CLASSIFICATION

PROJECT EVALUATION SUMMARY (PES) — PART I

Report Symbol U-447

1. PROJECT TITLE	2. PROJECT NUMBER	3. MISSION/AID/W OFFICE
Agricultural Sector II Program (ASPII) LOAN 522-T-034 GRANT 522-0150	522-0150	HONDURAS

4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 2

[X] REGULAR EVALUATION [ ] SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY 79	B. Final Obligation Expected FY 84	C. Final Input Delivery FY 84	A. Total $ 49.0m B. U.S. $ 25.0m	From (month/yr.) 8/79 To (month/yr.) 3/82 Date of Evaluation Review

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1.- Reprogram activities taking into account the present Honduran economic and budgetary situation. This includes the definition of counterpart disbursements in program-related activities and anticipated funding. Special attention would be paid to the budget process and cycles for both central government and autonomous agencies and methods of disbursing funds in a timely manner.	Wingert Kramer Goodwin Gillies Pastrana Galo Martínez	August, 1982
2.- Create a new project management unit with the necessary structure, authority and funds to implement the overall program, as well as operations within the central government ministries and other entities that do not currently have sufficient managerial capacity.	Goodwin Galo Kramer	October, 1982
3.- Decentralize and delegate implementation authority to institutions (e.g., autonomous agencies, private organizations) which legally and in fact have the necessary managerial capacity to effectively administer their activity.	Pastrana Goodwin Galo	September, 1982
4.- Arrange to provide technical assistance on a short-term basis to give the program the necessary dynamism that it has lacked.	Goodwin Pastrana	August, 1982
5.- Define a personnel management policy to attract and retain adequately trained technicians, in accord with GOH absorptive capability	Galo Goodwin	September, 198.
6.- Analyze the impact of the approval chain used in AID on program implementation, and coordinate the ..... cont.		

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- [ ] Project Paper
- [X] Implementation Plan e.g., CPI Network
- [ ] Other (Specify)
- [X] Financial Plan
- [X] PIO/T
- [ ] Logical Framework
- [ ] PIO/C
- [ ] Other (Specify)
- [X] Project Agreement
- [ ] PIO/P

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. [ ] Continue Project Without Change
- B. [X] Change Project Design and/or [X] Change Implementation Plan
- C. [ ] Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

William Goodwin, Project Coordinator
Orlando Hernández, USAID Evaluation
Arturo Galo Galo, Chief, Program Coordinating Unit
Jackson Rigney, US Chief Evaluator
Roberto Villeda Toledo, GOH Chief Evaluator

12. Mission, AID/W Office Director Approval

Signature

Typed Name: Anthony Cauterucci

Date: September 16, 1982

PROJECT EVALUATION SUMMARY (PES) - PART 1

	NAMES OF OFFICER	DATE ACTION TO BE COMPLETED
efforts of the Mission so as to allow projects officers to concentrate on the technical rather than the administrative aspects of program implementation.	Gilles Kramer Goodwin	September,1982
7.- Make the necessary policy decision to define the duties and obligations for agricultural planning activities among the sector institutions.	Wing Pastrana C. Zelaya	September,1982
8.- Reactivate the Agricultural Statistics Committee.	Wing Guevara	May, 1982
9.- Promote the capitalization of BANADESA by the GOH.	Wingert Jordan	July, 1982
10.- Integrate agricultural extension, research and training into an institute having its own financial resources.	Rudert Straub Osorio	December,1982
11.- Establish the means for the implementation of zonal infrastructural packages by corresponding agencies.	Schwartz Serna	October, 1982
12.- Establish coordination mechanism among GOH institutions providing assistance to service cooperatives.	Lenon Figueroa	September,1982

13 SUMMARY.

A. Abbreviated Summary

The program's goal and purpose are to increase per capita income through eleven subprojects designed to create efficient and effective structures for human resource and institutional development, and improved service delivery. Original assumptions of adequate capacity for administration under host country contracting modes through systems approach and continued growth in GOH budgetary and counterpart funds did not hold; project implementations has been slow and exacerbated by political changes. After approximately one half of LOP, 63% of project funds are budgeted and 18% expended. An assessment of progress by subproject activities:

a) Good accomplishments:	Scholarships Program, Documentary Information System, In Service Training
b) Intermediate accomplishments:	Market Research and Analysis, Regionalization and Strenghtening of BANADESA, Sub-regional Sevices Cooperatives for Small Farmers, Physical and Academic Development of CURLA.
c) Lower accomplishments:	Improvement of Extension Services, Peasant Family Consumption Improvements, Numerical Information System, Agricultural Planning System and Zonal Infraestructural Packages.

Major recommendations are in the areas of technical/financial reprograming, administrative reform and policy decisions, which if implemented will greatly enhance project implementation and achievement of the original goal and purpose.

B. Expanded Summary

The goal of this program is to increase the per capita income of the Honduran peasant by increasing the capacity of the GOH to absorb and efficiently use domestic and foreign resources destined to promote agricultural development. The program's purpose seeks to establish efficient and cost-effective institutional structures to serve the needs of small farmers. The program has three basic components: human resources development, institutional development, and improvement of the services delivery system to peasants. The program itself is composed of a total number of eleven inter-related activities.

The design of the program was based on two general assumptions. One, that in order to support the development of the agricultural sector of the Honduran economy it was necessary to use a systems approach instead of a project approach. It was argued that the systems approach eliminates the negative effects resulting either from an uncontrolled accumulation of individual projects or an undifferentiated transfer of resources. The second assumption was related to the expected continued growth of Honduran economy following the pattern observed in the 1976-79 period. During that time the GNP's average annual growth rate was 7.2%.

Generally speaking, the application of the systems approach led to the design of a complicated program which was difficult to manage. The poorly trained public administrators, working in institutions in need of administrative reforms during a period of political transition, could not make it work. The second assumption was also faulty; since 1980 the Honduran economy has achieved only minimal growth rates, and the GOH has difficulty meeting the counterpart requirement.

The setting for program implementation was not auspicious. The initiation of ASP II coincided with the beginning of and economic recession which still affects the country, and during the LOP so far elapsed, the military has turned power over to civilians. A provisional government existed from July 1980 on, and in January 1982 the new administration was sworn in. Changes in government have negatively affected program implementation due to three reasons. One, because projects were temporarily suspended. Two, because unoccupied administrative or technical positions were not immediately filled. And three, because new administrators needed to adapt to their new roles. This situation aggravated endemic public administration problems related to the procurement of services and commodities. The Honduran government has proven to be particularly slow in making purchases, in approving contracts and in making reimbursements.

The main recommendation made by the evaluation team is that ASP II activities be reprogrammed. Given the current rate of expenditures it seems unlikely that all of the authorized financing will be disbursed during the initially contemplated program life period unless fundamental changes in management, programming and policy are undertaken. Re-programming implies carrying out three main activities: (1) elaborating a detailed management and administrative reform plan for the program, (2) preparing new implementation and financial plans, and (3) promoting among the involved government institutions the necessary decision making connected with the so far unresolved policy issues affecting program implementation.

The main problems detected by the evaluation refer to the general absence of adequately trained personnel in key positions for program execution, and to general poor program management. In relation to the first problem it has been indicated that several sub-project implementers have lacked the administrative and technical background necessary to carry out the different activities for which they are responsible. They also lacked the necessary leadership to initiate activities programmed and to coordinate inter-institutional efforts.

The administration of the project execution requires the preparation of reports, the timely presentation of budgets, the management of funds, purchase of necessary commodities and the selection, contracting and retention of the adequate personnel to carry out the planned activities. The appointment of unexperienced administrators and technicians into positions which lack the requisite authority makes project implementation dependant on people who are unaware of current administrative procedures, unable to find their way within the different government institutions, and legally and technically incapable of making innovative decisions.

Two mechanisms have been suggested to alleviate these problems. One, to provide the implementing agencies with grant-funded short-term technical assistance. It has been assumed that such assistance could improve the administative procedures used and provide the program with the necessary management dynamism that it has lacked so far. The second mechanism is the development of a personnel management policy which allows the attraction and retention of adequately trained personnel. This policy should also set the basis for the eventual integration of professionals trained with program funds.

The program also has had serious difficulties in connection with the coordination and administration of the different program activities. Program implementation and coordination was to be done through a loosely defined coordinating unit which was created within the Ministry of Natural Resources (MNR) and which came to be known as UCFE (Unidad de Coordinación del Financiamiento Externo). This unit has undefined structural links with other MNR offices, ministries, autonomous and private institutions involved in the agricultural sector. Nevertheless, UCFE was expected play an active role in increasing the capacity of the agricultural sector in absorbing and efficiently utilizing domestic and foreign development resources. There is presently no legal description of the scope of work for UCFE, but the main informally assigned tasks performed in connection with the program include: the generation and management of information, planning and budgeting, procurement of goods and services, processing of disbursements, and follow-up and evaluation of the program as a whole. Despite these responsabilities and the complexity of the program network, UCFE was not given the necessary administrative support and authority to carry out its coordinating functions. Consequently, the person in charge of UCFE, being a contractor, cannot represent the GOH in connection with the implementation of the program. In addition, UCFE has no control whatsoever over project counterpart funds and expenditures to be paid by external financing is subject to approval by a complex of regulations in MNR, MOF (Ministry of Finances) and A.I.D. itself.

Despite these difficulties some accomplishments have been achieved. One, there is a focal point, with certain degree of leadership, which gives basic support to almost all of the activities in the program. Two, the budget presentations have been improved. Three, the procedures for procurement of goods and services have been standardized. The adoption of a method to integrate individual purchase orders from different implementing agencies into procurement packages has reduced the unitary costs of certain goods obtained. Finally, a general evaluation plan for program activities has been prepared and efforts have been made to implement it.

Lacking the necessary inputs and legal support to function efficiently, UCFE's performance appears disorderly. First of all, it has been unable to establish an efficient accounting system which could allow the unit to prepare reliable financial statements including the level of the expenditure of counterpart funds. Secondly, not all of the institutions involved in implementing the program understand the critical path technique adopted for program implementation and control. In certain cases there is lack of credibility in this technique, and for two of the activities of the program there is still no definition of the scope of work to be performed. The delays involved in the preparation of the quarterly critical path reports required by the GOH make them obsolete once they are produced, and useless for planning future actions. Furthermore, there seems to be a consensus that the time period stipulated for most of the activities included in the plans are too optimistic. Thirdly, the simple participation of UCFE in the procurement of goods does not expedite the purchase process. The bottleneck of the system lies in the Office of the Purveyor, the bureau responsible for all government purchases. For example, the existence of standard procedures for hiring personnel and put into effect by UCFE do not reduce the six months that generally elapse between the time a given position is created and the time that the employee gets his first pay. Fourth, no provision has been made to insure that each implementation agency has timely access to program funds. The statements including financial data prepared periodically by AID to indicate the status of program funds are not adequately distributed, and despite the fact that there is general knowledge of government procedures for budget presentation, negotiation and approval there has been no financial plan for the Honduran counterpart funds and certain implementing agencies still do not prepare their respective budgets in time to be negotiated. Furthermore, these agencies do not seem to have put into practice the formulation of annual operating plans. Generally speaking, there is poor communication between the coordinating unit and these agencies. Because UCFE also has responsibilities for other development projects, most of its efforts are dedicated to solving immediate problems rather than concentrating in adequate program planning, follow-up and evaluation.

This situation has not been simplified by AID particularly because the Mission has no real mechanism that can function as a project management system. The division of project administration and project support activities among different offices creates additional coordination problems.

To correct these problems on the GOH side, structural changes have been recommended. One, is activities where administrative ability and legal implementing status already exists (e.g. semi-autonomous and private organizations) formal arrangements should be established to allow these entities to manage their activity independent of central government regulations. Two, complementary central government activities should be consolidated and administered by a new, stronger management entity having more personnel, which is integrated into the structure of the MNR, with direct access of the office of the Minister, and also with a regulated delegation of authority for access to funds (e.g., through an advance or an imprest system) in order to simplify and expedite the disbursement process.

The creation of this management entity would require a clear definition of the line of authority within the program including the responsibility to organize, conduct and control the different complementary program activities. In order to improve program implementation it has been suggested (1) that the budgeting and planning functions be integrated, (2) that the preparation of budgets be based on the standardization of codes, (3) that the critical path programming technique be replaced by a less more appropriate one and preferably by annual operating plans which would include critical dates for actions and decisions to be made as well as a detailed financial plan indicating the links between the cost of activities and the source of funding, and (5) that the Office of the Purveyor be excluded from the procurement process in such a way that the new management unit and the different autonomous agencies take responsability over small purchases and that larger purchase orders be handled directly by an independent purchasing agent.

AID is expected to modify its project management procedures in the following ways to make program implementation more efficient. First, AID should analyze the impact of the internal approval chain and make the necessary corrections to expedite the process. Secondly, AID should create the necessary mechanisms for coordinating Mission activities with the program and to free the project officer from his administrative responsibilities so that he can concentrate on the more technical aspects of program support.

The main criteria that the GOH utilizes to decide which programs should continue to be financed once the period of external funding has conclude are: (1) efficient project management, (2) demands from given government or social sectors asking for project continuance, and (3) the magnitude of project contribution to the development of Honduras so that further public investment is justified. Very few of the activities connected with the Second Agricultural Sector Program would obtain high scores if these criteria were used. Program survival after AID's financing is over would depend on considerable re-organization of program activities.

If the different program activities were to be rated in accordance with progress to objectives the following categories could be constituted.

(1) Good Accomplishments:	Scholarships Program, Documentary Information System, In Service Training.
(2) Intermediate accomplishments:	Market Research and Analysis, Regionalization and Strenghtening of BANADESA, Sub-regional Services Cooperatives for Small Farmers, Physical and Academic Development of CURLA,
(3) Lower accomplishments:	Improvement of Extension Services, Peasant Family Consumption Improvements, Numerical Information System, Agricultural Planning System and Zonal Infrastructural Packages.

With respect to the specific program components, the evaluation allows to draw the following conclusions about the present status of the human resources development activity. One, quantitative accomplishments are high in the scholarships sub-activity. 90% of scholarships to be approved during the period evaluated have been granted, and approximately 70% of grantees have initiated their studies. Two, as consequence of the lack of counterpart funding accomplishments in the in-service training activities have been moderate. And three, because of (a) internal management problems within the National University of Honduras and (b) limited counterpart funds the physical development of CURLA has been slow.

Certain improvements are needed in connection with the scholarships sub-activity. Participating institutions must clarify and update their training needs so as to adequately select the universities and curricula where their members would be studying. In addition, the orientation service for grantees needs to be made more operational and efficient, the delays between scholarship approval and school enrollment need to be reduced (e.g., substitutes for scholarship recipients must be searched well in advance, family allowances must be ensured for married students, and university admission applications must be timely presented), and academic performance needs to be assessed on a continuing basis. On the other hand, the evaluators have indicated that if expected outputs are to be accomplished in relation to the in-service training sub-activity (1) adequate GOH counterpart funding has to be made available, (2) the training system has to be legally institutionalized, and (3) the teaching and training evaluation methodologies have to be standardized. Finally, accelerating CURLA's development under this project depends on (1) the commitment on the part of the GOH to provide the necessary funding for the expansion of its physical facilities, (2) the transference of the Execution Unit for this sub-activity to the site, and (3) the construction of certain facilities through force account.

In relation to the institutional development component, the evaluation found that the ASP II has had little impact in developing the capacity of Honduran institutions to conduct an integrated and coordinated agricultural development program. Project design assumed that the implementation of an agricultural planning system would allow for such institutional development to happen. However, despite the existence of three different proposals no final decision had been made to determine which institution would be made responsible for this system. Any further progress of this program activity would depend on the definition of the roles to be played by CONSUPLANE and the MNR in connection with general agricultural planning. It was recommended that this be decided by high level GOH officials.

It has been suggested that additional support be given to the zonal infrastructural packages because construction of agricultural infrastructure and facilities based on intensive labor is (1) the low cost alternative for ths type of investment, and (2) a viable means of converting subsistance units with high production and marketing costs into relatively efficient commercial farms characterized by improved yields and higher revenues. For this objective to be accomplished it will be necessary to sell the program component to the different agricultural agencies existing in the country.

Contrasting accomplishments are observed in regards to the Information System included in the institutional development activity if the Documentary and Numerical sub-systems are compared. The organization of a formal documentary information network was not possible because participating institutions were not able to come to an agreement in regards to the responsabilities and working procedures to be implemented. Nevertheless, as a consequence of strong leadership an informal working network was established and the Agricultural Information Center was able to operate efficiently to the extent of (1) improving its technical capacity to process documents, (2) preparing a national agricultural bibliography, (3) creating a documentary data bank, and (4) training paraprofessionals in library science. In contrast, because of managerial deficiencies in coordinating inter-institutional efforts and as a consequence of a lack of counterpart funds, important expected outputs in relation to the Numerical Information sub-system were not accomplished. Essentially, (1) the Agricultural Statistics Committee was never re-activated, (2) little work was done to define the variables of the agricultural information system, (3) the Agricultural and Rural Surveys Deparment continued using old instruments without modifying their data collection techniques, and (4) the Sampling Department to be created in the General Directorate of Statistics and Census (DGEC) was never organized. Even though no pilot study was ever conducted, the main accomplishment within this sub-activity has been the implementation of a area sampling frames, and some work has been done in three of the seven agricultural regions existing in the country. The evaluation has indicated that to consolidate achievements in the Documentary Information sub-system (1) purchasing procedures should be modified so as to make them more expeditious, (2) qualified personnel should substitute those fired, and (3) managerial duties should become more restricted and specialized. In relation to the Numerical Information sub-system it was recommended that if improvements were to be made (1) the DGEC should have direct access to program funds, (2) the conditions precedent to the disbursement of counterpart funds should be made less strict, (3) the adequate data collection and processing capacity should be transfer or created at the Minister of Natural Resources, (4) the Agricultural Statistics Committee should be reactivated with a reduced number of participants, and (5) the technical capacity of the DGEC should be improved through additional training for its personnel.

The implementation of the research and marketing analysis system was dependent on the creation of a Research and Marketing Department (DIAM) at the Honduran Agricultural Marketing Institute (IHMA). The previous administration of IHMA, not convinced of the relevance of this department delayed its creation for almost a year. Presently, DIAM personnel is expected to (1) participate in programming and analyzing the prognosis surverys for basic grain production, (2) analyze the demand and existing marketing channels for basic grains, and (3) elaborate IHMA's purchase and sales programs. Through this project, IHMA has signed an agreement with the Feed Grain Institute of Kansas State University. KSU will be providing (1) local and overseas training for IHMA's personnel, and (2) technical assistance to consolidate the DIAM and to prepare a price stabilization program.

The eventual impact of the program on target groups depends on the efficiency with which the agricultural services delivery activities are successful in providing for and delivering services to small farmers. At the input level, it is necessary that BANADESA regionalization activity continue to implement its objectives as part of its institutional development program, and that the GOH makes the necessary commitment to capitalize the bank. This would improve its image allowing it to obtain additional external funding to efficiently execute its well defined annual operating plan for 1982.

For the services delivery activities, despite the meager results obtained to date, it is necessary that the agricultural extension component be supported. The lack of progress in this component was attributed to (1) inadequate fund management; (2) trained personnel turnover; (3) a vertical decision making process which excluded extension agents from the planning, implementation, and interpretation of studies conducted to characterize the agricultural regions in the country; and (4) a poorly defined methodology for the implementation of a new extension approach which is based on the use of para-professionals and volunteer community-based leaders in technology transfer using the concept of peasant families as integral consumption and production units. In order to improve the extension system as a whole and insure its eventual impact it was suggested that this component be integrated with the peasant family consumption improvement component as well as with the farm based agricultural research program currently implemented by MNR. The integration of these three elements into a compound system would require the eventual creation of a decentralized division or institute, connected to the MNR, which is responsible for agricultural extension, research and education. To free such a division from normally sluggish administrative procedures characterizing the Honduran public sector, it is recommended that the division be given direct access to funds either through an imprest or an advance system, creating for that purpose a special account at the Honduran Central Bank. This account would be opened with resources coming from the provisions stipulated in the ASP II for the above mentioned components, counterpart funds made available by the GOH, and financing from other foreign agencies or governments interested in supporting the enterprise.

Within the service cooperative component the Directorate for Cooperative Development (DIFOCOOP) has assumed a leadership role among the GOH institutions providing technical assistance to the regional cooperatives within the agrarian reform sector. The Directorate has completed analyses of nine (9) of the agrarian reform cooperatives and has designed and implemented a technical assistance program to attempt to reorganize and place these organizations upon a more sound footing. Inter-institutional coordination continues to be a problem. However, this situation is improving and presently DIFOCOOP and BANADESA are closely coordinating their activities. In addition, firm efforts are being made to foster a greater coordination with the remaining GOH institutions (e.g., IHMA, INA and the MNR) providing assistance to the regional cooperatives.

The opposition of the major peasant organization, ANACH, to the "model" regional cooperatives has diminished due to a recently designed BANADESA credit program which has permitted the Bank to refinance the agrarian reform cooperatives, and particularly those affiliated to ANACH. This credit program requires the agrarian reform cooperatives to adopt operating policies very similar to those in use in the "models", and the only exception being the criteria of an "open membership" policy. The acceptance by the agrarian reform cooperatives of this BANADESA credit program with all of its conditions has avoided the argument of whether the "model" cooperatives have anything worthwhile to offer the agrarian reform organizations. In addition, their acceptance of the BANADESA conditions should facilitate the efforts of the DIFOCOOP extension personnel who are attempting to reorganize and assist these cooperatives in meeting the BANADESA credit provisions.

The first two "model" regional cooperatives, which have been created with the assistance of a private firm, ACDI, are presntly operating and providing services to the small farmer members. They differ from the agrarian reform cooperatives in their "open membership" policies (i.e. they provide services to both traditional and agrarian reform groups), and in the fact that they were created with all of the strict operating policies in place. Efforts will be made in the future to promote exchanges of personnel and visits by the leaders of the agrarian reform cooperatives in order to demonstrate that both traditional farmers and the agrarian reform beneficiaries can work together in harmony. The issue of seeking to provide more land to the traditional farmers presently affiliated to the "model" cooperatives has not been addressed, and some analysis of this problem will be necessary to determine the most effective action that can be taken.

14. Evaluation Methodology

This a midterm evaluation to fulfill a condition precedent for the authorization of disbursements for the second half of the program. This evaluation will form the basis for a joint AID-GOH programming of the remaining project funds.

The program's logical framework served as a basis to formulate the terms of reference for the evaluation team. The general criteria used to determine the extent to which the different program activities were achieving the intended purpose and goal were: (1) degree of progress accomplished, (2) priority given by the GOH to program implementation, (3) changes having occurred within the agricultural sector after program design that could determine the priority position occupied by the program within the general national development scheme, (4) important program management issues that have to be resolved by the GOH and AID so that the program can be satisfactorily implemented, and (5) analysis of limiting factors restricting adequate program execution including the possibility of overcoming them before the GOH approves the 1983 budget.

The evaluation team was composed of seven Honduran and nine foreign consultants. They were divided into smaller sub-groups assigned to evaluate each one of the program activities. The evaluation was performed from March 8 to April 3, 1982. A series of documents related to program design, project agreement and implementation were reviewed, and key personnel at each one of the implementing agencies, at the national, regional and field agency levels, were interviewed. A separate external auditing report was prepared during the period January-March 1982 for the AID Inspector General, and their preliminary results were shared with the evaluation teams.

15. External Factors

The setting for program implementation was not auspicious. The initiation of ASPII coincided with the beginning of and economic recession which still affects the country, and during the LOP so far elapsed, the military has turned power over to civilians. Fundamental changes in the Honduran Political form and structure, the division of key ministerial positions among opposing political parties and factions during the transition period, and the wholesale turnover of GOH employees have all had a profound effect upon program implementation. A provisional government existed from July 1980 on, and in January 1982 the new administration was sworn in. Changes in government have negatively affected program implementation due to three reasons. One, because projects were temporarily suspended. Two, because unoccupied administrative or technical positions were not inmediately filled. And three, because new administrators needed to adapt to their new roles. This situation aggravated endemic public administration problems related to the procurement of services and commodities. The Honduran government has proven to be particularly slow in making purchases, in approving contracts and in making reimbursements.

Another important external factor affecting the implementation of the program has been the economic situation of Honduras. In the 1979-81 period national budget allocations to the agricultural sector increased in 27.4%. However, the increment was financed by external resources, and the Honduran government's contribution to the 1981 budget was reduced by 7.2%. It has been argued that real expenditures for that fiscal year revealed an even greater reduction in contributions than anticipated.

The impact of the Honduran economic situation in program implementation has been three-fold in that the GOH has not been able to (1) come up with counterpart funds for given project activities; (2) to continue financing either already existing projects which are complementary to the program and which in the long run could have an effect in achieving some of the program objectives; and (3) to finance program components after the external financing stage has ended.

In connection to the human resource development component of the program, the lack of counterpart funds has affected the physical development of CURLA by delaying the publication of bidding offers and reducing the size of the classroom facilities to be constructed. At the institutional development

level, it has prevented the contracting of adequately trained personnel to implement the Natural Resources Inventory and Evaluation System (SIERNA) included in the Agricultural Planning Component. It has also postponed a pilot survey designed to test the applicability of the area sampling framework and the agricultural prognosis survey for 1982 due to lack of funds to pay for the interviewers' travelling and per diem expenses. Both of these surveys are part of the Numerical Information System Development. Part of the technical assistance associated with the same component has not taken place because counterpart funds have not been made available. The negative impact of the lack of counterpart funds on the services delivery system of the program is more potential than real. BANADESA's present liquidity status and its need for additional financing could have a negative impact on program implementation if the GOH does not take the necessary actions to capitalize the bank. On the other hand, funds are to be made available to DIFOCOOP to increase its institutional capacity to support in an effective manner the services cooperatives to be created through program sponsorship.

Budgetary cutbacks resulting from the current Honduran economic situation have affected the In-Service Training activity of the program. Program funds for this activity were to be used to pay for technical assistance. In contrast to the money spent by the institutions in the agricultural sector in personnel training during the 1977-79 period, and upon which the anticipated use of program funds was based, reduced budgetary allocations for this item have been the rule since 1980. US$ 360,000 have been transfered by the Inter-institutional Training Committee from the technical assistance item to the personnel training item in order for the In-Service Training program to be initiated. If this money had not been made available, progress to objectives would have been even more limited.

The lack of adequate GOH financial support for the Agricultural Documentation and Information Center (CEDIA) has resulted in the termination of some activities when the loan funds were exhausted. Because of the lack of counterpart funds, some of the personnel associated with program implementation were not hired on a permanent basis once the that contract period financed by loan funds had expired. In this particular case, however, actions to correct difficulties seem to have been initiated by the involved executing agency.

16. Inputs

Budgeted funds for the Second Agricultural Sector Program amount to $49.01 million. The GOH pledged inputs amounted to $24.01 million, and the AID authorized contribution was equal to $25.00 million of which $21.0 were loan funds and $4.0 were granted.

There are two types of GOH contributions to ASP II: direct and indirect. Direct contributions are national budget allocations for specific program activities, and indirect contributions are the additional funds expended by the implementing agencies from their own operational budgets in support of the program. Total GOH inputs as of December 31, 1981 were equal to $5.18 million of which $1.33 were direct and $3.84 indirect contributions. Table No. 1 summarizes these inputs by type of contribution and activity.

Table No. 1 - GOH Financial Inputs up to December 31, 1981

ACTIVITIES	CONTRIBUTIONS DIRECT	INDIRECT	TOTAL
I. Human Resources Development	301,900	278,350	580,250
II. Institutional Development	290,900	1,435,700	1,726,600
III. Delivery of Services	606,350	2,133,000	2,739,350
IV. Project Coordination	136,100	0	136,100
TOTAL	1,335,250	3,847,500	5,182,300

The budgets presented to AID by the different implementing agencies for financing during the 1980-81 period are equal to $20.76 million. However, earmarked funds are equal to US$ 15.84 million, and of that amount only US$ 11.59 million had been actually approved by AID's Office of Food and Agricultural Development. Up to December 31, 1981, disbursements were equal to US$ 4.48 million.

A financial summary of AID funding for the program appears in Table No. 2. The balances appearing in this table cannot be used to replan the program because none of them clearly indicates the level of progress achieved in the different program components.

Serious consideration will need to be given in the recommended reprogramming effort to examine and take measures to avoid future long delays in contracting and procurement that have plagued past project implementation. Given current uneven implementation progress among the program activities, the changes in the economic and political situations in Honduras and new AID administration, a shift in emphasis as reflected in AID funding and substantial reduction in GOH counterpart is expected.

Table No. 2

Financial Summary of AID Funds up to December 31, 1982(1)
(US$)

	FINANCIAL PLAN 1980-1984	ACCUMULATED (2) BUDGET 1980-1982	%	EARMARKED (3) FUNDS 1980-1982	%	CONFIRMED (4) FINANCING 1980-1982	%	EXPENDED FUNDS 31/12/81	%
PROJECT TOTALS	25,000,000	20,716,580	83	15,842,314.5	63	11,597,123	46	4,485,465.5	18
TOTAL LOAN FUNDS	21,000,000	17,630,180	84	14,194,636.5	68	10,297,717	49	4,146,166.5	20
I. Human Resources Development	9,716,848	8,119,228	84	6,747,179	69	5,188,648.5	53	2,230,347	23
II. Institutional Development	4,193,936.5	3,590,536.5	86	2,694,336	64	2,597,599.5	62	808,262.5	19
III. Delivery of Services	5,591,430	4,422,630	79	4,067,226.5	73	1,830,087	33	830,625.5	15
IV. Project Coordination and Reprogramming Fund (5)	1,497,785.5	1,497,785.5	100	685,895	45	681,382	45	276,881.5	18
TOTAL GRANT FUNDS	4,000,000	3,086,400	77	1,707,678	43	1,299,406	32	339,349	8
I. Human Resources Development	893,193.5	865,193.5	97	641,443.5	72	297,376	33	65,617	7
III. Delivery of Services	2,691,455	1,805,855	67	1,066,234.5	40	1,002,030	37	273,732	10
IV. Reprogramming Fund (5)	415,351.5	415,351.5	100		0		0		0

(1) Data provided by AID's Office of Food and Agricultural Development and Controllers. It includes disbursements processed and estimates accruals to December 31, 1981.

(2) Accumulated budget refers to budgets submitted to the Office of Food and Agricultural Development by the different implementing agencies.

(3) Ear-marked indicates A.I.D.'s agreement to the activity or expenditure plans submitted for its consideration. It does not constitute an authorization to incur in expenditures nor a certification that funds to reimburse costs incurred are already available.

(4) Confirmation by A.I.D./H Office of Food and Agricultural Development and Controllers means that these offices gives financial backup to the activity or expenditure, given that all other conditions specified under the Program, and all applicable regulations are met or accomplished.

(5) Reprogramming Funds were created by USAID and GOH at the end of CY 1981. This was accomplished by a thorough review of project accounts and resulted in $1.2 million for reallocation ($811,891 in Loan and $415,352 in Grant).

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17. Outputs

The following table compares the expected result by activity as outlined in the Project Paper and Activity Reports and the progress to date. It is recommeded that this be taken into account in the reporgramming effort recommended by the evaluation teams in terms as a) indication of past performance b) expected impacted in outyears c) possible expansion, reduction or elimination of activities.

Expected LOP Results	Progress to Date
1.0. Human Resources Development	
1.1. Participant Training	
- Organize Scholarship Committee and Technical Secretariat.	- Committee organized in November 1979 and still active with the participation of 11 institutions.
- Train overseas 235 professionals, both at the undergraduate and graduate levels.	- 205 scholarships approved and 114 persons actually studying.
- Train 65 technicians by short courses.	- 19 technicians trained.
- 10% of all trainees should be women.	- 16% percent of scholarships approved awarded to women.
- Establish a system to plan, evaluate and revise training requirements.	- No real mechanisms established to estimate institutional training demands and to identify potential trainees. No long-term human resource development for the agricultural sector prepared
1.2. CURLA	
- Training of 56 members of the academic personnel.	- 47 of approved scholarships correspond to CURLA, and 27 have initiated their training.
- Upgrade physical plant so that: .library expanded by 12/80	-Construction plans and specifications finished. Work to be initiated in 1982.
.new irrigation system by 3/81	- Construction plans and spefications to be finished in 1982. Work to start in 1983.

new administrative building by 6/81	- Remodelling plan for old building to be ready in 10/82. Initiation of work by 3/83.
.new cafeteria building by 12/81	- Construction plan expected by 2/83, and construction bidding to be opened between 3-8/83.
.30 new classrooms by 12/81	- Only classrom Bldg. 3 constructed. Construction plans and specifications for Bldg. 4 to be finished in 1982.
.10 new academic buildings including 13 expanded or new labs by 12/82	- (1) Plans finished: Labs and Agriculture Engineering. (2) Plans to be finished in 1982: Agricultural Production, Animal Husbandry, Forestry, Agricultural Mechanics Shop, Plant Technology. (3) Force-account construction beginning in 1982: Labs and Ag. Mechanics Shop. (4) Opening of construction bids no later than 1982: Ag. Eng. (5) Opening of construction bids between 10/82 and 4/83: Ag. Production, Animal Husbandry Forestry, and Plant Technology.
new auditorium by 12/82	- Plans to be finished by 6/82. Bidding for construction to be opened by 3/83.
- 650 Ingeniero Agronomo graduates and 300 Ingeniero Forestal graduates by 1983.	- 104 Ingeniero Agronomo and 9 Ingeniero Forestal graduates in the 1980-81 period.

1.3. <u>In-Service Training</u>

- Establishment of In-Service Coordination Committee including members from all major agricultural sector institutions and Technical Secretariat.	- Inter-Institutional Committee created.

- In-service training policies or priorities, methodologies and areas of individual institutional responsibilities established.	- 5 of the 9 institutions participating in the Inter-Institutional Committee have specialized training units, two of which were created during the life of the program. - No common methodology yet established to detect training needs. In addition, no standard education methods yet utilized.
- Uniform system to evaluate results of in-service training programs.	- Technical assistance being provided by FAO specialist responsible for teaching control, supervision and follow-up.
- 5 courses for trainers on Adult Education, Teaching Methods, Education Planning and Evaluation.	- One three-day course on education planning.
- Total of 10,031 trainees during the 1979-81 period.	- Total number of 1993 participants in 87 courses given by 10 different institutions.

2.0. Institutional Development

2.1. Planning

- National and regional planning staffs of major agricultural sector institutions created and/or strengthened. Increase in total of about 33% during 1979-83 period.	- Very few local personnel hired Four of the seven MNR's agricultural regions have organized planning units depending from CONSUPLANE's Agricultural Planning Directorate. In addition, inadequate training of personnel responsible for planning.
- The CRIES system of natural resources planning will be established and operational.	- Preparation of three documents describing the system through PASA with MSU at the beginning of 1980. Little progress observed in 1981.

- Sector-wide Annual Operating Plan produced on annual basis	- Following guidelines prepared by CONSUPLANE and by the Sector Planning Division of the MNR, BANADESA, IHCAFE and 7 MNR regional planning units are producing Annual Operating Plans.
- Annual and medium term regional plans produced regularly.	- General lack of inter-institutional coordination in agricultural planning, resulting in a deficiency in preparing integrated regional development plans.
	- Intra-institutionally, lack of communication between central and regional planning units.
	- No information provided on medium range plans.
- Sector planning and budgeting processes integrated	- Poor integration of these processes. Still no legal definition delimiting functions and responsibilities of institutions associated with planning within the agricultural sector.
- Medium term plans (3-5 years) will be revised and updated on continuing basis	- No progress.

2.2. Information System

- Law defining institutional responsibilities of SNIAH	- No formal national agricultural network exists. However, at the informal level a network based on personal friendships and acquaintances is actually operating.
	- Competent professionals characterized by strong initiative have had an important impact on such informal system.

- Construction of National Area Sample Frame in the following order: Regions 1 and 6 by 12/80; Regions 2 and 3 by 12/81, Region 4 by 12/82 and nationwide by 12/83.	- All of the work related to Region 1 was finished in 1979, and an important amount of the work in connection with Regions 2 and 3 has been completed. Regions 4 and 7 will be done in 1983. Last priority has been given to Regions 5 and 6.
- Creation of the Area Sample Frame Construction Dept., the Agricultural/ Rural Survey Dept.; and the Sampling Department in the DGEC.	- Two persons paid by the DGEC and four others paid by MNR are currently working in the construction of the area sample frame. Six more will soon be hired using ASP II funds.
	- The old Agricultural Section of the DGEC has been converted into the DEAR with no changes in methodology and scope of work.
	- Economic difficulties within DGEC have hindered the creation of the Sampling Deparment.
- Implementation of the National System of Agricultural/Rural Surveys	- Little progress in developing an information system taking into account the need of potential users. Institutions within the sector have limited resources to satisfy all information demands. Two-day seminar with MNR, CONSUPLANE and IICA took place in June 1979 to define the socio-economic variables needed by the information system. No additional work was done in the matter and no agreements were signed to establish or to integrate the agricultural statistics network.

	- The DEAR's main responsibility to date has been the agricultural forecasting survey done continuously from 1979-1981. GOH funding for the survey has been cancelled for 1982.
	- National Agricultural Census was conducted by DEAR in 1980. Data collected is related to 27 different crops, including Honduran basic grains. Information also collected in connection with animal husbandry, forest use, agricultural machinery, vehicles, and actual fixed capital. 19,192 farms were visited, the data was processes mechanically, stratified by the seven agricultural regions, and to date 15 basic tables have been prepared.
- Regional Agricultural Documentation Centers	- Several documentation centers have been functioning for some time. However, personnel in charge of regional centers have too many responsibilities to carry out their duties efficiently. In addition, executive personnel responsible for this component in different implementing agencies do not clearly understand the importance of these centers and in some cases libraries are associated to administrative rather than technical units capable of giving them more support.
- Agricultural Sector numerical data bank with terminals to 4 principal user agencies begins operations.	- No progress whatsoever.

- National Agricultural Documentation System	- Since 1977 CEDIA has published 4 catalogues and 19 technical documents. In addition, in the 1980-81 period it has given 5 different courses to 57 participants associated with six different agencies. Course content has dealt with different aspects of library science applied to the Honduran agricultural sector.
- Consolidation and Dissemination Department established in Extension Service of MNR	- Department created in 1980. Since 1981, however, it has not had the necessary operational budget and its main working instrument, a radio program, has been cancelled since then.
-National Agricultural Bibliography, a National Directory of Sources of Information and a catalogue of all publications and periodicals in the national agricultural documentation system.	- A documentary data bank presently has 2,000 processed entries. - The second edition of a collective catalogue of periodical publications is ready to be printed.

2.3. Marketing Analysis System

- Marketing Research and Analysis Department (DIAM) created and staffed within IHMA by March 1980.	- Department organized in March 1981
- Specification of Marketing Data for Numerical Data Bank and coordination of data collection activities.	- One of the main tasks of the DIAM has been the planning and analysis of agricultural production forecasts.
- Preparation of descriptive and analytical reports on Honduran marketing systemsfor selected commodities.	- The DIAM has conducted studies on the demand, production, destination and prices of basic grains, including marketing channels and profit margins. - It has prepared a basic grains floor prices proposal.

	- To develop its general technical capacity, the DIAM signed an agreement in 1982 with the Food and Feed Grain Institute from Kansas State University. This Institute is to provide technical assistance through resident technicians to implement two programs. The first deals with price stabilization and marketing development and the second deals with Marketing Research and Analysis. The agreement also includes participant and in-service training for DIAM's personnel.
3.0. Delivery Services and Related Inputs System	
3.1 Extension Service	
- Model Training Agencies established	- Model training agencies have been established in five of the 7 agricultural regions in the country. However, their resources are so limited that they are functioning as training agencies giving technical assistance to satellite agencies.
- Strengthened regional agricultural agencies	- Very little accomplished.
- Regional and Central Unit staff levels strengthened	- Staff within extension service has increased from 240 to 297 technicians, 50 of which are paid by program funds. There is still no net transfer of personnel to specific projects.
	- Six technicians are receiving participant training abroad.
- Community-based voluntary leaders selected and trained for Extension Service work.	- 126 volunteer community-based leaders have been selected and trained in 4 regions. No standardized criteria have yet been developed for their selection.

- Economic incentives established for Extension Service personnel assigned to rural areas.	- Salary supplements to personnel working in marginal areas are being payed. No important impact of such payments has been observed so far.
3.2 Service Cooperatives	
- Unit established within DIFOCOOP to assist the agricultural services cooperatives.	- No unit has yet been established. ASP II funds have been used to pay for technical assistance from a firm hire to implement the sub-activity.
- Feasibility studies for cooperatives in priority areas.	- Pre-feasibility studies for setting up two cooperatives were conducted.
	- Total lack of inter-institutional coordination for constitution of service cooperatives within reformed sector.
	- Duplication of efforts to evaluate 11 Regional Agricultural Cooperatives already existing within reformed sector
- 4 Cooperative Service Centers within reformed sector and 4 within the non reformed sector by 1982	- Definition of work plans, promotion, and establishment of two service cooperatives for independent farmers in January 1982
- Production improvement projects	- Preparation of production plans for the 11 Regional Agricultural Cooperatives within the reformed sector. Plans have not been implemented and all of the cooperatives have delinquent credit.
3.3 National Development Bank Regionalization	
- Regional offices established	- New regional structure has been adopted.

- Strengthening of agencies in all regions implying contracting 16 additional credit specialists and the purchase of 101 vehicles and office equipment.	- Acquisition of 45 vehicles distributed among all regions.
- Regional reporting and budgetary procedures.	- Procedures defined.
- New credit manuals and procedures	- Creation of Credit Division, composed of a Technical Department and a Credit Department.
	- Contracting of 7 technicians with loan funds for Credit Division and Economic Studies Advisory Unit.
	- Definition of an annual operating plan for 1982 which includes an analysis of present financial situation of each agency, the definition of the institution's credit policy, the necessary conditions for credit approval and the policies to be implemented for fund use and recovery.
3.4 Zonal Infrastructure Packages	
- Two person planning teams assigned to CAR's	- Not done.
- Planning instructions to CARs	- Not done.
- Feasibility studies	- Not done.
- 16 small infrastructure packages between 1982-83	- One in Guaymas underway.
3.5 Small Farmer Consumption Improvement	
- 750 families receiving intensive technical assistance in 1980 and 900 in 1981	- Program started in 1981. During that year assistance given to 900 families

- 3,750 families receiving extensive technical assistance in 1980 and 4,500 in 1981	- Program started in 1981. During that year assistance given to 1,967 families
- Distribution of 360,000 units of plant materials in four years	- Distribution of 5,378 grafted fruit trees
	- Distribution of 316 pounds of vegetable seed.
- Establishment of unit within MNR to coordinate and control this activity	- Assignment of a Project Coordinator at the national level, and assistance being provided by horticultural specialist working for the National Agricultural Extension Program.

18. Purpose

As indicated earlier the purpose of the program is "to establish efficient institutional structures and delivery systems to serve the needs of small farmers".

Expected Results	Progress to Date
1) "There is an increased number and improved quality of trained professionals working in the sector. More specifically:	
- There is a decreased reliance on foreign experts, especially at CURLA.	- This is difficult to measure, yet the evaluators have recommended the need for technical assistance on short-term basis to make program implementation more dynamic. In the specific case of CURLA, the percentage of foreign personnel has actually reduced. It is expected that when CURLA's personnel returns from overseas training, reliance on foreign experts will be minimal.
- The proportion of Honduran faculty at CURLA with at least Masters degrees increases to 33%.	- 22% of present teaching staff has Masters degrees, and 45 scholarships at the Master's level have been approved for CURLA applicants. However, no policy has been adopted to reduce personnel turnover and despite the existence of an evaluation system for teachers it has not been used.

- At least 45% of the officials working in public agricultural institutions have received in-service training	- Due to lack of counterpart funds, the total number of trainees for the 1979-81 period represented 20% of expected outputs.
2) There are permanent systems to determine agricultural training requirements, in-country and overseas.	- No progress
3) There is an in-country capability to train all B.A./B.S. level technicians required in the Agricultural sector.	- Some progress observed. In the 1978-82 period, teaching staff at CURLA jumped from 36 to 104 professors. However, due to important modifications in CURLA's initial physical development plan caused by lack of counterpart funds, facilities to be constructed with program funds will barely satisfy the needs of the 1982 student population. In addition, very little progress achieved in connection with the creation of new careers at CURLA.
4) There will be improved mechanisms through which agricultural services can be delivered to reform and non-reform sector small farmers. The MNR Extension Service alone will be reaching at least 80% of all reform sector farmers and 25% of all non-reform farmers.	- DIFOCOOP's institutional capacity to give the necessary support to service cooperatives has to be improved, and special attention has to be given to the lack of inter-institutional coordination to give the necessary support to service cooperatives in the reformed sector.
	- Progress toward objectives in relation to the Extension Service has been limited in that only about 10% of expected outputs to have been accomplished.
5) - A system exists by which local or zonal infrastructural needs are identified and projects implemented.	- Little progress

6)	- BNF has a strong regional program and is lending to substantially more target farmers than in 1977. It also has an improved financial position and reduced default rates.	- Needed restructuring of BNF gave birth to BANADESA, a specialized institution in agricultural financing strictly limited to banking operations. Despite the existence of a well defined operational plan for 1982 BANADESA needs urgently to be capitalized. The institution faces difficulties in recuperating delinquent credit.
7)	There is improved regional and national coordination among Extension, Research, INA, the BNF and other institutions.	- Some progress observed. Scholarships and In-Service Training Committees have been created and are operational. However, there is still the need to: (1) define the role of CONSUPLANE and the MNR in relation to planning, (2) reactivate the Agricultural Statistics Committee, (3) integrate the Agricultural Extension and Research Programs and (4) coordinate the efforts of the different agencies in charge of implementing the service cooperative component.
8)	There will be increased participation (regional and beneficiary) in the planning and execution of agricultural development programs.	- Top-down decision making has been the rule. This is particularly true for CURLA's physical development and for the Agricultural Extension Program.
9)	Individual institutions in the sector will have strong analytical and planning units.	- CONSUPLANE's Agricultural Planning Directorate is giving technical support to the Regional Committees and to MNR's regional planning offices. However, lack of intra-institutional coordination of efforts has been reported.

10) There is an effective sector wide system for policy analysis, planning budgeting and evaluation.	- Very little has been done and UCFE as the program coordinating unit, has had little impact on general institutional development.
11) The proportion of actual budget expenditures vs. planned expenditures will increase from 70% in 1978 to 85% by 1983.	- Information not available at this time.
12) Agricultural data and information will be more reliable and accessible to public sector institutions and farmers.	- Improvements in documentary systems and libraries, have been achieved, but progress has been slow in numerical data made available to institutions.

19. Goal/Subgoal

The program's goal is "to increase the income of the rural poor in Honduras." The subgoal is "to increase the capacity of the agricultural sector to absorb and efficiently use domestic and foreign resources (human, financial, natural and technological) so that they can be more effectively brought to bear on the problems of the poor."

No assessment of expected results at the goal and sub-goal levels seemed appropriate at this time given the delays observed in program implementation and the general economic situation of Honduras in the 1980-81 period.

However, there is indication that the two main assumptions in connection with sub-goal achievement are faulty. One, because the system of agricultural planning, upon which the integration of the sector was based, has not been implemented. And two, because the GOH has not yet developed the adequate personnel management policy allowing for the attraction and retention of qualified public administrators.

20. Beneficiaries

The presence of qualified personnel within improved institutions working in an integrated agricultural sector is expected to have an impact on the development programs designed and implemented by the GOH to improve the living conditions of the rural poor. The program is intended to provide poor, independent farmers as well as farmers within the reformed sector with the necessary technical assistance, credit and marketing infrastructure in order to raise their income levels and nutritional status.

Type of Benefit	Definition of Benefit	Activity	Target Out Groups
1. Immediate and Contiguous beneficiaries	Directly delivered to Improvement	-Small Farmer Consumption receiving plant materials	20,000 small farmers
		-Zonal Infrastructural Packages	5,000 small farmers with access to 16 infrastructure projects
		-Service Cooperatives	2,500 small farmer members of cooperatives to be developed
2. Immediate and non-contiguous	Established during the life of the program, but indirect impact	-Extension Service	-63,000 farmers assisted by Extension Service.
		-Agricultural Diversification	-500 small cucumber farmers in agrarian reform projects.
		-Regionalization of BANADESA	-75,000 recipients of BANADESA loans
3. Intermediate and non-contiguous	Improving the quality of the agricultural public sector	-Participant Training	University Training for 235 public agricultural sector employees expected to eventually design and implement development programs for approximately 300,000 small farmers in the country.
		-In Service Training	Training courses for over 20,000 public agricul- tural sector employees presently participating in the definition and implementation of development program for the country small farmers and agrarian reform beneficiaries
		-Physical Development of CURLA	Affecting by 1984, 4,350 teachers and students serving the professional needs of the Ag Sector
4. Mixed Benefits	Established during the life of the program either with immediate or intermediate effects	-Marketing Analysis System	Indirect benefits for all small farmers in the country
		-Agricultural Planning	
		-Information System	

"The benefits derived from this project can be classified into a typology based on two criteria: immediacy and contiguity. Immediacy refers to the time frame within which benefits will be the target group. Contiguity refers to the directness of the benefit." If both criteria are combined, four categories of benefits can be formed. These categories are presented in the following table, along with the corresponding program activities and target (sub-)groups by activity.

21. Unplanned Effects

1. The dismal track record of host country contracting in ASPII and other USAID projects has caused the Mission to conclude that the GOH does not have the sufficient capacity nor adequate procedures to perform contracting/procurement in a timely or effective manner. This has led to high level policy discussions to explore new modes of project implementation.

2. The need to define the institutional prerrogatives with respect to sectorial planning revived old conflicts between the MNR and CONSUPLANE regarding their individual responsibilities in the matter, and it created the need for a policy decision from higher government officials for settling the dispute.

3. The adoption of an open-membership model in the case of the service cooperatives generated an initial opposition from a peasant union favoring collective enterprises. This opposition was later diminished through measures adopted to support service cooperatives affiliated to that peasant union and which had become credit delinquent.

22. Lessons Learned

1. The design of complex sector development programs requires not only the targeting of the development problems within that sector, but also a realistic assessment and evaluation of the administrative and technical capacity of the involved implementing agencies to carry out the proposed activities.

2. The application of the systems approach for sector development requires that special attention be paid to program management issues. In the case of the recipient country, it is important that program coordination units have (1) clearly defined responsibilities (e.g., procurement of goods and services, budgeting, supervision and control), (2) sufficient authority over other implementng agencies to enforce action, and (3) the necessary links with higher level officials so that timely corrective actions are taken in the case of implementation difficulties. In the case of AID, more expeditious program management needs to be developed. Clearance chains are slow-moving and project officers are generally overwhelmed by daily administrative issues with little time for technical support to program implementation.

3. That Host Country Contracting modes for large scale, complex programs may not be appropriate for countries such as Honduras with limited administrative capabilities. A.I.D. must at least initially, take a much more active role either through its own staff members or contracted technical assistance to insure that project planning and execution are performed within an effective framework given A.I.D. and Host Country norms. Project managers and mission management must be extremely flexible in their interpretations of A.I.D. rules and willing to either adapt to local conditions or take a more direct role in implementation at the expense of attempting to transfer A.I.D.'s regulations into the Host Country administrative environment.

4. The application of the systems approach for sector development requires that program design clearly defines the linkages between the different program activities planned, yet be flexible to changing political and economic conditions.

5. The design of development programs requires more and constant participation with implementing agencies. This collaborative participation results in more awareness of project goals, clearer objectives and higher commitment to implementation at the activity level.

6. Sophisticated technology transfers (e.g., computerized numerical data processing systems) should be carefully assessed before they are included in a sector development program, particularly in the case of countries with meager human resources."

7. Replanning the program requires the need to define priorities. Special attention should be given to (1) activities intended to develop the innovative capacity of public administrators to deal with development problems (e.g., training), and (2) activities expected to have immediate impact on target groups (e.g., delivery of services).

23. Issues Addressed

1. Economic situation of Honduras and its impact on counterpart funds for project implementation.
2. Absence of the necessary political policy decisions to enhance the integration of the agricultural sector.
3. Absence of a strong managerial unit within the agricultural sector to adequately coordinate program activities.
4. General lack of adequately trained public administrators and tendency toward turnover of qualified personnel.
5. Deficiencies in the existing program management system within AID.
6. Sluggishness of the system utilized by the GOH for the procurement of services and commodities under Host Country contracting modes.

Recommendations made:

1. Reprogram activities taking into account the present Honduran economic and budgetary situation. This includes the definition of counterpart disbursements in program-related activities and anticipated funding. Special attention should be paid to CURLA's physical development and other autonomous agency counterparts.

2. Provide technical assistance on a short-term basis to give the program the necessary management dynamism that it has lacked.

3. Define a personnel management policy to attract and retain adequately trained personnel, in accord with GOH absorptive capability.

4. Allow for independent project activities to be separately implemented by corresponding agencies without the intervention of the coordinating unit.

5. Create a stronger coordination unit with the necessary structure, authority and funds to implement the program.

6. Analyze the impact of the approval chain used in AID on program implementation, and coordinate the efforts of the Mission so as to allow project officers to concentrate on the technical rather than the administrative aspects of program implementation.

7. Encourage high-level GOH officials to decide on implementing one of the planning system proposals.

8. Reactivate the Agricultural Statistics Committee.

9. Promote the capitalization of BANADESA by the GOH.

10. Integrate agricultural extension, research and training into an institute having its own financial resources.

11. Encourage the implementation of zonal infrastructural packages by corresponding agencies.

12. Coordinate activities related to service cooperatives within the reformed sector.