conclusion on how the loan will encourage U. S. private trade and investment abroad and how it will encourage private U. S. participation in foreign assistance programs (including use of private trade channels and the services of U. S. private enterprise).	24. U.S. private trade and investment abroad will be indirectly encouraged by the development of secondary education through university training in Honduras.
25. FAA §.601(d). Conclusion and supporting information on compliance with the Congressional policy that engineering and professional services of U. S. firms and their affiliates are to be used in connection with capital projects to the maximum extent consistent with the national interest.	25. Professional advisory services of U.S. firms and universities will be utilized to the maximum extent consistent with the needs of the project.
26. FAA §.602. Information and conclusions whether loan will permit American small business to participate equitably in the furnishing of goods and services financed by it.	26. Not applicable.
27. FAA §.604(a); App.§.108. Compliance with restriction of commodity procurement to U. S. except as otherwise determined by the President and subject to statutory reporting requirements.	27. Will be complied with.
28. FAA §.604(b). Compliance with bulk commodity procurement restriction to prices no higher than the market price prevailing in the U. S. at time of purchase.	28. Not applicable.
29. FAA §.604(d). Compliance with requirement that marine insurance be purchased on commodities if the host country discriminates, and that such insurance be placed in the U. S.	29. In the event that Honduras discriminates against any U.S. marine insurance company on commodities funded under this loan , it will be required that the insurance be placed with a U.S. company as required by this section.
30. FAA §.604(e). Compliance with requirement that funds not be used for procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity.	30. Not applicable.
31. FAA §.611(a)(1). Information and conclusion on availability of engineering, financial, and other plans necessary to carry out the assistance and of a reasonably firm estimate of the cost of the assistance to the United States.	31. Necessary technical and financial plans have been completed and a reasonably firm estimate of the cost to the United States of the activity to be financed has been obtained. (See Sections IV and VII).
32. FAA §.611(a)(2). Necessary legislative action required within recipient country and basis for reasonable anticipation such action will be completed in time to permit orderly accomplishment of purposes of loan.	32. Necessary legislative action required within the recipient country will be completed in time to permit orderly accomplishment of the purposes of this loan.

33. FAA §.611(b); App.§.101. If water or water-related land resource construction project or program, information and conclusion on benefit-cost computation.

33. Not applicable.

34. FAA §.611(c). Compliance with requirement that contracts for construction be let on competitive basis to maximum extent practicable.

34. Not Applicable.
All construction contracts financed with these loan funds will be let on a competitive bid basis.

35. FAA §.612(b) and 636(h). Appropriate steps that have been taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services and foreign currencies owned by the U. S. are utilized to meet the cost of contractual and other services.

35. To the maximum extent possible Honduras is contributing local currencies to meet the cost of services related to this project. No Honduran lenpiras owned by the United States are available for financing services under this project.

36. FAA §.619. Compliance with requirement that assistance to newly independent countries be furnished through multilateral organizations or plans to maximum extent appropriate.

36. Not applicable. Honduras is not a newly independent country.

37. FAA §.620(a); App.§.107(a) and (b). Compliance with prohibitions against assistance to Cuba and any country (a) which furnishes assistance to Cuba or failed to take appropriate steps by February 14, 1964, to prevent ships or aircraft under its registry from carrying equipment, materials, or supplies from or to Cuba; or (b) which sells, furnishes, or permits any ships under its registry from carrying items of primary strategic significance, or items of economic assistance to Cuba.

37. Honduras has not knowingly provided any such assistance.

38. FAA §.620(b). If assistance to the government of a country, existence of determination it is not controlled by the international Communist movement.

38. The President has determined that Honduras is not controlled by the International Communist movement.

39. FAA §.620(c). If assistance to the government of a country, existence of indebtedness to a U. S. citizen for goods or services furnished or ordered where such citizen has exhausted available legal remedies or where the debt is not denied or contested by such government or the indebtedness arises under an unconditional guaranty given by such government.

39. Honduras is not known to be indebted to U.S. citizens in any such manner.

40. FAA §.620(d). If assistance for any productive enterprise which will compete in the U. S. with U. S. enterprise, existence of agreement by the recipient country to prevent export to the U. S. of more than 20% of the enterprise's annual production during the life of the loan.

40. Not applicable.

41. FAA §.620(e)(1). If assistance to the government of a country, extent to which it (including government agencies or subdivisions) has, after January 1, 1962, taken steps to repudiate or nullify contracts or taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U. S. citizens or entities beneficially owned by them without taking appropriate steps to discharge its obligations.

41. Neither the Government of Honduras nor any governmental agency or subdivision thereof is known to have taken such steps.

42. FAA §.620(f); App.§.109. Compliance with prohibitions against assistance to any Communist country.

42. Assistance provided under this loan will not be furnished to any Communist country.

43. FAA §.620(g). Compliance with prohibition against use of assistance to compensate owners for expropriated or nationalized property.

43. Assistance provided by this loan will not be used to compensate for expropriated or nationalized property.

44. FAA §.620(h). Compliance with regulations and procedures adopted to insure against use of assistance in a manner which, contrary to the best interests of the U. S., promotes or assists the foreign aid projects or activities of the Communist-bloc countries.

44. The regulations and procedures will be complied with.

45. FAA §.620(i). Existence of determination that the country is engaging in or preparing for aggressive military efforts.

45. The President has not determined that the Dominican Republic is engaging in or preparing for aggressive military efforts.

46. FAA §.620(i). Information on representation of the country at any international conference when that representation includes the planning of activities involving insurrection or subversion against the U. S. or countries receiving U. S. assistance.

46. Honduras has not been represented in any international conferences that included planning of activities involving insurrection or subversion against the United States or countries receiving U.S. assistance.

47. FAA §.620(k). If construction of productive enterprise where aggregate value of assistance to be furnished by U. S. will exceed $100 million, identification of statutory authority.

47. Not applicable.

48. FAA §.620(l). Consideration which has been given to denying assistance to the government of a country which after December 31, 1966, has failed to institute the investment guaranty program for the specific risks of inconvertibility and expropriation or confiscation.

48. Honduras has signed and instituted such an agreement.

49. FAA §.620(n); App.107(b) and 116. Compliance with prohibition against assistance to countries which traffic or permit trafficking with North Viet-Nam.

49. Honduras does not traffic or knowingly permit trafficking with North Viet-Nam.

50. FAA §.620(o). If country has seized, or imposed any penalty or sanction against, any U. S. fishing vessel on account of its fishing activities in international waters, information on the consideration which has been given to excluding the country from assistance.	50. There have been fishing boat disputes in Honduras, particularly prior to the change in U.S. recognized mileage limits. The U.S. is currently negotiating a treaty with Honduras which would recognize "traditional U.S. fishing rights".
51. FAA §.620(q). Existence of default under any Foreign Assistance Act loan to the country.	51 Honduras is not in default under any Foreign Assistance Act loan to the Country.
52. FAA §.621. Information and conclusion on how the loan in providing technical assistance will utilize to the fullest extent practicable goods and professional and other services from private enterprise on a contract basis. If the facilities of other Federal agencies will be utilized, information and conclusion on whether they are particularly suitable, are not competitive with private enterprise, and can be made available without undue interference with domestic programs.	52. In providing technical assistance, the loan will utilize the services of private enterprise on a contract basis wherever practicable.
53. App.§.102. Compliance with requirement that payments in excess of $25,000 for architectural and engineering services on any one project be reported to Congress.	53. Will be complied with.
54. App.§.104. Compliance with bar against funds to pay pensions, etc., for military personnel.	54. Funds obligated by the loan will not be used for such purposes.
55. App.§.106. If country attempts to create distinctions because of their race or religion among Americans in granting personal or commercial access or other rights otherwise available to U. S. citizens generally, application which will be made in negotiations of contrary principles as expressed by Congress.	55. Honduras is not known to have made any such distinction.
56. App.§.111. Compliance with existing requirements for security clearance of personnel.	56. Not applicable.
57. App.§.112. Compliance with requirement for approval of contractors and contract terms for capital projects.	57. Not applicable.
58. App.§.114. Compliance with bar against use of funds to pay assessments, etc., of U. N. member.	58. No funds obligated under this loan will be used to pay assessments, etc. of UN member.
59. App.§.115. Compliance with regulations on employment of U. S. and local personnel for funds obligated after April 30, 1964 (Regulation 7).	59. Not applicable.
60. App.§.401. Compliance with bar against use of funds for publicity or propaganda purposes within U. S. not heretofore authorized by Congress.	60. Loan funds will not be used for publicity or propaganda purposes within the United States or elsewhere.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

ALLIANCE FOR PROGRESS

LOAN AUTHORIZATION (D R A F T)

Provided from: Alliance for Progress Loan Funds
HONDURAS: Secondary Education

Pursuant to the authority vested in the Deputy U.S. Coordinator, Alliance for Progress, by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title VI, Alliance for Progress, of said Act, to the Government of Honduras ("Borrower") of not to exceed seven million United States dollars ($7,000,000) to assist in financing the United States dollar and local currency costs of equipment, material and services necessary for the development and expansion of a system of secondary education in Honduras ("Project"). This loan shall be subject to the following terms and conditions:

1. Interest and Terms of Repayment

(a) Borrower shall repay the loan to the Agency for International Development ("A.I.D."), in United States dollars within forty (40) years from the first disbursement under the loan, including a grace period of not to exceed ten (10) years. Borrower shall pay interest to A.I.D. in United States dollars on the disbursed balance of the loan of one (1) percent per annum during the grace period and two and one-half (2½) percent per annum thereafter.

2. Other Terms and Conditions:

(a) Equipment, materials and services (except shipping and marine insurance financed under the loan) shall have their origin and be procured from the United States or the Central American Common Market countries, except as limited by paragraph 2(b) below. Shipping financed under the loan shall be procured from the United States, and marine insurance financed under the loan shall be placed in the United States with a company authorized to do marine insurance business in any state of the United States.

(b) Disbursements under the loan for equipment and materials in an amount not to exceed the equivalent of four million seven hundred twenty five thousand United States dollars ($4,725,000) may be for procurement in the Member Countries of the Central American Common Market. The balance of the disbursements under the loan for equipment and materials shall be for procurement in the United States.

(c) United States dollars utilized under the loan to finance local costs shall be made available to Borrower or its designee through Special Letter of Credit procedures and shall be used only for procurement in the United States.

(d) Prior to and as a condition precedent to the first disbursement for construction services, Borrower and AID shall agree upon a schedule of disbursements for materials and equipment to be financed under the loan during the period of three (3) years from the date of the signing of the loan agreement.

(e) Upon the completion of three (3) years from the date of the signing of the loan agreement, Borrower and AID shall conduct an intensive review of the progress of the Project, and shall thereafter agree upon a schedule of funding for the remainder of the Project, which shall include a determination of the extent to which additional school construction and technical assistance shall be financed.

(f) Unless AID shall otherwise agree, Borrower's contribution to the Project in an amount the equivalent of three million five hundred thousand United States dollars ($3,500,000), as well as its financing of the increased and recurring costs of its secondary school system necessary to the continuation and success of the Project shall be reflected in its annual budgets as increases over and above the amount of its total education budget in calendar year 1966, both in absolute amount and as a percentage of each total budget.

(g) Borrower shall review with AID its annual education budget prior to the submission thereof to the Honduran Congress.

(h) The loan shall be subject to such other terms and conditions as AID may deem advisable.

Deputy U.S. Coordinator

Date

GC/LA:BSidman:plb:6/20/67