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DRAFT REPORT

**A PROGRAM PERFORMANCE ASSESSMENT SYSTEM
USAID/HONDURAS**

**Stage 1: Mission Goals, Strategic Objectives
Program Outputs, and Indicators**

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CHAPTER ONE: INTRODUCTION

The purpose of this report is to help USAID/Honduras develop a Program Performance Assessment System (PPAS) for the major programmatic areas in its development portfolio. The PPAS is a system for strategic management -- for planning, implementing, assessing progress, and reporting results on a limited number of mission-wide strategic objectives. (See Annex 1 for more details regarding PPAS.)

This report outlines the results of a two-week technical assistance effort designed to help USAID/H refine its strategic objectives as a first step in developing its PPAS. The technical assistance was timed also to help the mission get started with preparing its Action Plan, which is due in March, 1992. When the PPAS is completely developed and operating, USAID/H should be able to generate the information needed to assess and report periodically on the impact of its assistance to Honduras. This information can be used for the mission's own management purposes and for reporting to A.I.D./Washington and Congress.

At the beginning of the technical assistance visit, we established an agreement with senior mission management to collaborate in pursuing the following objectives with mission staff:

That USAID/H, with the assistance of the TDY team:

- makes substantial progress in refining its development program plan and PPAS, such that the plan eventually includes:
 - a small, clearly articulated set of plausible, measurable strategic objectives; strategies for achieving those objectives, performance indicators, and strategies for measuring progress with respect to those indicators; and other important objectives (and indicators, etc.) that lie outside the mission's basic strategic plan;
- develops "ownership" of the strategic plan, i.e., it is a plan that the mission intends to manage against and for which it will hold itself accountable;
- develops a better understanding of (a) the purposes, principles, process, and methods of strategic management; and the Agency's, the LAC Bureau's, and the mission's perspectives and needs with respect to strategic management; and
- establishes a plan for continuing the participative process of developing and implementing its PPAS.

We are pleased to report -- and we believe that senior mission management would agree -- that the first three of these objectives were achieved. Time did not permit achievement of the fourth. This last objective is critical; therefore, we strongly recommend that senior management, with assistance, perhaps from the Bureau, develop a plan of scheduled activities and deadlines to complete the PPAS development process.

CHAPTER TWO: PROCESS AND METHOD

At the request of LAC/DPP, and with mission concurrence, we visited USAID/H from January 21 through 31, 1992, to facilitate the refinement of the mission's strategic objectives outlined in its FY 1992-1993 Action Plan, as a first step in developing its PPAS. We were joined by Ms. Maureen Dugan, the LAC Desk Officer for Honduras, who played a key role in helping mission staff articulate their objectives and strategies and helping us work effectively mission staff.

On the first morning of the TDY, we met with senior mission management to establish mutually agreed-upon objectives for our visit. Senior management also agreed that the mission would develop a total of four or five strategic objectives in the following four areas: (1) structural adjustment, trade, investment, and agriculture; (2) social sectors (health, education, population, etc.); (3) natural resources and environment; and (4) democratic initiatives. There currently are seven strategic objectives in the mission's FY 1992-1993 Action Plan. To get this number down to four or five, senior management decided to have only one strategic objective in the democratic initiatives area (instead of the current two), and not to have a strategic objective in the area of regional cooperation (because the mission's activities in this area do not constitute a focused program).

Senior management, with the help of DP staff, assembled four inter-office workgroups of key mission staff to develop the strategic objectives in the four chosen areas. The members of these workgroups are listed in Annex 2.

In the afternoon of the first day, we conducted a two-hour mission-wide meeting to acquaint staff with the purpose of our visit, the principles of the LAC Bureau's PPAS, the objective tree method for developing strategic objectives and strategies, and the participative process to be used during the TDY.

During the next five working days, the four strategic objective workgroups met a minimum of four times (a minimum of six hours) to develop agreed-upon strategic objectives and program outputs. For the purposes of the PPAS, strategic objectives were defined as high-level, developmentally significant results that are within the mission's manageable interest and that are achievable and measurable within five-to-seven years. Program outputs were defined as concrete, near-term results that are directly attributable to USAID/H activities and that are expected to contribute to achievement of the mission's strategic objectives.

Each workgroup was assisted by a pair of TDY team members. Our conscious objective was to facilitate, not direct, the discussion and decision-making of the workgroups so that the products developed would truly be the mission's products. We also provided guidance in the following: using the "objective tree" method, an analytical approach to defining a program's hierarchically ordered objectives and the causal relationships among them; anchoring key USAID/H results at the strategic objective and program output levels;

and identifying meaningful indicators of achievement at the strategic objective and program output levels.

We used the process of developing "objective trees" for two major reasons. First, the objective tree approach promotes systematic cause-effect (or means-ends) thinking in developing plausible program designs and descriptions. Second, the approach serves as a useful tool for developing consensus on goals, objectives, and strategies. For additional information on the objective tree method, please see the LAC Bureau's *Program Performance Assessment System Guidance*, November 1991, and "Proposed Performance Measurement Guidelines," draft, 11/22/91, prepared by the Center for Development Information and Evaluation. The latter is attached in Annex 3.

Late in the TDY visit, the workgroup for structural adjustment, trade, investment, and agriculture divided into two subgroups, one to develop a strategic objective in the private sector area, and the other to develop an objective in the agriculture area. By the eighth day of the TDY, these two subgroups and the other three workgroups had each developed a proposed strategic objective and accompanying rationale, several program outputs in support of the strategic objective, additional lower order objectives to support achievement of the program outputs, and tentative indicators for the strategic objectives and the program outputs.

Time did not permit the connection of detailed project activities to specific program outputs and strategic objectives or detailed examinations of data sources and measurement issues for the many indicators tentatively identified. Workgroups also did not have time to set quantitative, time-based targets for the indicators. Nevertheless, we believe that the mission accomplished a great deal in the few days devoted to this exercise. In section 4, we offer some suggestions for continuing the process.

On the eighth and ninth days of the TDY, the workgroups presented their strategic plans to senior mission management and interested staff during two all-afternoon sessions. Active discussions followed the presentations, and modifications in the plans were made. At the end of the second session, the mission adopted two tentative mission goals, which are supported by the five draft strategic objectives. We spent the remainder of our visit preparing this draft report.

Throughout the nine-day visit, we enjoyed excellent support from the DP Office, particularly from Lorraine Simard and Don Soules. They scheduled meetings on our behalf, arranged office space and other logistics (including great secretarial support), provided useful documents, and offered moral support and guidance during the few difficulties we experienced.

The results of the work accomplished by the strategic objective workgroups in concert with senior mission management are outlined in Chapters Three and Four. Chapter Three provides a picture of the overall development strategy being pursued by USAID/H, and Chapter Four presents detailed descriptions of each of the five tentative strategic objectives that were developed. Finally, in Chapter Five, we offer some suggestions for next steps now that the first stage in developing USAID/H's PPAS is completed.

CHAPTER THREE: OVERVIEW OF THE USAID/HONDURAS DEVELOPMENT STRATEGY

The chart on the following page presents an overview of the USAID/H development strategy, as tentatively defined during the TDY exercise. Note that the Mission is adopting two broadly defined goals: Equitable and Sustainable Economic Growth and Development, and Consolidation of the Honduran Democratic System.

The five draft strategic objectives chosen by USAID/H that fit under the goals are as follows:

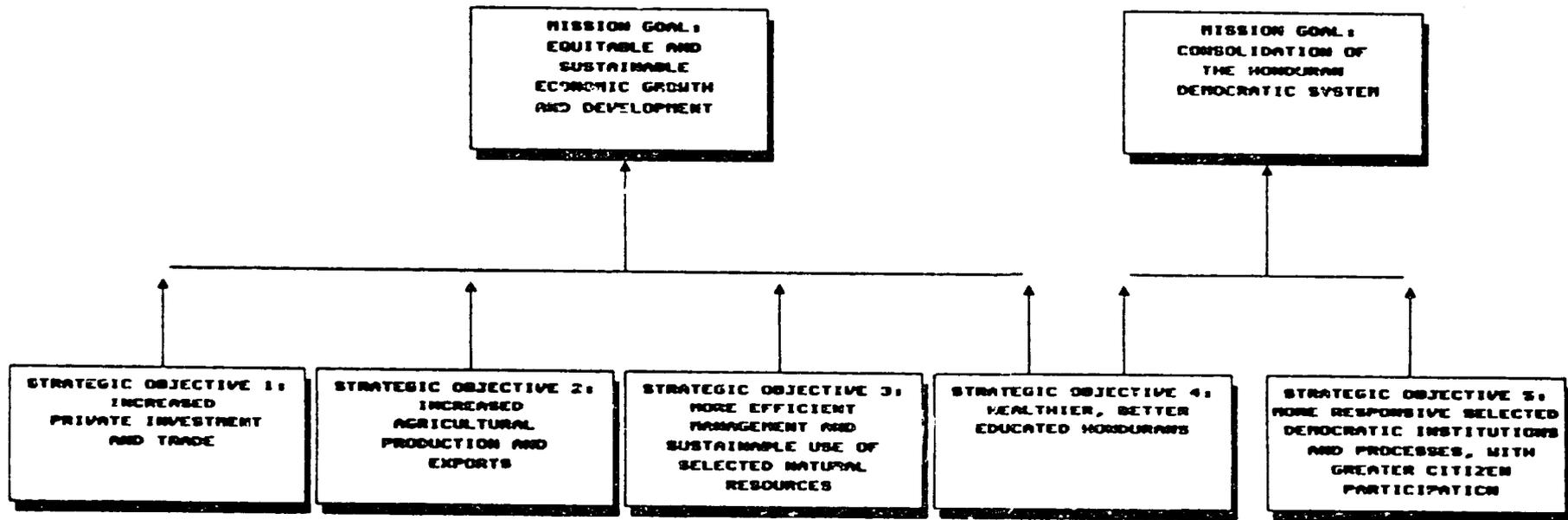
- Increased Private Sector Investment and Trade;
- Increased Agricultural Production and Exports;
- More Efficient Management and Use of Selected Natural Resources;
- Healthier, Better Educated Hondurans; and
- More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation

With the first goal statement, the Mission is emphasizing the importance of not only economic growth but also development in general (economic, social, etc.). The Mission is also emphasizing its concern both that the growth and development be sustainable beyond AID's involvement and that it be concentrated among the poorer sectors of Honduran society.

The first four of the Mission's five draft strategic objectives are expected to contribute to the first goal. The Mission is working to increase private sector investment and trade through the development and adoption of policies and the implementation of regulations. Agricultural production and exports will be increased through policy reforms designed to reduce economic distortions affecting agricultural sector productivity, increased private investment, increased access to the factors of production and strengthened private sector institutions servicing agriculture.

In the third strategic objective--more efficient management and use of selected natural resources--USAID/H is focusing on three major natural resources, the various types of forests located throughout Honduras, arable land, and water irrigation. This objective is being pursued through policy reforms, reorienting and strengthening GOH institutions, new technologies and increasing the capacity of private sector institutions.

USAID/HONDURAS
MISSION GOALS AND
STRATEGIC OBJECTIVES



The fourth strategic objective--healthier, better educated Hondurans--is expected to contribute to the Mission's economic growth and development goal because healthier and better educated people are generally more economically productive people. With an emphasis on better health and effective family planning among Honduran women of fertile age, the Mission is attempting not only to improve, indirectly, the health and welfare of Honduran children but also to increase opportunities for Honduran women to participate more fully in the economic and civic arenas. By emphasizing infant and child health, the Mission is looking toward the long-term economic and social health of Honduras. The Mission's program in education is focused on improved efficiency, quality, and coverage of the primary education system and better education of the Honduran workforce. Literacy and numeracy--products of primary education--are important factors in economic and social development; and the contribution of vocational and other work-related education to productivity and development cannot be overstated.

Long-term impact on the second goal--consolidation of the Honduran democratic system--is expected through measurable achievement in the mid-term on the Mission's fourth and fifth strategic objectives. As with economic growth and development, a healthier and better educated populace (the fourth strategic objective) is an important factor in citizen participation and demand for a more durable and widely established democratic system. The fifth strategic objective--more responsive selected democratic institutions and processes, with greater citizen participation--is expected to contribute to the Mission's second goal through emphases on working with parts of the judicial, legislative, and electoral systems, as well as working with selected local governments.

It should be pointed out here that the five strategic objectives identified by the Mission are very broad ones. They represent efforts by each of the workgroups to include almost all the assistance activities currently being conducted by the Mission. As such, they, and the program outputs and supporting activities under them (which will be described in the next section) serve as a comprehensive picture of USAID/H's current development portfolio. Should the Mission need to scale down or find itself able to increase its activities in the near future, this big and inclusive picture, with information generated through the PPAS, should prove useful in determining where to make adjustments.

We would have preferred more emphasis on focusing and concentrating in this exercise, which, to us, means more hard judgments about which portions of the Mission's portfolio are relatively more strategic than others in contributing to the broad goals. We do believe, however, that the Mission has made a good start toward making those judgments by defining and integrating the various parts of its portfolio.

CHAPTER FOUR: THE FIVE STRATEGIC OBJECTIVES OF USAID/HONDURAS

A. Strategic Objective No. 1: Increased Private Investment & Trade

1. Rationale

In the 1980s, Honduras economic situation deteriorated. GDP increased by an average of 2.0 percent per annum, below the average population growth rate of 2.9 percent.

In the second half of the 1980s, Honduras began shifting its economy away from import substitution. It began a process of developing the laws, institutions, and human resources needed to implement an export-led development strategy based on greater private investment. Several private export and investment promotion organizations were established. A privatization program was initiated and AID-supported non-traditional exports began to grow.

Honduras has one of the weakest and least developed private sectors in the LAC region. Much of the private sector has traditionally been inefficient and inward-looking, which has limited its ability to compete in regional and international markets. The Honduran financial system is weak, undercapitalized, inefficient, oriented toward short term commercial transaction, and lacks competition. Domestic saving is discouraged by poor economic policies.

Important policy achievements were made in 1990. The Mission's strategy will build on important gains made to date and will have a measurable, positive impact on private investment and trade in Honduras in ensuing years. This should result in greater participation of the private sector in the national economy. (Please refer to the chart on the next page for a detailed summary of this strategic objective.)

This strategic objective contributes directly to the LAC Objective I: Support the achievement of broadly-based sustainable economic growth. It supports in particular the LAC Sub-Objective A: Encourage economic policies that promote investment, productive employment, and outward-oriented diversification; LAC Sub-Objective B: Encourage a vigorous private sector response; and LAC Sub-Objective C: Encourage increased opportunities for the disadvantaged.

2. Assumptions

To succeed in achieving the strategic objective, several assumptions are necessary. They are as follows:

Strategic Objective

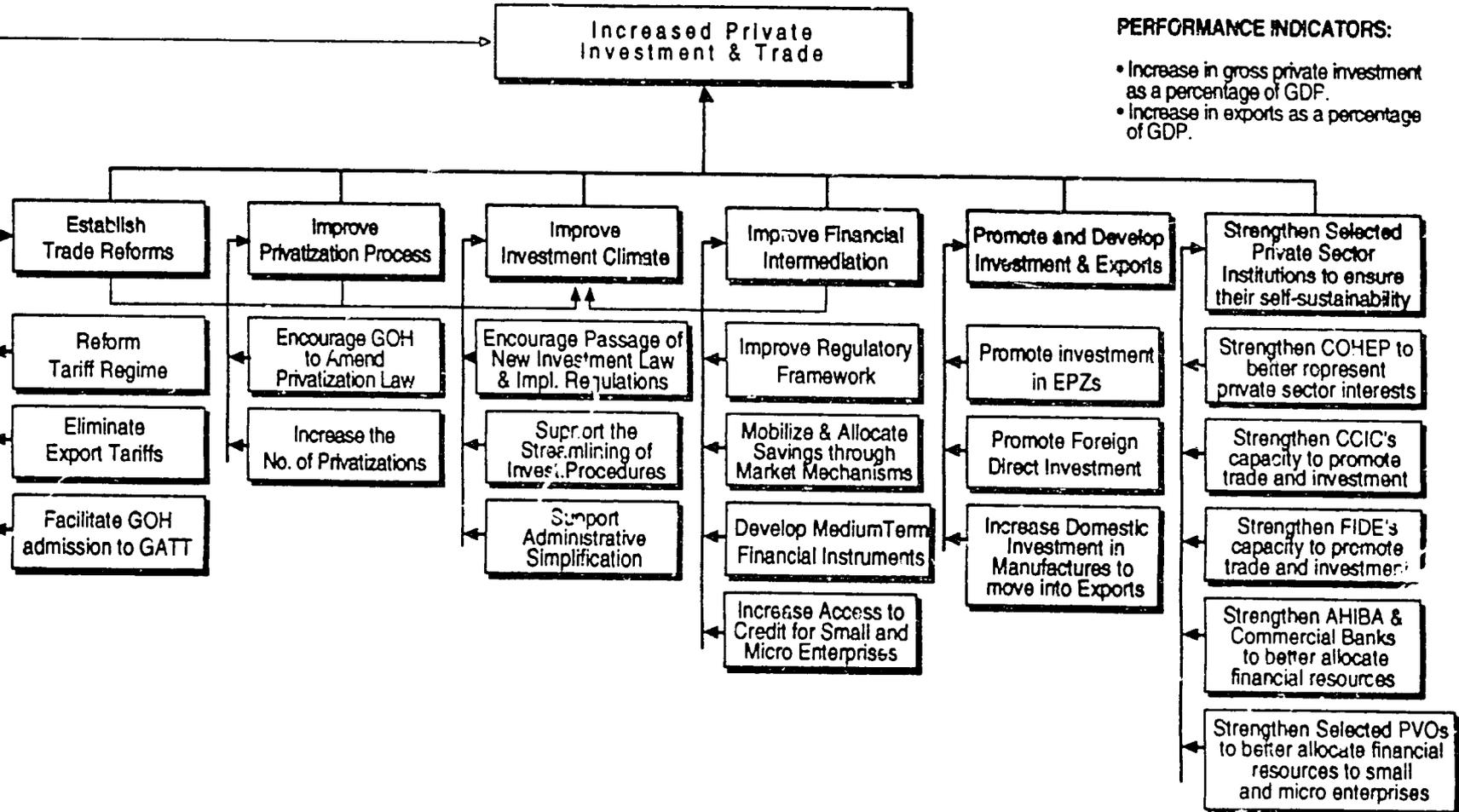
Increased Private Investment & Trade

PERFORMANCE INDICATORS:

- Increase in gross private investment as a percentage of GDP.
- Increase in exports as a percentage of GDP.

PROGRAM OUTPUTS

Sub-Program Outputs



10

Assumptions:

- IMF/IBRD involved in econ. stabilization.
- IDB jointly involved in financial sector reform.
- IDB broadly engaged in industrial reconversion.
- Macroeconomic policy maintained and improved.

- Export Development and Services (0207)
- Investment and Export Development (0312)
- CCIC (0363)
- Policy Analysis & Impl. - COHEP (0325.01)
- Economic Stabilization & Recovery (0375)
- Policy Analysis & Impl. (0325.0)
- Structural Adjustment Program (0365)
- Title III (PL-480)

- Privatization (0269)
- CCIC (0363)
- Policy Analysis & Impl. - COHEP (0325.01)
- Economic Stabilization & Recovery (0375)
- Title III (PL-480)

- Policy Analysis & Impl. (0325.0)
- Export Development and Services (0207)
- Investment and Export Development (0312)
- Small Business II (0241)
- Privatization (0269)
- Policy Analysis & Impl. - COHEP (0325.01)
- CCIC (0363)
- Economic Stabilization & Recovery (0375)
- Title III (PL-480)

- Policy Analysis & Impl. (0325.0)
- Export Development and Services (0207)
- Investment and Export Development (0312)
- Small Business II (0241)
- Policy Analysis & Impl. - COHEP (0325.01)
- CCIC (0363)
- Economic Stabilization & Recovery (0375)
- International Executive Services Corps (0361)
- CADERH (0257)

- CCIC (0363)
- Export Development and Services (0207)
- Investment and Export Development (0312)
- Policy Analysis & Impl. - COHEP (0325.01)

- Export Development and Services (0207)
- Investment and Export Development (0312)
- Policy Analysis & Impl. (0325.0)
- Small Business II (0241)
- Policy Analysis & Impl. - COHEP (0325.01)
- CCIC (0363)
- Title III (PL-480)

- Macroeconomic policies are maintained and improved,
- IDB is broadly engaged in industrial reconversion
- IMF and IBRD are involved in economic stabilization, and
- IDB and USAID/H are jointly involved in the financial sector reform.

3. Performance Indicators

There are two performance indicators for this strategic objective:

- Increased Gross Private Investment as a percentage of GDP; source: Central Bank of Honduras.
- Increased Exports as a percentage of GDP; source: Central Bank of Honduras.

Targets will be spelled out later.

4. Program Outputs, Indicators, and Activities

To achieve this strategic objective, USAID/H is engaged not only in the development and the adoption of laws but also the implementation of regulatory policies by GOH in (a) the trade sector, leading to liberalize exports and imports, and (b) the finance sector, leading to a more transparent and efficient financial market.

USAID/H identified six program outputs to achieve this strategic objective. Each program output is supported by sub-program outputs, which in turn are supported by specific activities in each project. The intricate design of these projects is such that activities in each project have various components that contribute to several program outputs. Consequently, to avoid repeating the description of these projects under each program output, a brief summary appears at the end of this section.

The working group did not have time to discuss program indicators (i.e., indicators for the program outputs). Therefore, only the activities supporting each program output are presented here. Nevertheless, program indicators should be developed during the next few weeks by the workgroup and integrated in this document.

Program Output 1: Trade Reform

Activities that support this program output are as follows:

- Export Development & Services (0207).
- Policy Analysis & Implementation (0325).
- Chamber of Commerce of Cortes (0363),
- Economic Stabilization and Recovery IV (0375).
- Structural Adjustment Program (0365),
- Investment and Trade Promotion (0312)
- Title III

Program Output 2: Privatization

Activities that support this program output include:

- Privatization of State Owned Enterprises (0289).
- Policy Analysis and Implementation (0325.01).
- Chamber of Commerce of Cortes (0363),
- Economic Stabilization and Recovery IV (0375),
- Privatization Phase II (0367)

Program Output 3: Improve Investment Climate

Activities supporting this program output are as follows:

- Export Development and Services (0207),
- Policy Analysis and Implementation (Public Sector Component) (0325),
- Small Business II (0241).
- Privatization of State Owned Enterprises (0289),
- Policy Analysis and Implementation (0325.01),
- Chamber of Commerce of Cortes (0363),
- Economic Stabilization and Recovery IV (0375),
- Investment and Trade Promotion (0312)

Program Output 4: Improve Financial Intermediation in the Formal and Informal Sectors

Activities that support this program output include:

- Export Development and Services (0207),
- Policy analysis and Implementation (0325),
- Small Business II (0241),
- Policy Analysis and Implementation (0325.01),
- Chamber of Commerce of Cortes (0363),

- Honduras Shelter for Urban Poor II (HG 008)
- Economic Stabilization and Recovery IV (0375),
- Investment and Trade Promotion (0312)

Program Output 5: Investment and Export Promotion

Activities that support this program output include:

- Export Development and Services (0207),
- Chamber of Commerce of Cortes (0363),
- Investment and Trade Promotion (0312)

Program Output 6: Strengthen Selected Private Institutions

Activities that support this program output include:

- Export Development and Services (0207),
- Policy Analysis and Implementation (0325),
- Small Business II (0241),
- Policy Analysis and Implementation (0325.01),
- Chamber of Commerce of Cortes (0363)
- Investment and Trade Promotion (0312)
- Human Resource Development Council (0257)

Brief Description of Projects

Export Development & Services (0207). This project's main components are to establish a policy environment favorable to exports, establish an export institution, and provide adequate financial services for exporters.

Small Business II (0241). This project increases and improves the supply of credit, gives training and technical assistance to SSE, and improves the policy and regulatory environment for SSE.

Advisory Council for Human Resources Development (CADERH) (0257). The purpose of the project is to create a technically and financially viable institution which will provide mechanisms for responding to private sector training priorities.

Privatization of State Owned Enterprises (0289). This project provides technical assistance to the National Development Corporation (CONADI) to plan and implement privatization.

Policy Analysis & Implementation (Public Sector Component) (0325). This project basically provides technical assistance to the GOH in implementing policy changes in general and in particular in customs administration, foreign trade area, and export competitiveness.

Policy Analysis and Implementation/COHEP Cooperative Agreement (0325.01). This project develops within the private sector the capacity to study, analyze, and lobby effectively for policy reforms (COHEP).

International Executive Service Corps (0361). The project purpose is to upgrade managerial and marketing skills, and to improve production technologies of Honduran companies.

Chamber of Commerce of Cortes (0363). The project will promote employment generation and increase new private investment, exports, and production by supporting the CCIC activities.

Structural Adjustment Program (0365). The project purpose is to increase medium and long-term capital investment and lending and increase export earnings and overall trade levels.

Economic Stabilization and Recovery IV (0375). The project purpose is threefold: to provide BOP support to Honduras, permitting urgently needed private sector imports; to provide support to GOH Stabilization and Economic Recovery Program; and to encourage the World Bank and IMF to support the GOH Economic Cabinet.

Title III. The project components directly supporting this strategic objective give the Executive Branch the authority to regulate basic grain tariffs, and evaluate the GOH requirements for imports/exports in order to remove obstacles to increase trade.

B. Strategic Objective No. 2: Increased Agricultural Production and Exports

1. Rationale

The USAID/H believes that a healthy agricultural sector is a necessary condition for achieving its overall goal of "Equitable, Sustainable Economic Growth and Development." The agricultural sector still plays a major role in the Honduran economy. For example, although this sector accounts for only 24 percent of GDP, it employs well over half the work force and supplies over 80 percent of export earnings. The agricultural sector, like the rest of the economy, however, has not lived up to its potential. Even more problematic is the fact that the value of agricultural output grew at only 1.7 percent per year during the 1980s, which is below the population growth rate.

Agriculture, the Mission has determined, is also the one sector that can most easily bolster economic growth in the 1992-96 period. Increasing growth in agricultural production and exports will require less investment and imported inputs (a severe constraint on the Honduran economy) than other major sectors. The agricultural sector is also better poised to respond quickly to improved policies. Improved agricultural policies, in fact, are viewed by the Mission as offering the best opportunities for significantly increasing growth, exports, employment and income, and nutrition throughout the economy. (The importance of agricultural policy reform is discussed further below)

Significant increases in employment in the agricultural sector and in the industries and services linked to agriculture are also expected to occur a result of the activities designed to achieve "Increased Agricultural Production and Exports." This is viewed as a desirable by-product in that it contributes directly to the "Equitable" as well as the "Economic Growth" aspects of the Mission's goal. "Increased Employment" was not included in this strategic objective, however, in major part because it was considered to be too difficult to measure directly the magnitude of the effect. (This strategic objective is graphically displayed on Pp. 16 and 17.)

The USAID/H recognizes that the World Bank and the Inter-American Development Bank (IDB) will be returning to their traditional lead role in Honduras, unlike during the 1980s when the USAID/H was the most active donor. Both organizations are developing policy-based agricultural sector reform programs which will be implemented over the next five years, for example. The USAID/H is working closely with both of these organizations to insure that there is close coordination at the program level and that the policy reform conditionalities are focused in a mutually reinforcing manner.

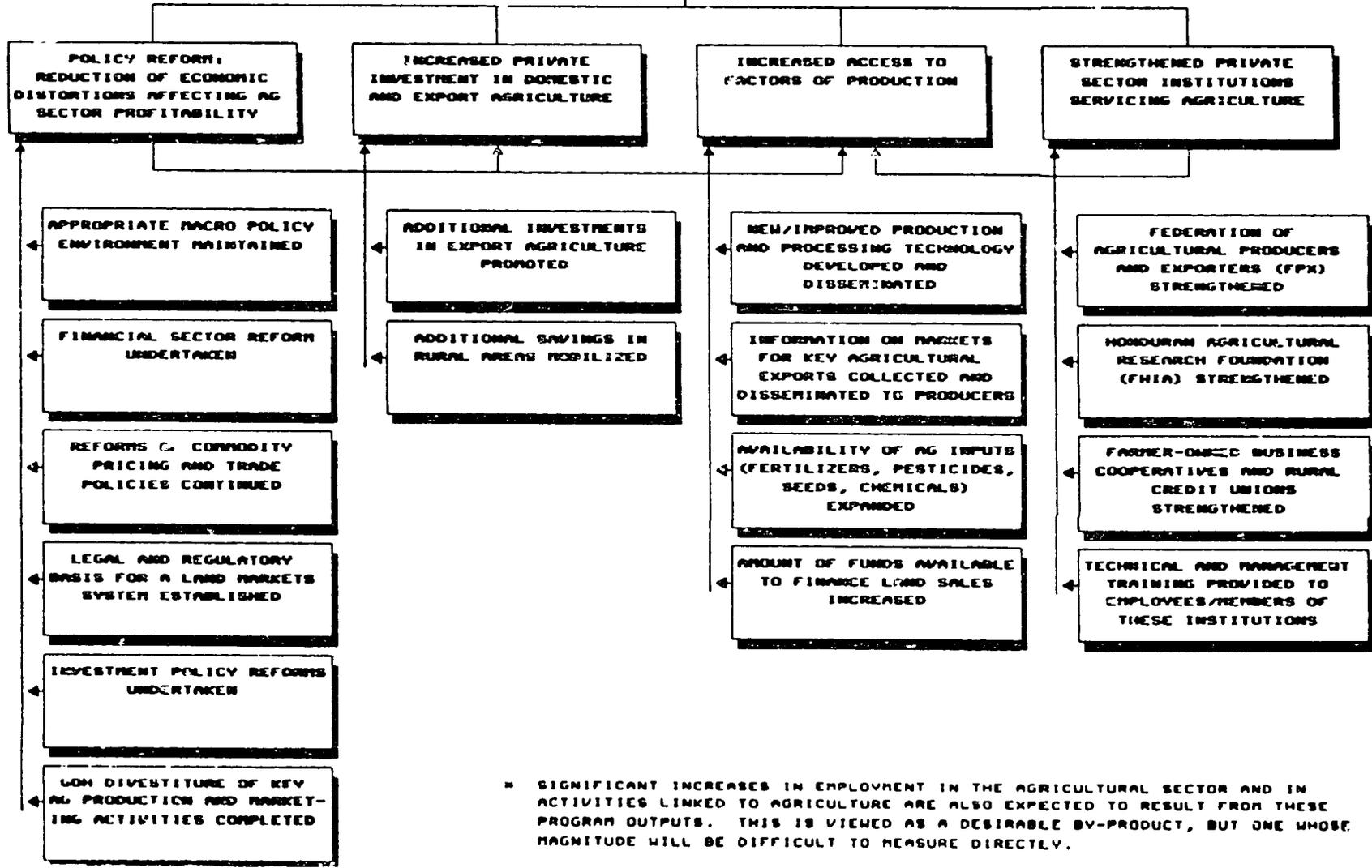
MISSION GOAL:
EQUITABLE AND
SUSTAINABLE
ECONOMIC GROWTH
AND DEVELOPMENT

STRATEGIC OBJECTIVE:
INCREASED AGRICULTURAL
PRODUCTION AND EXPORTS

INCREASED EMPLOYMENT
IN AGRICULTURE AND
RELATED ACTIVITIES

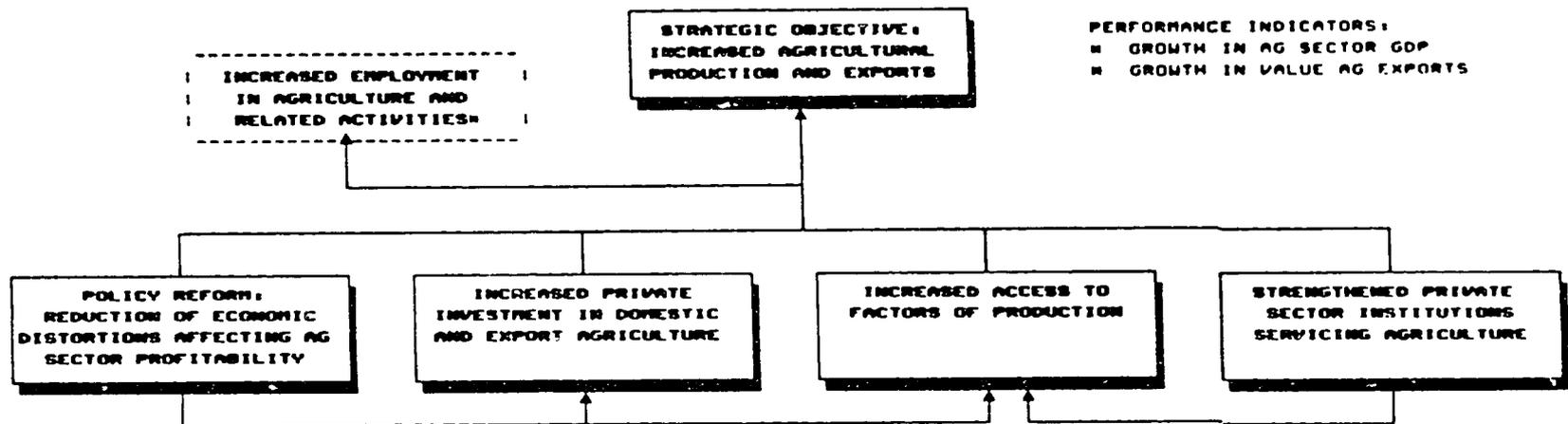
PERFORMANCE INDICATORS:
■ GROWTH IN AG SECTOR GDP
■ GROWTH IN VALUE AG EXPORTS

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■ SIGNIFICANT INCREASES IN EMPLOYMENT IN THE AGRICULTURAL SECTOR AND IN ACTIVITIES LINKED TO AGRICULTURE ARE ALSO EXPECTED TO RESULT FROM THESE PROGRAM OUTPUTS. THIS IS VIEWED AS A DESIRABLE BY-PRODUCT, BUT ONE WHOSE MAGNITUDE WILL BE DIFFICULT TO MEASURE DIRECTLY.

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PERFORMANCE INDICATORS:
 ■ GROWTH IN AG SECTOR GDP
 ■ GROWTH IN VALUE AG EXPORTS

INDICATORS:

- REDUCTION IN AG SECTOR DISTORTIONS MEASURED BY CHANGES IN NPCS AND EPCS
- ADOPTION AND MAINTENANCE OF MARKET DETERMINED EXCHANGE RATE
- FISCAL DEFICIT AS % GDP
- INFLATION RATE
- ELIMINATION GOM CONTROLS ON INTEREST RATES
- ELIMINATION GOM CONTROLS ON COMMODITY PRICES
- ELIMINATION QUANTITATIVE TRADE RESTRICTIONS
- ESTABLISHMENT LEGAL BASIS FOR LAND RENTALS AND SALES
- PASSAGE INVESTMENT LAW
- PASSAGE AG MODERNIZATION LAW
- ELIMINATION GOM INTERVENTIONS IN SEED PRODUCTION, GRAIN MARKETING, SUGAR PRODUCTION, AND FERTILIZER MARKETING

INDICATORS:

- INVESTMENT IN AGRICULTURE

INDICATORS:

- QTY FERTILIZER IMPORTS OR QTY FERTILIZER/HA
- REDUCTION IN COFFEE QUALITY DISCOUNT
- NO/VALUE LAND SALES
- NO/VALUE LAND RENTALS
- NO. LAND TITLES ISSUED
- YIELDS/HA FOR SELECTED CROPS

INDICATORS:

- FPX AND FHIA ARE SELF-SUSTAINING
- NO. VIABLE FARMER-OWNED OUTLETS FOR AG INPUTS
- NO. VIABLE CREDIT UNIONS
- NO. TRAINED PROFESSIONALS IN AG AND AG BUSINESS

Nevertheless, the Mission believes that this strategic objective is within its "manageable interest," given the totality of the activities and resources that the Mission will be devoting to the accomplishment of this objective. These activities include policy dialogue under a multi-year Structural Adjustment Program and the PL 480 Title III Program, local currencies from the Title III program and on-going and new Mission projects. (Specific projects contributing to each of the program outputs under this strategic objective are indicated in Section 4 of this chapter.)

2. Assumptions

In selecting this strategic objective, the Mission has made several assumptions, including the following:

- The GOH will maintain and deepen its stabilization policies in order to merit on-going support from the IMF and World Bank.
- The IMF and the World Bank will take the leadership role in supporting the country's economic stabilization program (The likelihood that Honduras will not continue to receive positive net flows from the IMF, World Bank and IDB and other bilateral donors should also be discussed and the potential impact of negative net flows on the achievement of this objective considered.)
- The next Honduran Government maintains and/or improves on the macro and sectoral policy reforms implemented by the current government.
- The country's inadequate infrastructure, including transport and storage facilities, will not seriously affect the ability of the agricultural sector to grow as projected over the next five to seven years, but could become a major constraint to growth in agricultural production and exports thereafter.

3. Performance Indicators

The Mission will use two performance indicators to measure progress in achieving growth in agricultural production and exports:

- Growth (percent change) in real agricultural sector GDP, and
- Growth (percent change) in the value of agricultural exports.

Targets have already been set for growth in agricultural sector GDP through 1996. The Mission has also established a target for the growth in volume of non-traditional agricultural exports which will have to be adjusted to value terms and to include traditional as well as non-traditional agricultural exports.

4. Program Outputs, Indicators and Activities

The USAID/H has identified four major program outputs which, if achieved, will make it reasonably likely that this strategic objective will be achieved. The following is a brief discussion of each program output, the indicators for each output, and the major activities and projects that are expected to contribute to the achievement of each output.

Program Output 1: Policy Reform: Reduction of Economic Distortions Affecting Agricultural Sector Profitability

The USAID/H is convinced that low rates of growth in the value of agricultural production is primarily a result of poor policies. Honduran agriculture suffers from a heritage of statism and paternalism. Excessive government interventions in pricing, credit, input, trade and land policies have reduced the incentives for private investment in agriculture and have contributed to stagnating rates of growth in agricultural production.

Maintenance of an appropriate macro policy environment is considered to be key to the achievement of this program output. When Honduras had an overvalued exchange rate it discouraged domestic agricultural production by making Honduran agricultural exports more expensive and imports of important staples such as wheat and corn cheaper. As discussed previously, the Mission expects the IMF and the World Bank to take a lead role in the macro policy area, although GOH continuation of macro policy reforms has been and may continue to be a part of the Mission's conditionalities. Given the importance of macro policy, the Mission also plans to monitor some of the key indicators of the status of the macro economy (see below).

Continuation of the reforms in commodity pricing and trade policies is also important. Government controls on commodity prices made markets dysfunctional, and the previous trade regime, which protected domestic non-agricultural industries, discriminated against agricultural production and exports. The development of a legal and regulatory basis for a land markets system is seen as a necessary condition to increase private investment in both domestic and export agriculture (which is a second program output). The GOH also has to complete its divestiture of key agricultural production and marketing activities to make room for the private sector to become active.

Indicators:

- Adoption and maintenance of a market determined exchange rate,
- Maintenance of an acceptable rate of inflation,
- Elimination of all GOH controls on commodity prices,

- Elimination of all quantitative restrictions on agricultural imports and exports,
- Establishment of a legal basis for land rentals and sales,
- Passage of an Investment Law,
- Passage of the Agricultural Modernization Law,
- Elimination of all GOH interventions in seed production, grain marketing, sugar production and fertilizer marketing.
- Fiscal deficit as a percent of GDP,
- Calculations of Nominal and Effective Protection Coefficients to monitor changes in the level of economic distortions affecting key agricultural products and the sector as a whole.

Targets have been identified for some of these indicators, but others still need to be developed.

Activities that support this program output include:

- Policy Analysis and Implementation (FN/PSEE/ES)(0325),
- Structural Adjustment Program (ES)(0365),
- Economic Stabilization and Recovery IV (ES)(0375),
- Privatization of State-Owned Enterprises I and II (PSEE/ES)(0289 and 0367), and
- PL. 480 Title III Policy Dialogue and Local Currencies.

Program Output 2: Increased Private Investment in Domestic and Export Agriculture

Private investment in Honduras' largest and most important sector -- agriculture -- has been limited by inadequate policies and price controls that have consistently decapitalized this sector. Insecure land tenure, constant fear of invasions and legal restrictions on the sale, purchase and rental of land have created serious obstacles to increasing private investment in agriculture. The policy reforms identified under Program Output 1 will contribute to a better investment climate in the country, which is one step necessary to get increased private investment in both domestic and export agriculture. Other USAID/H activities contributing to this program output include investment promotion in export agriculture and USAID/H's work with credit unions, which helps mobilize additional savings in rural areas.

Indicator:

- Increase in the real value of private investment in agriculture.

The target for this indicator still needs to be selected.

Activities that support this program output include:

- Investment and Export Promotion (FN/PSEE)(0312), and
- Small Farmer Organization and Strengthening I and II (FN)(0252 and 0383).

Program Output 3: Increased Access to Factors of Production

Lack of access to factors of production was identified in the Mission's Agricultural Sector Strategy as one of the major constraints to growth in agricultural production and exports, along with an unfavorable incentive structure, which is dealt with in Program Output 1. Factors which were identified as being important included access to new/improved technologies, agricultural inputs (fertilizers, seeds, pesticides, agricultural chemicals), land, and market information. Therefore, USAID/H has devoted, and will continue to devote, considerable project resources to reducing these constraints. These resources include projects designed to develop and disseminate new/improved agricultural production and processing technologies, to increase the availability of agricultural inputs delivered through more efficient private sector outlets, and to increase the availability of information, particularly on export markets.

Indicators:

- Quantity of fertilizer imports or quantity of fertilizers used per hectare of agricultural land (This is one measure of success in increasing availability and access to agricultural inputs),
- Reduction in the discount applied to the value of coffee sales due to low quality (This is a measure of success in extending new coffee processing technologies to coffee producers),
- Number and/or value of land sales and rentals (This is a measure of success in providing producers increased access to land, as is the indicator below),
- Number of new land titles issued,
- Yields per hectare for selected crops (This is a measure of success in developing and disseminating new/improved technologies; if measured at an

aggregate level it will also capture the application of additional inputs such as fertilizers).

Targets still need to be selected for each of these indicators.

Activities that support this program output include:

- Investment and Export Promotion (FN/PSEE)(0312),
- Small Farmer Organization Strengthening I and II (FN)(0252 and 0383),
- Agricultural Research Foundation (FN/ES)(0249),
- Honduran Peace Scholarships II (ES) (0364),
- PL 480 Title III Local Currencies,
- AID/W CRSPS, and
- ROCAP's Regional Environment and Natural Resources Management (RENARM) Project.

Program Output 4: Strengthened Private Sector Institutions Servicing the Agricultural Sector

Historically there has been a deep-seated distrust of free market forces and a strong statist orientation in both the public and private sector in Honduras. Getting the GOH to divest itself of production and marketing activities, as was previously noted, is one step that is needed to get greater growth in agricultural production and exports. This program output -- Strengthened Private Sector Institutions Servicing the Agricultural Sector -- is the other side of the coin.

The USAID/H program has focused considerable resources and effort on strengthening private sector institutions to improve the services available to producers and exporters. USAID/H helped create the Federation of Producers and Exporters (FPX) and the Honduran Foundation for Agricultural Research (FHIA) and will continue to support the strengthening of these institutions. USAID/H is also providing technical assistance and training designed to strengthening farmer-owned business cooperatives and rural credit unions. Farmer-owned business cooperatives are expected to play a major role in increasing the availability of agricultural inputs in the country, which is a major component of Program Output No. 3 -- Increased Access to Factors of Production. In addition, rural credit unions are expected to contribute to the mobilization of additional savings in rural areas, which is a component of Program Output No. 2 -- Increased Private Investment in Domestic and Export Agriculture.

Indicators:

- Federation of Producers and Exporters (FPX) are self-sustaining,

- Number of viable farmer-owned outlets for agricultural inputs,
- Number of viable credit unions, and
- Number of professionals trained in agriculture and agricultural business (to be disaggregated by gender).

Targets still need to be spelled out for each of these indicators.

Activities that support this program output include:

- Investment and Export Promotion (FN/PSEE)(0312),
- Small Farmer Organization Strengthening I and II (FN)(0252 and 0383),
- Agricultural Research Foundation (FN/ES)(0249),
- Honduran Peace Scholarships II (ES) (0364), and
- PL 480 Title III Local Currencies.

C. Strategic Objective No. 3: More Efficient Management and Sustainable Use of Selected Natural Resources

1. Rationale

Honduras is one of the most geographically and biologically diverse countries in Central America. However, the country's extensive forests and other natural resources have been exploited with little or no consideration given to sustainable use. Many areas have suffered devastating environmental degradation, in terms of deforestation, soil erosion, siltation, fertility loss and watershed destruction.

The public sector has not promoted the sound development of natural resources. Its ownership of forests contributes to poor management of what could be a major economic resource for the country. The Agrarian Reform Law encourages deforestation and pushes farmers onto fragile hillsides. GOH institutions dealing with natural resources are weak, inefficient and overcentralized. All of these factors are exacerbated by an inadequate framework of environmental policies, lack of resources to support activities design to improve natural resources management practices, and a lack of concern in the private sector for improved natural resource management.

The more efficient management and sustainable use of selected natural resources (defined as including the country's forests, agricultural land and water resources) is seen by the USAID as making a direct and major contribution to its goal of "Equitable and Sustainable Economic Growth and Development." Major improvements are needed in the way Honduras' natural resource base is managed or growth will not be sustainable. Many

activities designed to achieve the "Sustainable Growth" aspect of this goal will also contribute to the "Equitable" aspect. For example, the environmentally sound cultivation practices that have been designed and are being disseminated to small farmers under a USAID project will help sustain their environment at the same time they help increase their incomes. This strategic objective is also supportive of the LAC Bureau's objectives (Objective I,D -- Encourage the preservation and sustainable use of the natural resource base).

The USAID has been one of the leading donors in supporting environmental protection and improved natural resource management in Honduras. The major initiatives of the Central American Environmental Strategy are reflected throughout the USAID program. The USAID plans to continue its leadership in this area through several bilateral projects (identified in the following sections) and local currencies. Several questions were raised during the Mission management review as to whether these resources will be sufficient to achieve the strategic objective as is currently defined. The Mission expects to achieve a large part of its objective through policy reforms which will provide a better legal and incentive structure. Other assumptions need to be identified and discussed further.

Two charts outlining Strategic Objective No. 3 in detail are presented on the next two pages.

2. Performance Indicators

Four performance indicators will be used to measure progress toward this strategic objective:

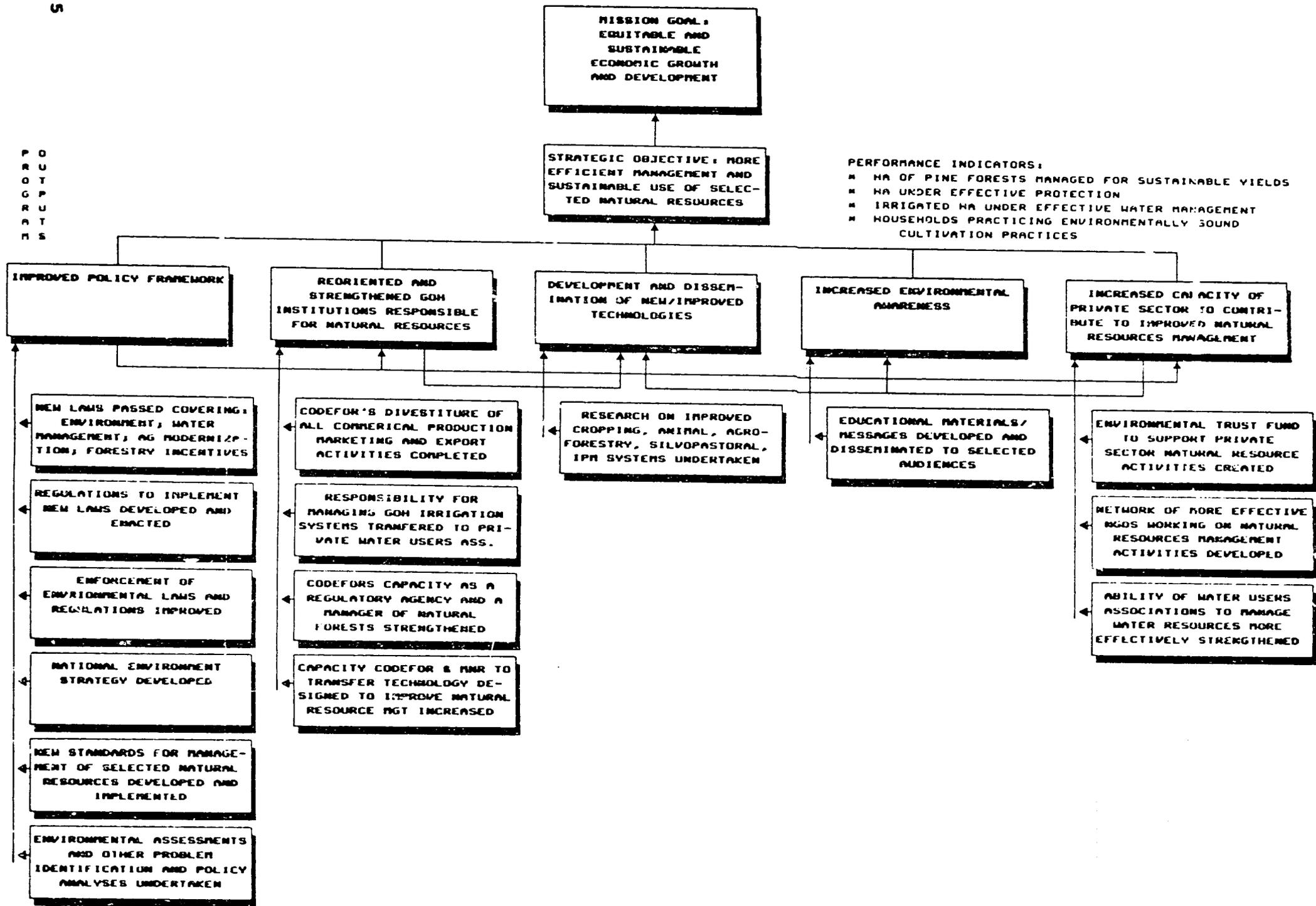
- Number of hectares of pine forests managed for sustainable yields,
- Number of hectares under effective protection,
- Number of irrigated hectares under effective water management practices, and
- Number of households practicing environmentally sound cultivation practices.

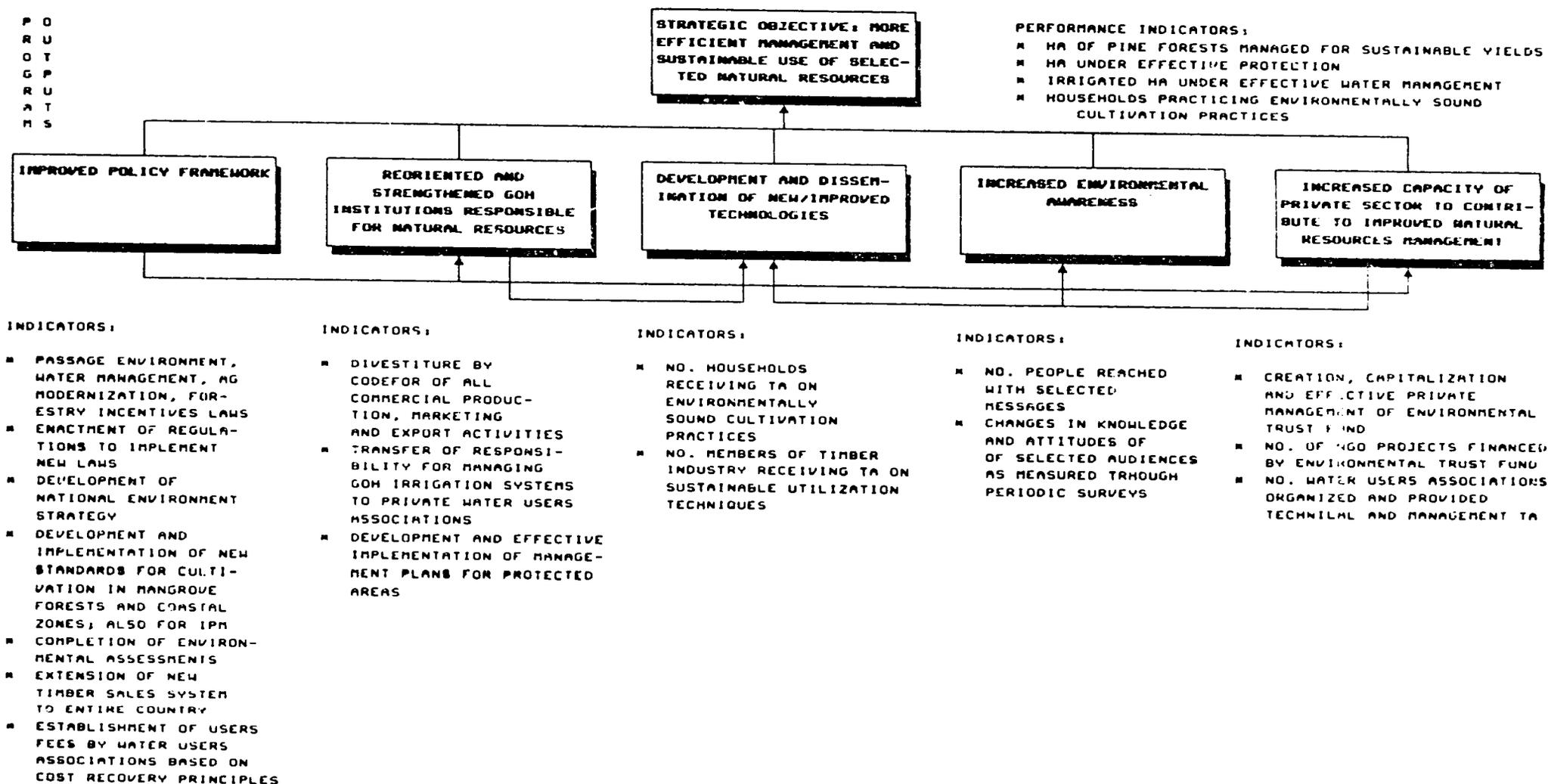
Targets have only been identified for the first two, however.

3. Program Outputs, Indicators and Activities

The USAID has identified five major program outputs which, if achieved, will make it reasonably likely that this strategic objective will be achieved. The following is a brief discussion of each program output, the indicators for each output, and the major activities and projects that are expected to contribute to the achievement of each output.

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Program Output 1: Improved Policy Framework

One of the thrusts of the Mission's program is to help the GOH develop an adequate legal and regulatory framework for improved management of Honduras' natural resources. The Agricultural Modernization Law, once passed will, provide, among other things, more security of land tenure, which will encourage the more efficient and sustainable use of land resources. Other laws also need to be passed dealing with the environment, water resources management, and forestry incentives. Major changes are also needed in the incentive structures that affect the management of Honduras' forest and water resources. COHDEFOR (the GOH's Forestry Development Corporation) has to create a system of incentives that will encourage the private sector to implement sustainable-yield forest management practices.

Privatizing standing timber ownership, timber price liberalization and greater private control over timber harvests are all part of the reforms needed. Converting to a system where water users are charged fees based on cost recovery principles will contribute to improved management of water resources in irrigation areas.

Indicators:

- Passage of the Agricultural Modernization Law and other laws dealing with the Environment, Water Management and Forestry Incentives,
- Enactment of regulations to implement these new laws,
- Development of a national Environment Strategy,
- Development and implementation of new standards for cultivation in mangrove forests and coastal zones,
- Development and implementation of new standards for integrated pest management (IPM),
- Completion of environmental assessments,
- Extension of the new timber sales program to the entire country, and
- Establishment of users' fees by water users associations based on cost recovery principles.

Targets still need to be identified for each of these indicators.

Activities that support this program output include:

- Forestry Development (0246),
- Policy Analysis and Implementation (0325),
- Irrigation Development (0268),
- PL 480 Title III Local Currencies, and
- ROCAP's Regional Environment and Natural Resources Management (RENARM) Project.

Program Output 2: Reoriented and Strengthened GOH Institutions Responsible for Natural Resources

Another key to the achievement of this strategic objective is the reorientation and strengthening of GOH institutions responsible for natural resources in the country. COHDEFOR, for example, has an important role to play as a regulatory agency and as a manager of the country's natural forests. It will need assistance to develop the capacity to play this role more effectively as well as to carry out the function of transferring technologies to the private sector. In order to play this role more effectively, however, as well as to enable the private sector to play a more important role in the management and sustainable utilization of the country's forestry resources, COHDEFOR will also have to complete its divestiture of all commercial production, marketing and export activities.

Indicators:

- Divestiture by COHDEFOR of all commercial production, marketing and export activities,
- Transfer of responsibility for managing GOH irrigation systems to private water users associations, and
- Development and effective implementation of management plans for protected areas.

Targets will have to be identified for all these indicators.

Activities that support this program output include:

- Forestry Development (0246),
- Irrigation Development (0268), and
- Land Use and Productivity Enhancement (LUPE) (0292).

Program Output 3: Development and Dissemination of New/Improved Technologies

The development and dissemination of new/improved technologies is as important to the achievement of this strategic objective as it is to the achievement of the second strategic objective -- Growth in Agricultural Production and Exports.

Indicators:

- Number of households receiving technical assistance on environmentally sound cultivation and animal husbandry practices,
- Numbers of members of the timber industry receiving technical assistance on techniques for the sustainable utilization of timber resources,

Activities that support this program output include:

- Land Use and Productivity Enhancement (LUPE) (0292),
- Irrigation Development (02698),
- Agricultural Research Foundation (FHIA) (0249), and
- AID/W CRSPs.

Program Output 4: Increased Environmental Awareness

Increased environmental awareness is needed among the general public, farmers, and other commercial users of the country's natural resources.

Indicators:

- Number of people reached with selected messages, and
- Changes in knowledge and attitudes of selected audiences, as measured through periodic surveys.

Activities that support this program output include:

- Land Use and Productivity Enhancement (LUPE) (0292), and
- ROCAP's Regional Environment and Natural Resources Management (RENARM) Project.

Program Output 5: Increased Private Sector Capacity to Design and Implement Natural Resource Activities

As with the achievement of the agricultural production and export strategic objective, increased involvement by the private sector and an increase in their capacity is also seen as crucial to the more efficient management and sustainable use of the country's forests, agricultural land and water resources.

Indicators:

- Creation, capitalization and effective management of an Environmental Trust Fund,
- Number of NGO projects financed by the Environmental Trust Fund, and
- Number of water users' associations organized and provided with technical and management assistance.

Activities that support this program output include:

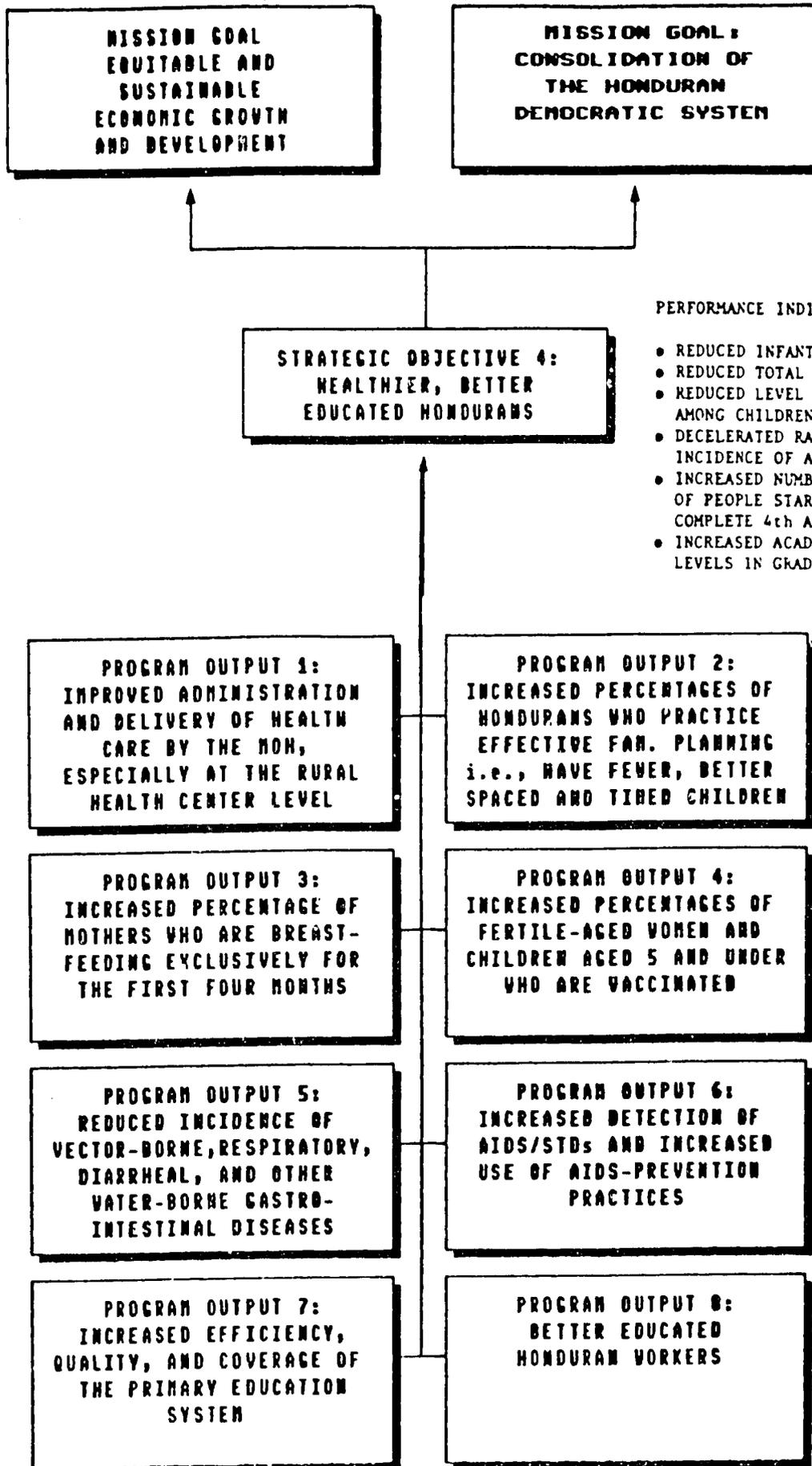
- PL 480 Title III Local Currencies and
- ROCAP's Regional Environment and Natural Resources Management (RENARM) Project.

D. Strategic Objective No. 4: Healthier, Better Educated Hondurans

1. Rationale

The major problems of poorer Hondurans are high infant mortality, malnutrition, high incidence of certain diseases caused by inadequate prevention and poor water and sanitation, unhealthy fertility patterns, and inadequate educational development. These problems are compounded by over-centralized health and education administration in Tegucigalpa and San Pedro Sula, and inadequately staffed, equipped, and supplied services in rural areas, where poverty is most severe.

Strategic Objective No. 4 focuses on addressing these major health and education problems by removing key constraints preventing Hondurans from improving their well-being and taking advantage of enhanced economic and civic opportunities. (See the chart on the next page.) The Mission believes that health and education are fundamental building blocks in the economic and democratic development of Honduras. Because of this linkage, the Mission has identified healthier and better educated Hondurans as a major element in its assistance strategy.



This strategic objective is consistent with Objective I and Sub-Objective C of AID's Latin American and Caribbean (LAC) Bureau: "Support the achievement of broadly based, sustainable economic growth" and, under that, "Encourage accelerated opportunities for increased participation in the economy by the disadvantaged." Among the LAC Bureau's indicators of performance for this sub-objective are the following:

3. Improved access to primary health services that contribute to increased child survival and diminished malnutrition.
4. Increased access to quality family planning services.
5. Increased access to quality primary education for the school-aged population and improved efficiency of the educational system.
6. Improved access to...potable water.

As described in this section, the major program outputs and activities under USAID/H's fourth strategic objective are directly related to these four LAC Bureau performance indicators.

We note here that this strategic objective, like several others outlined in this document, is very ambitious relative to those set by other USAIDs in the LAC region. This is a function of both the magnitude of USAID/H's presence and the guidelines established for setting strategic objectives. The Mission has current project authorizations in the health and education sectors for well over \$100 million. Given high levels of assistance in other sectors as well, and the Bureau's limit of five strategic objectives, the Mission can afford to devote only one strategic objective to the health and education portion of its portfolio.

The critical question is whether USAID/H can expect to make a measurable impact on the health and educational status of Hondurans within the next five-to-seven years. We understand that senior management in the Mission's Office of Human Resources Development believes that it can, given the level and nature of USAID/H's efforts in these areas.

Currently AID's assistance is almost the "only game in town" with respect to donor activity in the health and education areas. While it is the Mission's desire to transfer some of this responsibility to other donors in the near future, the Mission's intention is to maintain an important presence in these areas until other donors enter the arena.

2. Performance Indicators

There are six performance indicators for this strategic objective; that is, the Mission will know whether it has made an impact on the health and education of Hondurans over the next several years by looking at six measures of progress. In support of many of these Indicators, the MOH conducts the Epidemiology and Family Health Survey every three to five years. These indicators are as follows:

- **Reduced infant mortality rate.** This indicator is considered to be an excellent indicator of overall national health, not just of infants. Nations with low infant mortality have generally high levels of health among all age groups in the population. Data to support use of this indicator are available on a regular basis from the GOH Ministry of Health (MOH) and with more confidence from the National Family Health Sample Surveys, conducted every three-five years.
- **Reduced total fertility rate.** This indicator is considered a good measure of both maternal and child health. Fertility rate is a function of birth timing (i.e., how soon after reaching fertile age women have children and how late into fertile age they have children), of birth spacing (i.e., how quickly they have children in succession), and number of births. A low fertility rate also correlates with the health of other children in the family. Data on fertility rate are also generated by the national surveys cited above to supplement data the GOH collects.
- **Reduced level of malnutrition among children 5 and under.** This indicator is another good indicator of overall health. Malnourished children become unhealthy children. Conversely, children afflicted with certain gastrointestinal diseases become malnourished as a consequence, regardless of the amount of nutritional intake.
- **Decelerated rate of growth of incidence of AIDS and other STDs.** While the incidence of AIDS and other sexually transmitted diseases is expected to grow over the next several years, the Mission expects its efforts to yield a reduction in the rate of that growth. Data for this indicator are available from the MOH.
- **Increased numbers and percentages of people starting 1st grade who complete 4th and 6th grades.** The completion of 4th grade is a significant milestone in that it generally signifies the achievement of literacy and numeracy, two very important factors in the productive and civic potential of a population. Completion of 6th grade is also significant because many entry level jobs and vocational training are available to primary school completers.

Data for this indicator are available on an annual basis from the Ministry of Education (MOE).

- **Increased academic achievement levels in Grades 1-6.** Achievement on standardized tests is a widely accepted measure of level of education. The development of basic learning objectives and tests of academic achievement, which is supported through the Mission's major educational project, will allow the collection of data on this important indicator of educational level.

Time during the TDY did not permit the identification of targets for each of these performance indicators or for the program indicators for the eight program outputs under this strategic objective. Targets can be found in several Mission documents, but they should be carefully assessed for achievability in light of the exercise just completed.

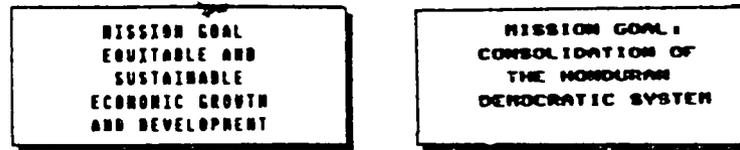
3. Program Outputs, Indicators, and Activities

There are eight program outputs under the strategic objective for healthier, better educated Hondurans. These outputs and the program indicators for each are displayed on the chart on the next page. Each of the three charts on pages 42-44 present in detail Program Outputs 1-3, 4-6, and 7-8, respectively, with the major sub-program outputs/activities supporting each. (On these three charts, we have identified the projects, by number, that support the sub-program outputs/activities.) The eight program outputs are as follows:

Program Output 1: Improved administration and delivery of health care by the MOH, especially at the rural health center level.

The first program output is essentially the intended result of a large institution-building project, Health Sector II (522-0216). This program output aims at developing a self-sustaining capability in the MOH to administer and deliver basic health services to all sectors of the Honduran population, including the underserved rural population. Although not shown on the charts, the achievement of this program output directly affects the likelihood of achieving Program Outputs 2-5.

As indicated in the detailed chart for Program Outputs 1-3, this program output requires attention to the health system's infrastructure (warehouses, regional centers, and rural health centers), its management systems (including an extensive MIS), the materials it uses for basic health education, and the skills of its administrators and service delivery personnel. This last element is supported not only by the Health Sectors II project, but also the Honduran Peace Scholarship Program II. (The latter is a cross-cutting project, supporting more than one program output under this strategic objective, and Strategic Objective No. 5.) In addition, P.L. 480 Title II also contributes to this output, through its maternal child health programs.

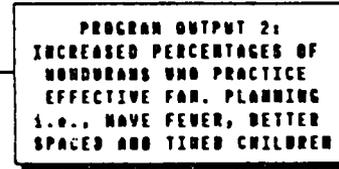
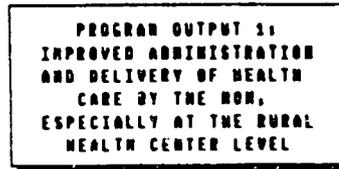


PERFORMANCE INDICATORS:

- REDUCED INFANT MORTALITY RATE
- REDUCED TOTAL FERTILITY RATE
- REDUCED LEVEL OF MALNUTRITION AMONG CHILDREN 5 AND UNDER
- DECELERATED RATE OF GROWTH OF INCIDENCE OF AIDS AND OTHER STDs
- INCREASED NUMBERS AND PERCENTAGES OF PEOPLE STARTING 1ST GRADE WHO COMPLETE 4TH AND 6TH GRADES
- INCREASED ACADEMIC ACHIEVEMENT LEVELS IN GRADES 1-6

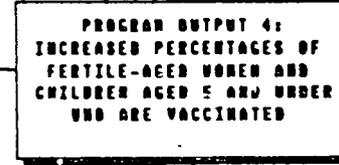
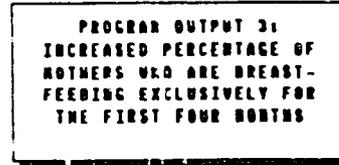
PROGRAM INDICATORS

P.O.1: INCREASED NUMBER OF CLINICS THAT MEET THE CRITERIA FOR ADMINISTRATIVE & SERVICE DELIVERY QUALITY (AS ASSESSED THROUGH MONITORING CHECKLISTS)



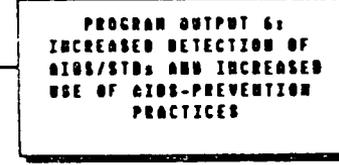
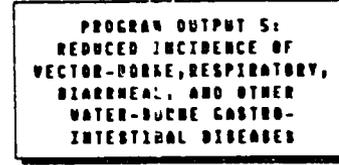
P.O.2: (a) INCREASED CONTRACEPTIVE PREVALENCE
(b) REDUCED PERCENTAGES OF WOMEN WHO ARE ABOVE AND BELOW SPECIFIED AGE LEVELS WHEN BEARING CHILDREN
(c) INCREASED AVERAGE BIRTH INTERVAL

P.O.3: INCREASED PERCENTAGE OF MOTHERS WHO ARE:
(a) BREASTFEEDING
(b) BREASTFEEDING EXCLUSIVELY THROUGH THE FIRST FOUR MONTHS



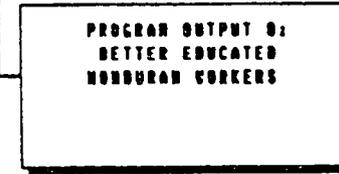
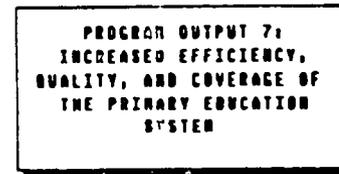
P.O.4: (a) INCREASED PERCENTAGES OF WOMEN AGED 12 AND OVER VACCINATED FOR TETANUS TOXOID
(b) INCREASED PERCENTAGES OF CHILDREN 5 AND UNDER VACCINATED FOR DPT, (c) MEASLES, (d) POLIO, AND (e) TI

P.O.5: REDUCED INCIDENCE OF (a) MALARIA, (b) CHOLERA, (c) DENGUE, (d) ACUTE RESPIRATORY INFECTION, (e) DIARRHEA, AND (f) TUBERCULOSIS



P.O.6: (a) INCREASED PERCENTAGE OF NEW AIDS CASES DETECTED IN EARLY STAGES
(b) DECREASED NEW CASES OF SYPHILIS AND GONORRHEA
(c) INCREASED TOTAL NUMBER OF CONDOMS ACQUIRED

P.O.7: EFFICIENCY:
(a) INCREASED PROMOTION RATES IN ALL GRADES
(b) REDUCED AVERAGE COST PER STUDENT PROMOTED
QUALITY:
(c) INCREASED ACADEMIC ACHIEVEMENT LEVELS IN GRADES 1-6
COVERAGE:
(d) INCREASED COVERAGE IN GRADES 1-6



P.O.8: (a) INCREASED EARNINGS OF PVO AND MUNICIPAL VOCATIONAL TRAINING CENTER GRADUATES
(b) INCREASED TOTAL INCOME FOR PERSONS COMPLETING GRADES 1-6

Indicators:

- **Increased number of clinics that meet the criteria for administrative and service delivery quality (as assessed through monitoring checklists).** As part of the Health Sectors II project, rural health clinics will be monitored periodically with respect to how well they meet established standards of efficient and effective management and service delivery. If Health Sectors II is succeeding in improving the MOH's health delivery system, it will be reflected in the performance of the rural health centers.

Activities that support this program output include:

- Health Sectors II (522-0216) and
- Honduran Peace Scholarship Program II (522-0364).

Program Output 2: Increased percentages of Hondurans who practice effective family planning, i.e., have fewer, better spaced and better timed children.

USAID/H's strategy for achieving measurable impact on the fertility rate and, importantly, other aspects of Honduran health includes a heavy emphasis on influencing the family planning behaviors of Hondurans. The number of children in a family and the lengths of time separating their births have significant implications not only for maternal health but also the health of all children in the family.

The mission's strategy for influencing family planning behavior is essentially two-pronged: the support of several Honduran organizations that provide family planning services to Hondurans and the development of educational materials.

Indicators:

- **Increased contraceptive prevalence.** This is a general indicator of the adoption of family planning practices--to limit number of children, to delay births until well into the fertile years, to space births, and to prevent births after reaching the age at which high risk is involved. The MOH regularly collects data on this indicator.
- **Reduced percentages of women who are above and below specified age levels when bearing children.** This indicator gets at the use of family planning practices to alter the timing of births. Childbearing at too early or too late an age is risky to maternal and infant health. There was some disagreement among workgroup members as to the most appropriate age limits

for this indicator. Once they are determined, it is a reasonably simple matter of analyzing data from MOH birth records.

- **Increased average birth interval.** This indicator gets at the use of family planning practices to accomplish longer spacing between births, another contributor to better maternal, infant, and sibling health. Changes in birth intervals will be evidenced in the results of Family Health surveys (every three-four years), which record the pregnancy and birth histories of fertile-aged women in sample households.

Activities that support this program output include:

- Health Sector II (522-0216) and
- Private Sector Population II (522-0369).

Program Output 3: Increased percentage of mothers who are breast-feeding exclusively for the first four months.

This program output is directly supported by the MOH- and PVO-support and educational activities under Program Output 2. As it contributes to infant health in a significantly different way, it is highlighted as a separate program output. Breastfeeding, especially breastfeeding exclusively for at least several months after childbirth, is an important means of prolonging infants' natural immunity against disease and of reducing their risks of disease from water-borne gastrointestinal diseases. (If desired--and we would suggest that a smaller number of program outputs would be desirable--this program output could fairly easily be combined with Program Output 2 with a more general description of the practices being promoted.)

Indicators:

- **Increased percentage of mothers who are breastfeeding.** This is an intermediate indicator in the sense that just getting women to breastfeed is a major step toward getting them to breastfeed exclusively for the first four months after childbirth. In its own right, however, breastfeeding, even if not exclusive, does contribute to better health of infants. Data from this and the next indicator will be obtained from studies to be done by the Leche League under the private sector component of Health Sector II and from National Family Health Surveys.
- **Increased percentage of mothers who are breastfeeding exclusively for the first four months after childbirth.**

Activities that support this program output include:

- Health Sector II (522-0216) and
- Private Sector Population II (522-0369).

Program Output 4: Increased percentages of fertile-aged women and children aged 5 and under who are vaccinated.

Vaccinations against major childhood diseases is an absolutely critical element in any child survival/primary health care strategy. Here emphasis is also being placed on vaccination of fertile-aged women for tetanus.

Note that this program output contributes directly to Program Output 5. If the mission would like to reduce the number of program outputs to report to AID/W, this program output could easily be made a sub-program output under Program Output 5. Given the limited activity aimed directly at increasing vaccinations, subsuming it under Program Output 5 makes a great deal of sense.

The strategy in the USAID/H program includes providing the refrigerator/cooler equipment to preserve vaccines at rural health centers and getting parents to visit the rural health clinics.

Indicators:

- **Increased percentage of women aged 12 and over (i.e., of fertile age) vaccinated for tetanus.** Rural health clinic records will serve as the data source for this indicator and the next group.
- **Increased percentage of children 5 and under vaccinated for (a) DPT, (b) measles, (c) polio, and (d) tuberculosis.**

Activities that support this program output include:

- Health Sector II (522-0216) and
- P.L. 480 Title II food program.

Program Output 5: Reduced incidence of vector-borne, respiratory, diarrheal, and other water-borne gastrointestinal diseases.

This is a major program output, which is supported by five types of USAID activity: (1) the vaccinations effort discussed above, (2) several different sanitation and water system activities, (3) the provision of equipment to rural health centers for treating acute respiratory

infections (ARI), (4) education and training, and (5) the revision of water authority (SANAA) policies. Assuming that the Mission is willing to assume responsibility for achieving reduction of disease incidence, it appears to qualify clearly as a program output, i.e., a major result of the USAID/Honduran program and a major contributor to progress on the strategic objective.

Indicators:

- **Reduced incidence of (a) malaria, (b) cholera, (c) dengue, (d) acute respiratory infection, (e) diarrhea, and (f) tuberculosis.** We understand that data for all of these indicators are available from the MOH.
- **Increased number of households with access to shelter, sanitation, and safe water systems.**

Activities that support this program output include:

- Health Sectors II (522-0216), and
- Projects 522-0324, 522-HG008, and 596-HG006.
- Shelter Sector Program (0324)

Program Output 6: Increased detection of AIDS/STDs (sexually transmitted diseases) and increased use of AIDS-prevention practices.

As with Program Output 5, some control of the spread of AIDS and other STDs would make a significant contribution to the overall health of the Honduran population. The strategy being employed by the mission involves the provision of supplies for testing and prevention, public education and counseling through MOH health centers, improved blood screening through inter-institutional cooperative efforts.

During the workgroup's discussions, the addition of other STDs to this program output was made almost as an afterthought in an effort to be inclusive. The question is whether the Mission's efforts in this area are really expected to make a major dent in the detection and incidence of other STDs.

This program output could be easily melded into Program Output 5 if consolidation of program outputs is desired.

Indicators:

- **Increased percentage of new AIDS cases detected in early stages.** Through better screening and testing systems (which are supported by the activities under this program output), the Mission believes that it can increase the rate of

early detection. We understand that data for this indicator are available from the MOH.

- **Decreased new cases of syphilis and gonorrhea.** Data are available from the MOH.

Activities that support this program output include:

- Health Sector II.

Program Output 7: Increased efficiency, quality, and coverage of the primary education system.

This program output is basically the result of a major institution-building project aimed at the entire primary education system. It includes efforts in the areas of building, furnishing, and supplying classrooms, training teachers and supervisors, generating research and other managerially useful information, and setting educational objectives and testing for progress on those objectives. Through the Title II school feeding program, student enrollment and attendance is also enhanced.

Indicators:

- **Increased promotion rates in all grades (efficiency).** Data are available from MOE.
- **Reduced average cost per student promoted (efficiency).** Data should be available from MOE. However, it seems likely that some analysis will have to be done to get at this specific piece of information.
- **Increased academic achievement levels in grades 1-6 (quality).** As part of the Mission's effort is to help the MOE establish a nation-wide testing system, data for this indicator will become gradually available over the next several years.
- **Increased coverage in grades 1-6 (coverage).** About 96 percent of all Honduran children have access to primary education. An objective of the Primary Education Efficiency project is to construct classrooms to extend access to the remaining 4 percent. This indicator will assess progress in achieving that objective.

Program Output 8: Better educated Honduran workers.

This program output is supported by several sets of activities: development of vocational training standards and materials, the support of PVO and municipal vocational training programs, and scholarships.

Indicators:

- **Increased earnings of PVO and Municipal Vocational Training Center graduates.**
- **Higher total income for workers with higher education.**

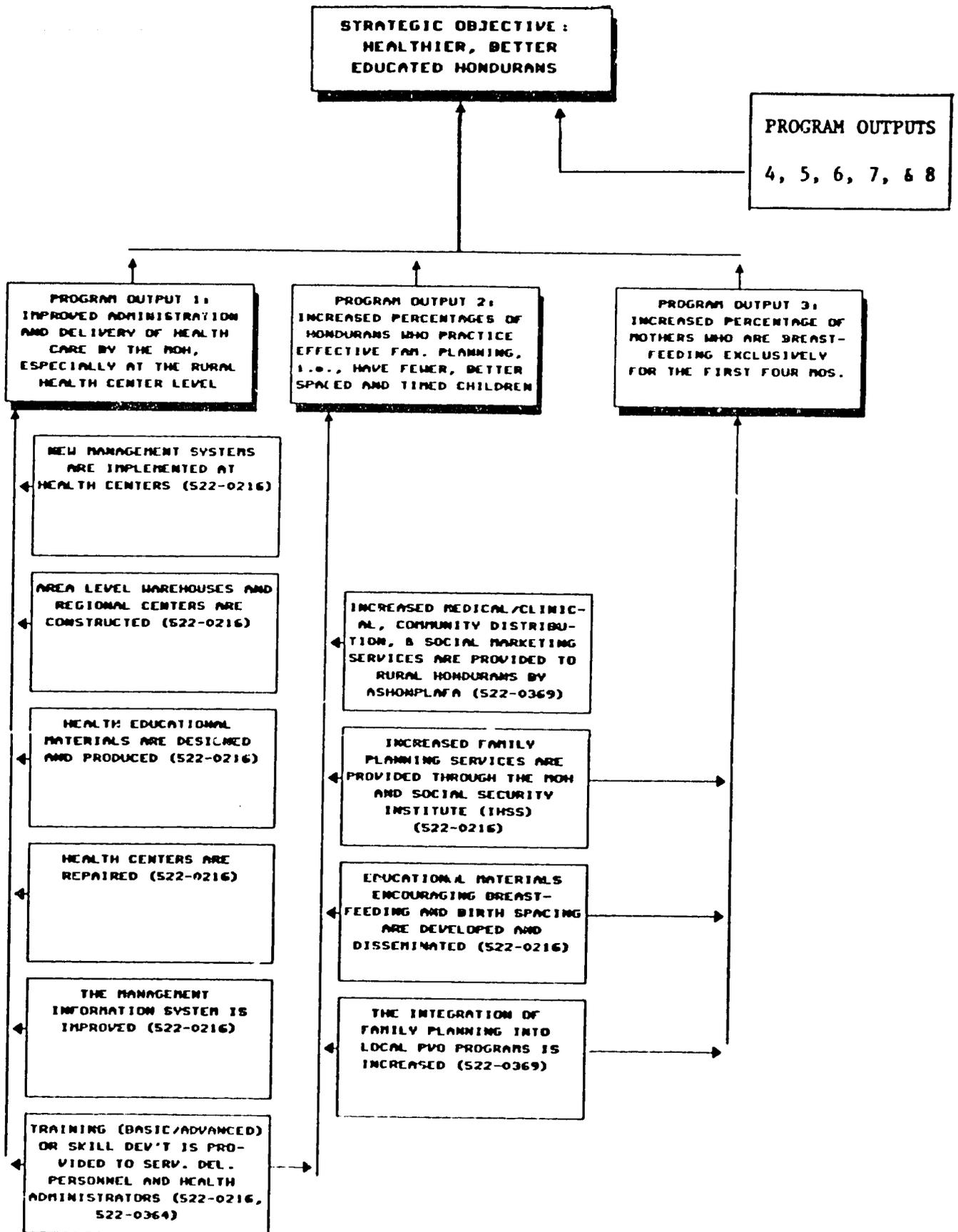
There was a considerable amount of discussion as to whether the vocational training and other job-related education and training supported by the Mission should go under the health and education strategic objective or the private sector development one. Arguments can be made on either side. Vocational education and training supports the development of a workforce that can take advantage of new opportunities in the private sector economy, so this program output might be best placed under Strategic Objective No. 1. However, all education contributes to the ability of people to participate in the economic and civic arenas; so perhaps this program output belongs under the healthier-better educated strategic objective.

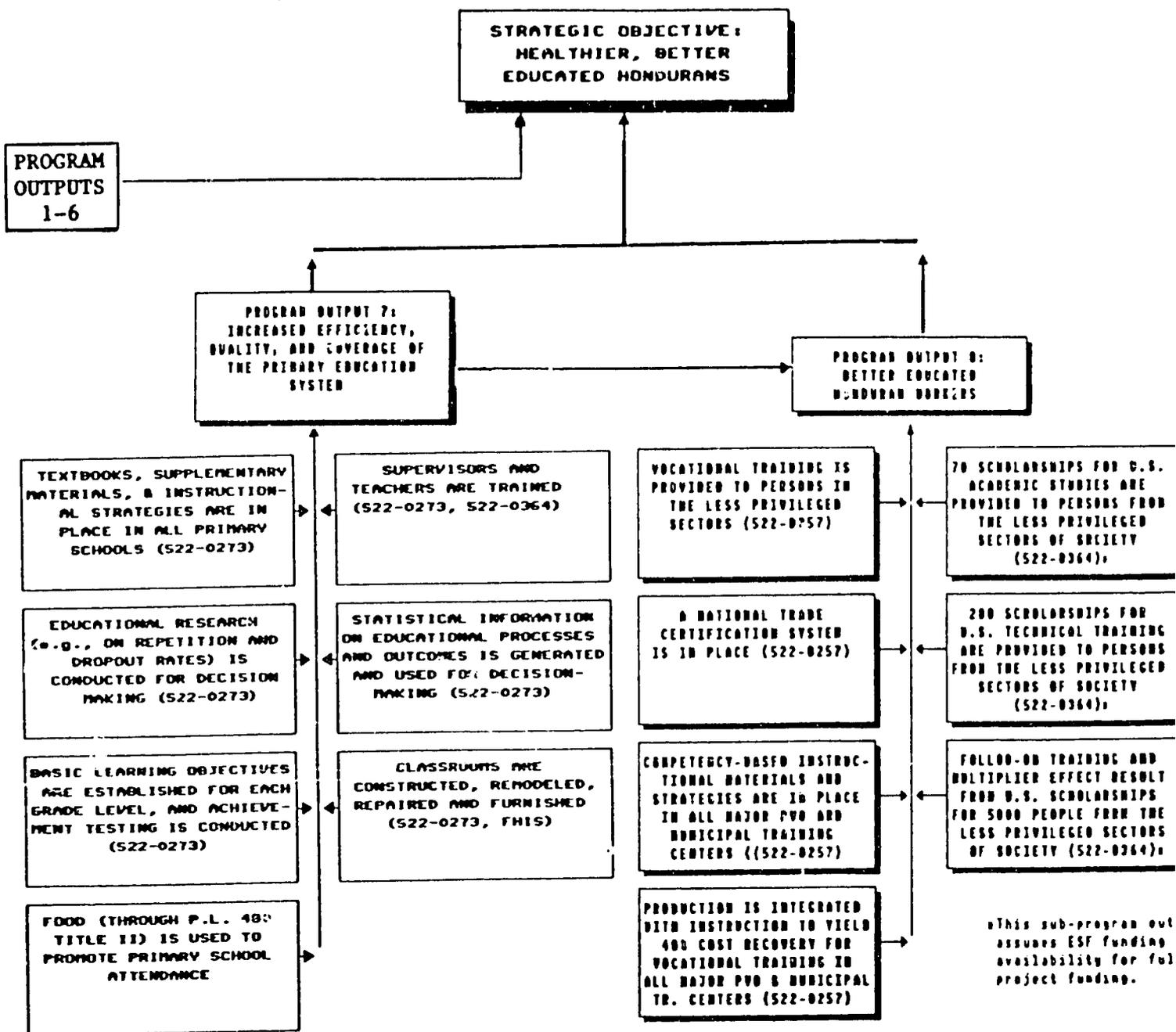
The bulk of the activities under Program Outputs 1-7 are aimed almost exclusively at mothers and children (the AIDS activity is an exception). The inclusion of Program Output 8 blurs that focus somewhat. Furthermore, there is currently no performance indicator at the strategic objective level that reflects the contribution made by this program output. Part of the problem lies in the fact that the program output is already merely a subset of the strategic objective--it is part of "better educated Hondurans," not a means to getting better educated Hondurans.

This problem might be resolved by moving the program output indicators up to the performance indicator level, and drafting the program output at a lower level, such as "Increased/improved training of Honduran workers and professionals." Then we would have people receiving training at the program output level and evidencing results in terms of income (as a measure of better education) at the strategic objective level.

4. Other Activities

Apparently the only activity in the Mission's entire health and education portfolio that is not included under the strategic objective is the health assistance provided to war victims. This activity represents a minuscule portion of the overall development budget.





- 522-0216: Health Sector II
5/88-10/95
\$83.3 million (USAID: \$57.3 million)
- 522-0369: Private Sector Population II
6/89-12/94
\$24.9 million (USAID: \$16.0 million)
- 522-0273: Primary Education Efficiency
5/89-7/94
\$30.8 million (USAID: \$22.1 million)
- 522-0364: Honduran Peace Scholarship Project II
6/90-6/98
\$15.0 million (all USAID, but only part devoted to this strategic objective)
- 522-0257: Advisory Council for Human Resources Development (CENDRIH)
7/87-5/92
\$14.1 million (USAID: \$6.3 million)

**STRATEGIC OBJECTIVE:
HEALTHIER, BETTER
EDUCATED HONDURANS**

**PROGRAM
OUTPUTS
1,2,& 3**

**PROGRAM
OUTPUTS
7 & 8**

**PROGRAM OUTPUT 4:
INCREASED PERCENTAGES OF
FERTILE-AGED WOMEN AND
CHILDREN AGED 5 AND UNDER
WHO ARE VACCINATED**

**PROGRAM OUTPUT 5:
REDUCED INCIDENCE OF
VECTOR-BORNE, RESPIRATORY,
DIARRHEAL, AND OTHER
WATER-BORNE GASTRO-
INTESTINAL DISEASES**

**PROGRAM OUTPUT 6:
INCREASED DETECTION OF
AIDS/STDs AND INCREASED
USE OF PREVENTION
PRACTICES**

COMMUNITY PARTICIPATION
IN VACCINATION PROGRAMS
IS PROMOTED (522-0216)

FOOD COUPONS (THROUGH
PRAF) AND FOOD (THROUGH
P.L. 480 TITLE II) ARE
USED TO PROMOTE PARTICI-
PATION IN VACCINATION
PROGRAMS

REFRIGERATION FOR
VACCINES IS PROVIDED
(522-0216)

INCREASED CAPACITY OF THE
HEALTH SYSTEM TO PREVENT
AND TREAT SELECTED
DISEASES (CHOLERA,
TUBERCULOSIS, MALARIA)

TRAINING AND EDUCATIONAL
MATERIALS ARE DEVELOPED
AND DISSEMINATED
(522-0216)

ARI TECHNOLOGY IS
DEVELOPED & DISSEMINATED
AND ARI EQUIPMENT IS
INSTALLED (522-0216)

EQUIPMENT FOR VECTOR
CONTROL IS INSTALLED IN
DRAINAGE AREAS (522-0216)

INCREASED NUMBER OF
HOUSEHOLDS WITH ACCESS
TO SHELTER, SANITATION,
AND SAFE WATER SYSTEMS

ENGINEERS AND TECHNICIANS
ARE TRAINED (522-0216)

SANAA POLICIES AND
PROCEDURES ARE IMPROVED
(522-0216)

SUPPORT IS PROVIDED TO
PVDs INVOLVED IN SHELTER,
SANITATION AND SAFE
WATER SYSTEMS
(522-0216, 522-0324)

PUBLIC SERVICE JOBS TO
CONSTRUCT WATER AND
SANITATION PROJECTS ARE
CREATED THROUGH THE
SOCIAL INVESTMENT FUND
(FHIS)

BILATERAL AND REGIONAL
BIDDING PROGRAMS SUP-
PORT CONSTRUCTION OF
SHELTER, WATER, AND
SANITATION SYSTEMS
(522-NG008, 522-NG006)

BLOOD TESTING REAGENTS
ARE PROVIDED (522-0216)

CONDOMS ARE DISTRIBUTED
THROUGH CLINICS, COMMU-
NITY DISTRIBUTION
SERVICES AND RETAIL
OUTLETS (522-0216)

INTER-INSTITUTIONAL
COOPERATION IN IMPROVED
BLOOD SCREENING & CONFIRMATION TESTING FOR
AIDS IS ESTABLISHED
(522-0216)

PUBLIC EDUCATION
AND COUNSELING ARE
PROVIDED
(522-0216)

E. Strategic Objective No. 5: More Responsive Selected Democratic Institutions and Processes with GREATER Citizen Participation

1. Rationale

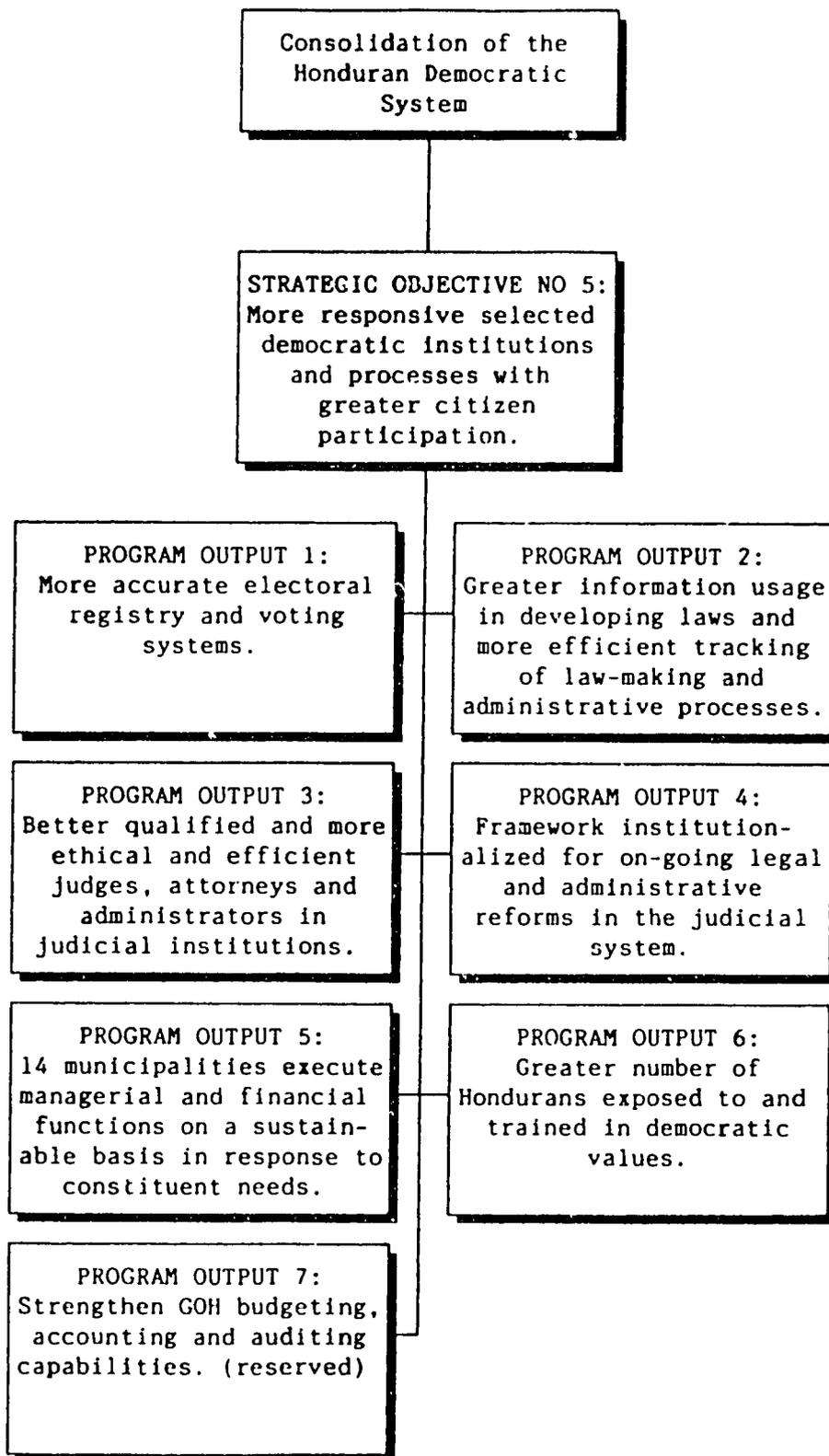
Governance and participation of the citizenry in its institutions and processes is a major concern of USAID/H, as evidenced by the mission's goal of consolidating the Honduran democratic system. Consequently, USAID/H has developed several programs that fit Strategic Objective No. 5. (The chart on the next page presents this strategic objective and the seven program outputs needed to achieve it.)

This particular objective, perhaps more than any of the others, has a potential problem of being out of the manageable interest of the mission's efforts. However, the democratic initiatives group has put significant effort into narrowing the scope and focus of the objective to reflect the nature of the mission's programs.

A number of assumptions are built into the wording of the objective that should be clarified. The phrase "responsive institutions and processes" encompass accountability to citizens, transparency in operations, and consistency of the institutions and processes. The inclusion of "democratic processes" indicates that the ways in which institutions, officials and citizens interact are as important as strengthening the actual institutions themselves. The phrase "democratic processes" also implies that there are functioning systems that in themselves are democratic and open to all Hondurans.

Finally, the phrase "with greater citizen participation" is felt to be an important concept separate from responsiveness. While responsive is seen as a top-down approach to governance -- from the institutions and officials to the populace, citizen participation is seen as a bottom-up approach. Citizens must feel that they are able to influence their government, hold it accountable and assure that it is responsive to their felt needs. Importantly, this concept implies that parts of the population that are presently excluded from participation -- especially low-income people -- are active and their voices are heard.

This strategic objective is consistent with the LAC Bureau's Objective II -- "Support the evolution of stable, participatory democratic societies." In addition, it supports both sub-objectives under Objective II -- "Strengthen civilian government institutions" and "Strengthen public participation in the democratic process."



2. Performance Indicators

There are four performance indicators for this strategic objective:

- **70% of the public believes that general and municipal elections are fair, open and free.** This indicator would be measured through public opinion polling to be held after the next general election in 1994. The previous election was the first election that was deemed fair and open under international scrutiny. Thus four years will have passed and the public will be able to determine if indeed elections have substantially changed. Polling will also take place after selected municipal elections, once those elections are eventually conducted. Gender disaggregated data will help determine differences as experienced by men and women.
- **Increased public confidence in the judicial system.** This indicator encompasses the changes that are expected in the judicial and legal institutions of the country. It will be a measure to detect whether there have been any significant changes in the perception of the fairness, timeliness and even-handedness of the judicial system. A baseline survey will be needed as no polling data currently exist. Results will be gender disaggregated.
- **Improved public perception of local governance.** This indicator will measure the changes in municipal governance. It will utilize polling and surveys in selected municipalities where changes are being made in local governance structures. Polls will ascertain the responsiveness of local officials to public needs, the perceived quality of service provision, and the individual sense of participation. Again a baseline survey will be needed because, except for data from some surveys conducted by a newspaper in San Pedro Sula, no other data currently exist. As with the previous indicators, the results should be gender disaggregated.
- **Passage of clear, internally consistent and superseding major legislation and associated regulations.** The final indicator will measure the changes in the capacity of the Congress to develop and pass legislation that does not conflict with existing legislation. Under the project, a semiautonomous Centre for Information and Legislative Studies (CIEL) is being created. This center combines Library of Congress and Congressional Research functions on a smaller scale.

3. Program Outputs, Indicators and Activities

Strategic Objective No. 5 has seven program outputs, one of which is presently reserved. (Refer to the charts on pages 49-51 for details about program outputs and program

indicators.) The majority of the program outputs are supported by the Strengthening Democratic Institutions Project (522-0296) and the Municipal Development Project (522-0340). These are noted in the objective tree activities. Other projects which specifically contribute to the objective and outputs are CAPS (522-0329), HOPS (522-0364), and RTAC II.

Program Output 1: More accurate electoral registry and voting systems.

The first program output focuses on the mission's program to assist the electoral process. This program provides technical assistance to the TNE and the RNP, the governmental bodies that conduct elections and register voters. The program has three components: updating the civil registry, procuring election commodities and training pollworkers.

Indicators:

- **Number of documents fully processed for individuals by computer.** This indicator will measure the ability of the revised and computerized registry system to have accurate documents for all living Honduran voters and to notate data when persons are deceased. Gender disaggregation will demonstrate whether there are any significant differences in the records for registration and voting for men and women.
- **No serious formal election complaints sustained.** The past general election saw a reduced number of serious formal complaints entered and sustained. A measure of the accuracy of the next election will be the transparency of the process to avoid serious charges of fraud.
- **100% of pollworkers trained.** A final indicator will be the training of all pollworkers prior to the 1994 general election. The numbers of pollworkers trained will be gender disaggregated.

PROGRAM INDICATORS:

PO 1:

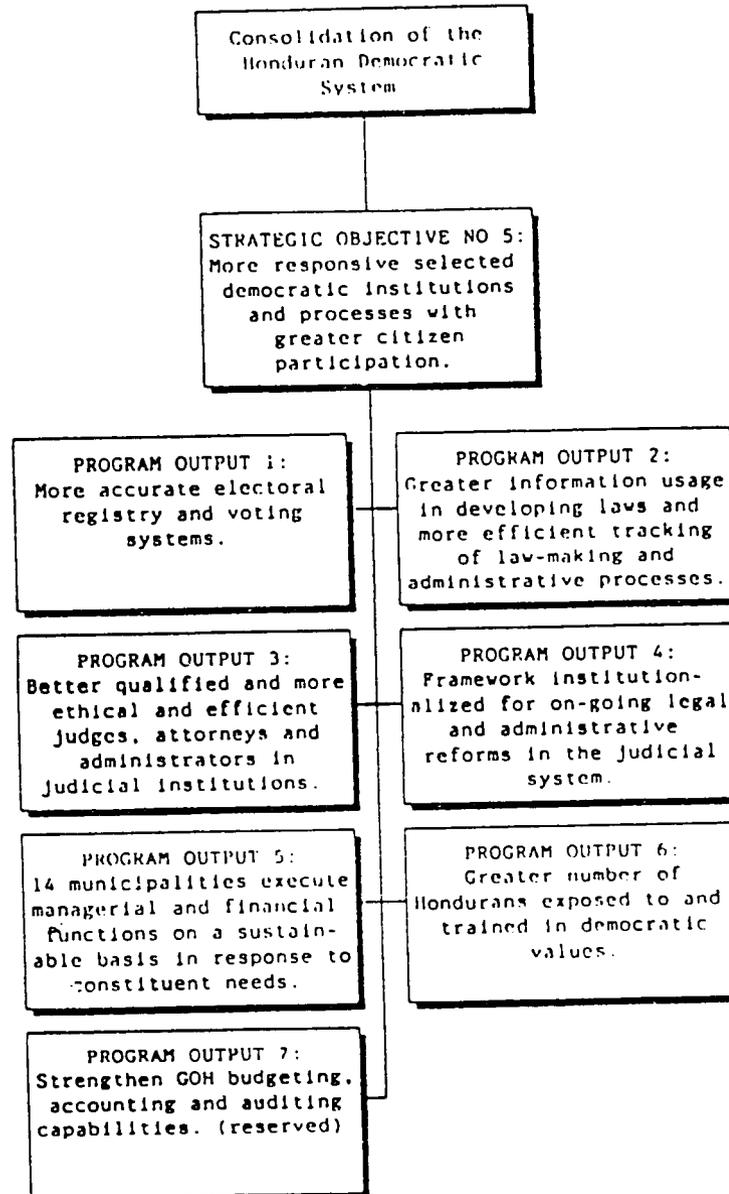
- * # of documents fully processed for individuals by computer
- * No serious formal election complaints sustained
- * 100% of pollworkers trained

PO 3:

- * Adherence to precepts of judicial career law -- personnel review, etc.

PO 5:

- * # of citizens attending town meetings
- * # of plebiscites and voters
- * # of city administrators working and selected on professional criteria.
- * Increased proportion of mun. budget going for capital projects
- * Increased private sector involvement in provision of public services



PO 2:

- * # of requests for information by diputados
- * Timely production of daily record
- * Installation and use of systems

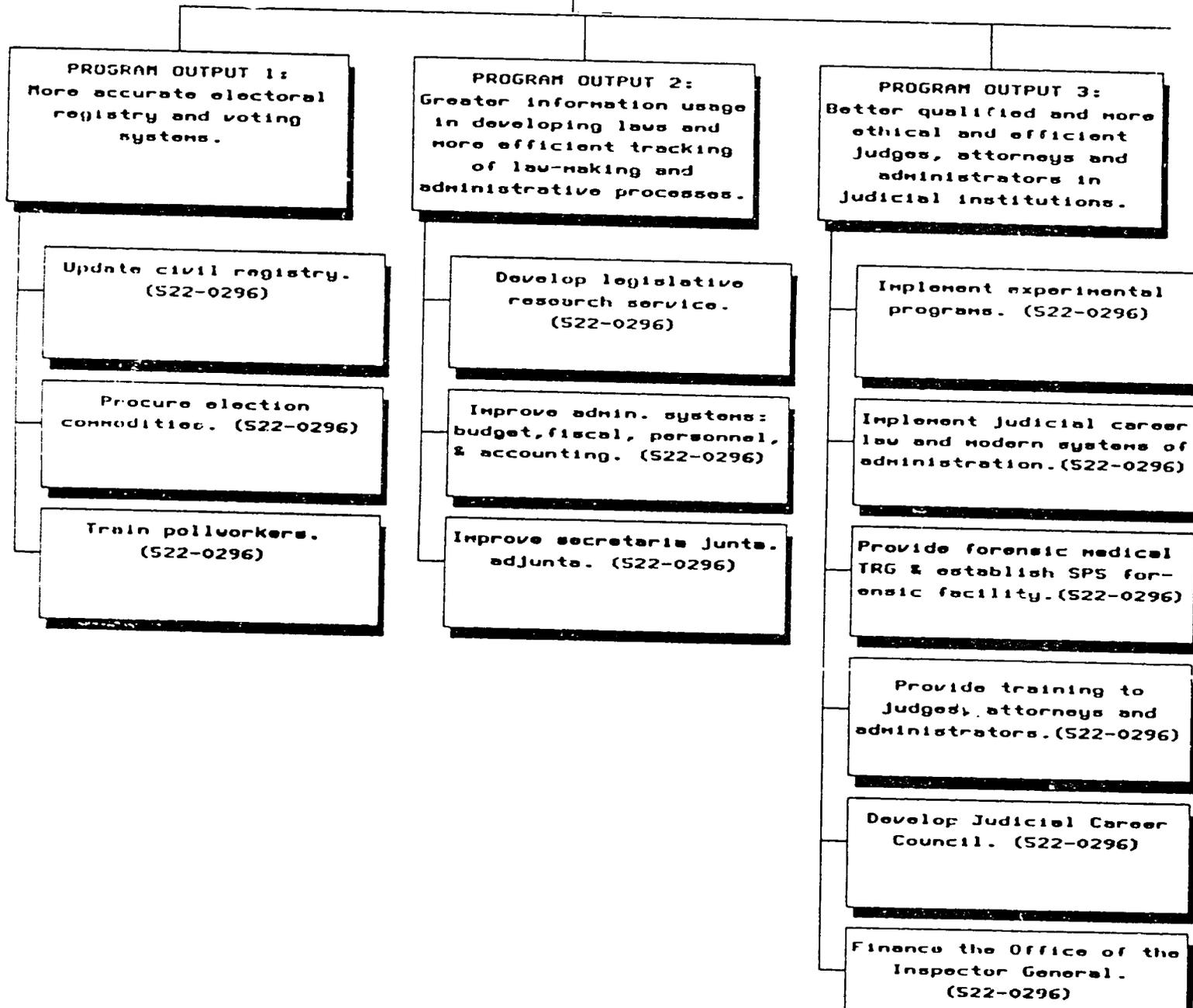
PO 4:

- * Percentage of NRJC and CC budget covered by national budget

PO 6:

- * # of people trained
- * # of textbooks sold

STRATEGIC OBJECTIVE NO 5:
More responsive selected democratic institutions and processes with greater citizen participation.



Consolidation of the Honduran Democratic System

STRATEGIC OBJECTIVE NO 5:
More responsive selected democratic institutions and processes with greater citizen participation.

Performance Indicators:

- o 70% of the public believes that general and municipal elections are fair open and free
- o Increased public confidence in the judicial system
- o Improved public perception of local governance
- o Passage of clear, internally consistent and superceding major legislation and associated regulations

PROGRAM OUTPUT 4:
Framework institutionalized for on-going legal and administrative reforms in the judicial system.

Develop National Judicial Reform Commission. (S22-0296)

Develop and expand Coordinating Commission. (S22-0296)

Strengthen the Bar Assn. and Law School. (S22-0296)

PROGRAM OUTPUT 5:
14 municipalities execute managerial and financial functions on a sustainable basis in response to constituent needs.

Provide TA to Mayoral Assn. and Gobernacion. (S22-0340)

Provide TRG & TA to mun. officials, employees & com. groups. (S22-0340)

PROGRAM OUTPUT 6:
Greater number of Hondurans exposed to and trained in democratic values.

Peace Scholars Program: CAPS, HOPS, CLASP. (S22-0329,0364)

Develop and distribute textbooks. (RTAC II)

Provide civic education & leadership training. (S22-0296,0340)

Provide training to labor unions. (S22-0296.1)

PROGRAM OUTPUT 7:
Government Audit Function (Reserved)

Program Output 2: Greater information usage in developing laws and more efficient tracking of law-making and administrative processes.

The second program output seeks to strengthen the ability of the Honduran Congress to carry out its administrative support and recordkeeping functions, both of which are inadequate for a modern legislature. The program has three focused components: the development of a legislative research center, improvement in administrative systems that support the work of the Congress, and improvement in the Secretaria Adjunta which publishes the daily record of the Congress.

Indicators:

- **Number of requests for information by Congressmen.** The information system developed by the legislative research service will assist lawmakers by providing accurate and timely information. The first indicator will measure the number of requests for information as an indication of the use being made of the system. Since the system will be starting in the next year, the baseline is zero.
- **Timely production of daily record.** The daily record of the Congress will be produced by the Secretaria Adjunta. With the modern tools and skills being provided by the program, it will be able to publish a daily record, each day the Congress is in session. Since the record is not produced long after the finish of the session, it is of little use to the lawmakers. This indicator will measure the ability of the secretaria to produce the record daily after each day is completed.
- **Installation and use of administrative systems.** The final indicator will document the installation and use of the administrative systems being provided under the program. These systems are: budget, fiscal, personnel and accounting. Further work on this indicator must determine exactly how usage of the systems can be measured, in any other way besides visual monitoring.

Program Output 3: Better qualified and more ethical and efficient judges, attorneys and administrators in judicial institutions.

The work that the mission is doing in judicial institutions is divided into two program outputs. Program Output 3 focuses on the human resource side of the system. It seeks to support training opportunities for personnel at all levels of the judicial system as well as to develop institutions that will ensure that career standards are developed and maintained. In addition, it will provide opportunities to members of the system in programs designed to develop new areas of expertise previously unavailable in the country.

Indicators:

- **Adherence to precepts of the judicial career law-- personnel review, etc.** The judicial career law, its bylaws and associated manuals set out policy, procedures, any tools for hiring, firing and merit promotion of individuals within the judicial system. The mission has full access to personnel records and will be able to periodically and methodically monitor compliance with these standards. To date, this has occurred only informally; consequently there will have to be some further refinement of how often this monitoring will take place, and who will conduct it. The number of employees who are evaluated under this indicator should be gender disaggregated to determine if any differences exist between the performances of men and women.
- **Number of judges, attorneys and administrators trained and participating in project activities.** This gender-disaggregated indicator will measure the numbers of participants in the programs being supported.

Program Output 4: Framework institutionalized for on-going legal and administrative reforms in the judicial system.

The second program in the judicial system will help provide for the institutional reform of the system. By supporting and developing projects with the National Judicial Reform Commission (NJRC), the Coordinating Commission (CC), the Bar Association and the Law School, the mission will assist in developing a basis for the continuation of the reform process.

Indicator:

- **Percentage of national budget for the judiciary.** An important indication of the long-term sustainability of these bodies supported by the project will be the increasing percentage of the budget that is covered by the Honduran government.

Program Output 5: 14 municipalities execute managerial and financial functions on a sustainable basis in response to constituent needs.

Program Output 5 focuses on municipal governance in Honduras. At present, government authority is centralized in the national governmental bodies and local municipalities are generally not able to operate independently. A new law gives the municipalities greater ability to carry out certain aspects of governance on the local level.

This program will assist the municipalities in training officials, municipal employees and community groups on their responsibilities in making local government work more efficiently and be more responsive to the needs of citizens.

Indicators:

- **Number of citizens attending town meetings.** The project will be using town meetings as a means for the citizens to gain access to municipal officials and their staff. Since there were no meetings of this nature prior to the municipal law, the baseline is zero. This indicator will be gender disaggregated.
- **Number of plebiscites and voters.** Municipalities will also be holding plebiscites on various issues for the first time. The number of plebiscites and the numbers voting will each be counted, the latter again being gender disaggregated in an attempt to determine if there are significant differences in the participation of men and women.
- **Number of city administrators working and selected on professional criteria.** The role of professional city administrator is a new one for most of the municipalities participating in this program. Therefore, this indicator will serve as a proxy for the development and execution of managerial and financial functions within local government. In addition, the professional status of this position should mean that, despite changes in the elected officials, the city administrator stays in office. A trend toward longevity in the post will indicate a further professionalization of local government.
- **Increased proportion of municipal budget going for capital projects.** The municipal law states that at the minimum 50% of the local budget should be spent on capital projects. At present, this rarely occurs. Therefore, an indicator of increased local control over the budget and rational planning would be the increase in the percentage of the budget that is spent on these projects. Baseline levels will need to be determined.
- **Improved provision of public services.** The final indicator will be the increase in public services provided by the private sector under contract to the city. The assumption here is that as local government becomes more professional and efficient, provision of services will improve.

Program Output 6: Greater number of Hondurans exposed to and trained in democratic values.

This program output captures the mission's large U.S.-based training program as well as several local projects designed to increase Hondurans' exposure to democratic values. The Peace Scholars Program has as a fundamental goal the development of leadership by exposing disadvantaged Hondurans to the American system. The program output also has a major component of leadership training to labor unions, community groups and other organizations in the country. Finally, the program will develop and distribute textbooks that highlight the democratic values of the American system.

Indicators:

- **Number of people trained.** The total numbers of people trained, both overseas and in-country will be counted. These data will also be gender disaggregated.
- **Number of textbooks sold.** The second indicator will be the number of textbooks sold under the program, as a proxy for the number of people that will be reading and using the texts.

Program Output 7: Strengthened GOH accounting, budgeting and auditing capabilities.

This program output is presently reserved while the mission and the GOH make final decisions on the viability and outcome of this project.

CHAPTER FIVE: SUGGESTED NEXT STEPS IN DEVELOPING AND IMPLEMENTING THE USAID/H PPAS

The exercise undertaken by the mission over the past two weeks constitutes the first steps in developing a comprehensive PPAS. To continue this process, we have the following recommendations for next steps:

1. Review the Status of the Mission's Strategic Objectives

- Refine and finalize strategic objectives 1 and 2. There are broad areas of overlapping program outputs and related activities that should be more fully defined and responsibility assigned to one objective or the other. Once this is completed, the strategic objectives should be revisited to make sure that they still reflect the intent of the drafters. Finally, performance indicators should be reviewed and program indicators defined.
- Review the remaining objectives, which are already more fully developed to determine if any final modifications are needed.

2. Set Targets for Indicators

- Establish targets for each indicator, both at the strategic objective and program output levels. Determine how frequently each indicator needs to be measured -- quarterly, semi-annually, annually, etc.
- Set baselines for all targets, especially for those where increases in absolute numbers or percentages will be measured.
- Determine which indicators should be gender disaggregated. All indicators that count people or training activities, measure employment or businesses created, conduct public opinion polls or measure the incorporation of new practices by people should be gender disaggregated to determine if the programs are having differential effects on men and women.

3. Determine Sources of Data for Indicators

- Determine what data are already being collected by projects, programs or are readily available from other sources. If certain indicators are already being measured in exactly the proper form, these data can be used for the PPAS without extra effort.

- Determine which indicators will require new sources of data currently not being collected. Develop plans for measuring indicators and clarify responsibilities among offices for collecting data and reporting.

4. Establish a Monitoring System for Each Strategic Objective

- Establish a monitoring and evaluation system for each strategic objective to aid tracking of the indicators. In most cases this means developing a mechanism for collecting the necessary data from each project or program that contributes to a particular strategic objective. Cross office monitoring and evaluation systems will be needed in some cases (this is likely in the private sector and agriculture objectives.)
- Use existing resources for finalizing the monitoring system. LAC/DPP has developed formats for organizing information for each indicator. Further technical assistance to set up computerized management information systems can be obtained through POL/CDIE or LAC/DPP.

ANNEX 1

The LAC Bureau's Program

What is PPAS?

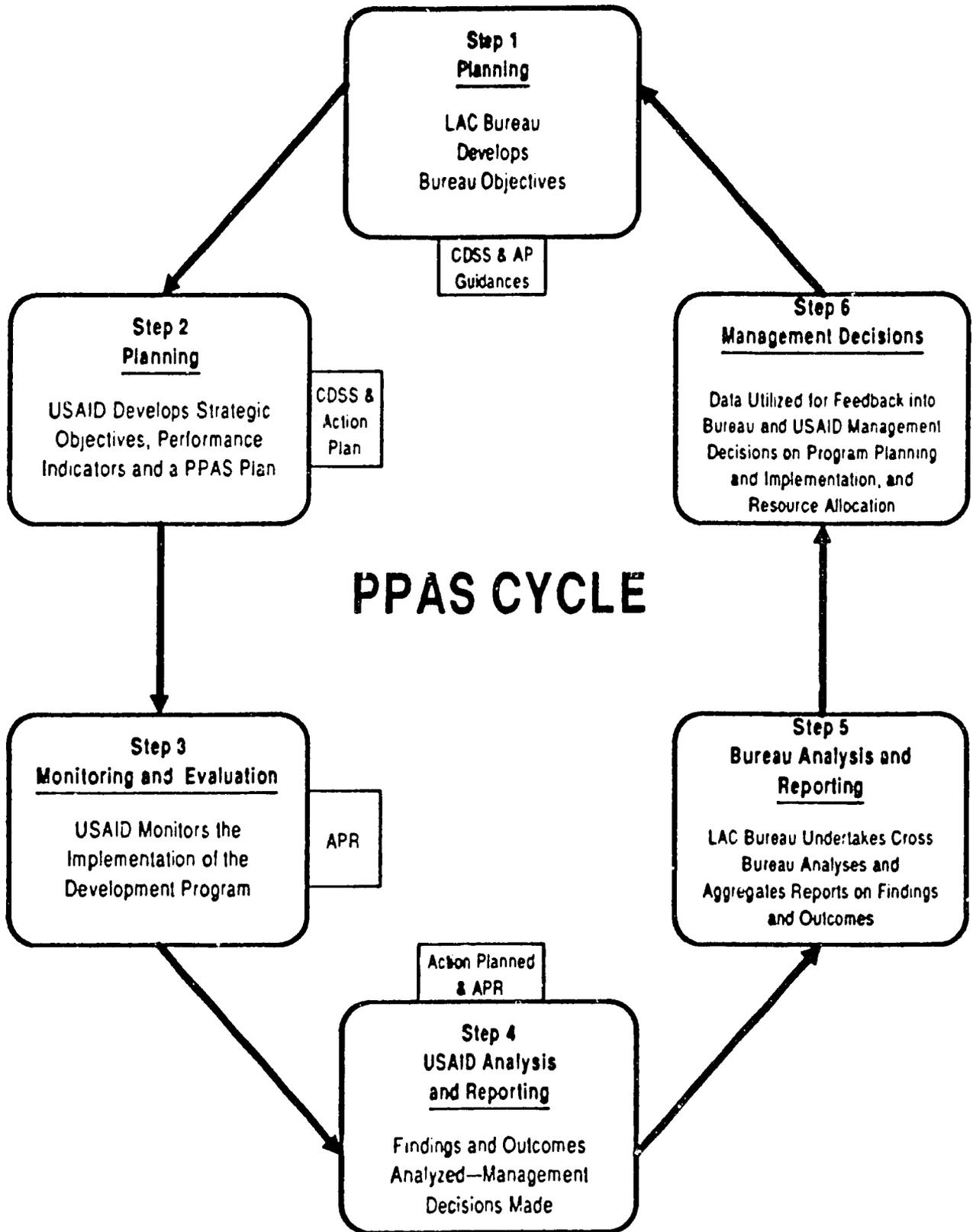
A strategic systems approach with the following characteristics:

- Focused USAID strategy
- Direct relationship and integration of projects/NPAs/policies to a program strategy
- Concentration of USAID resources on key country development problems
- Emphasis on results
- A means for assessment and reporting

Why a PPAS?

- Concentrate and focus resources for impact on key development problems.
- Have a way to measure and report impact/success.
- Internal assessment for improving performance (Feedback).

PPAS COMPONENTS



Note: = Document Flow

What is a Strategic Objective?

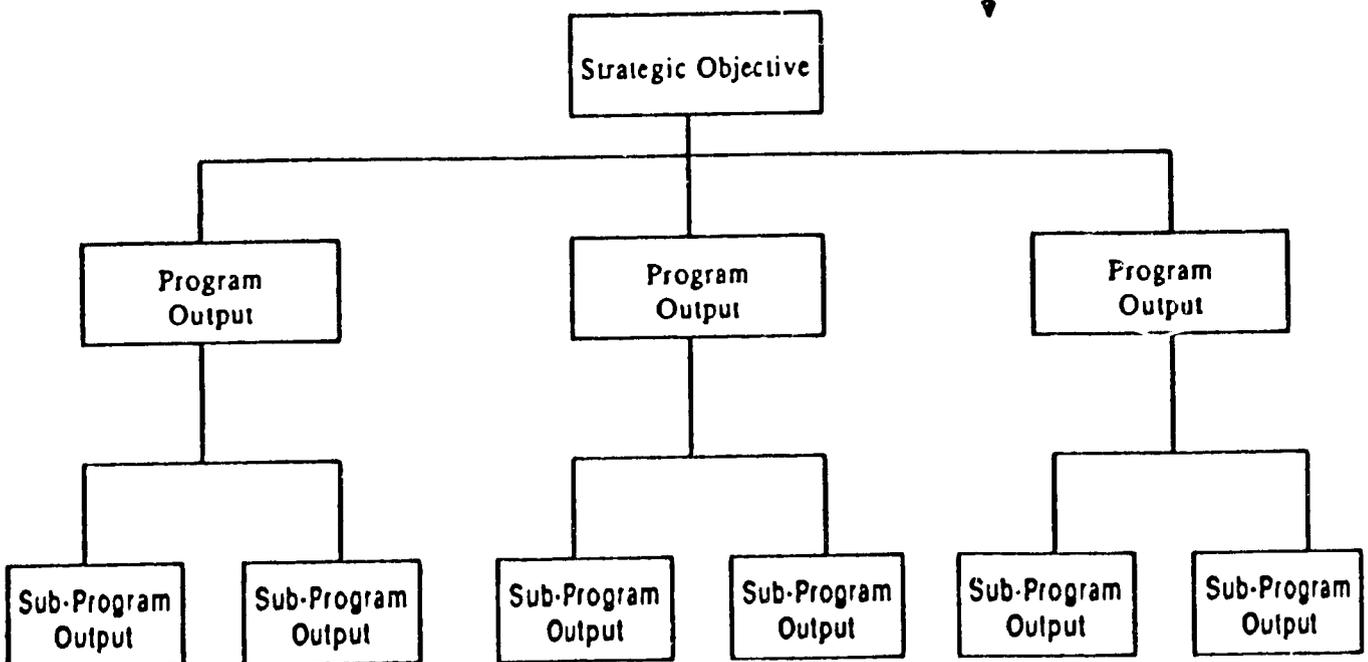
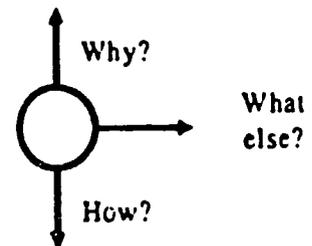
- Within Manageable Interest of USAID
- High Level Accomplishment Associated with USAID Action
- Focuses on Results vs. Actions
- Worthy Development Undertaking
- Expect to See Impact in Medium Term that is Measurable and Which Can Be Reported On

What are Program Outputs?

- Those Concrete, Near-Term Results of USAID Activities that are most Likely to Contribute to the Achievement of Strategic Objectives
- Directly Attributable to USAID Activities
- Suitable for Monitoring and Reporting at Regular Intervals (usually annually)

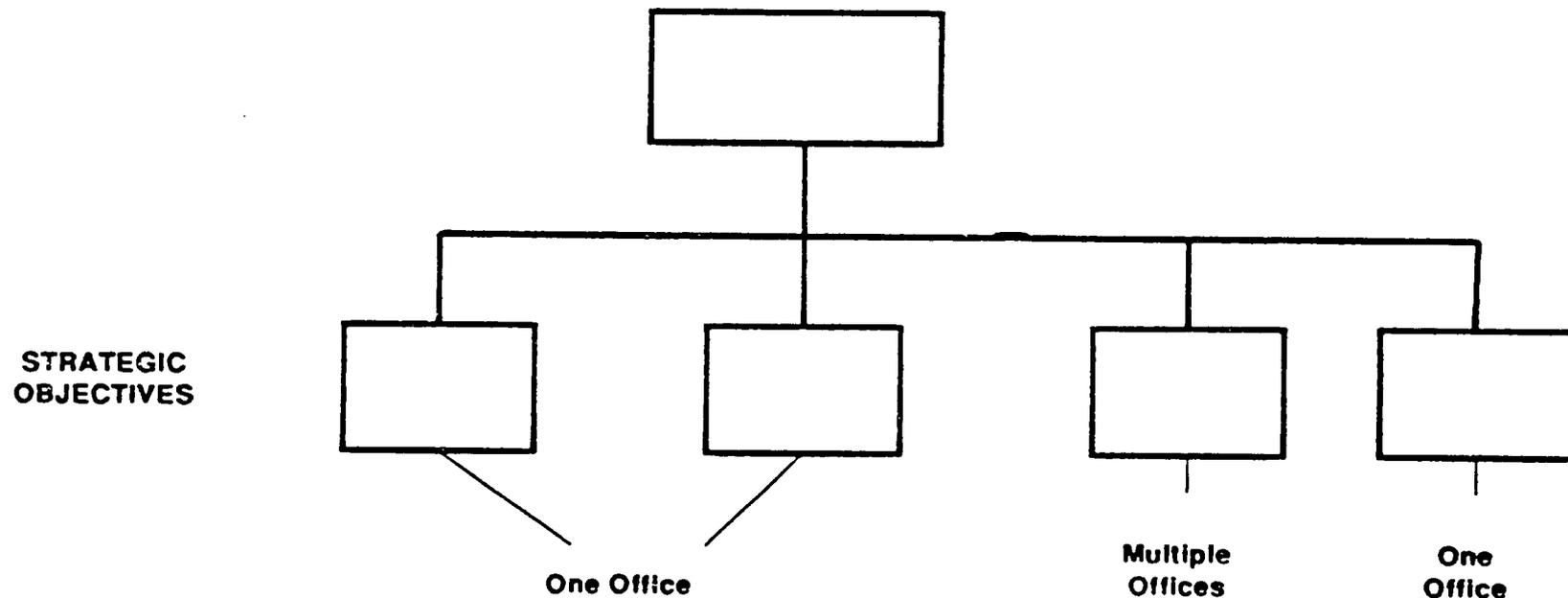
Objective Trees to Assist in Identifying Strategic Objectives

- Graphic display of causes and results.
- Identifies necessary and sufficient elements to produce results.
- Identifies key management questions.



STRATEGIC OBJECTIVE MANAGEMENT

- ☛ Some strategic objectives will fit closely with a single office—others will be shared by more than one office
- ☛ Achievement of strategic objectives frequently requires increased communication and coordination among offices
- ☛ Formal and informal arrangements may be needed to ensure collaboration among offices.

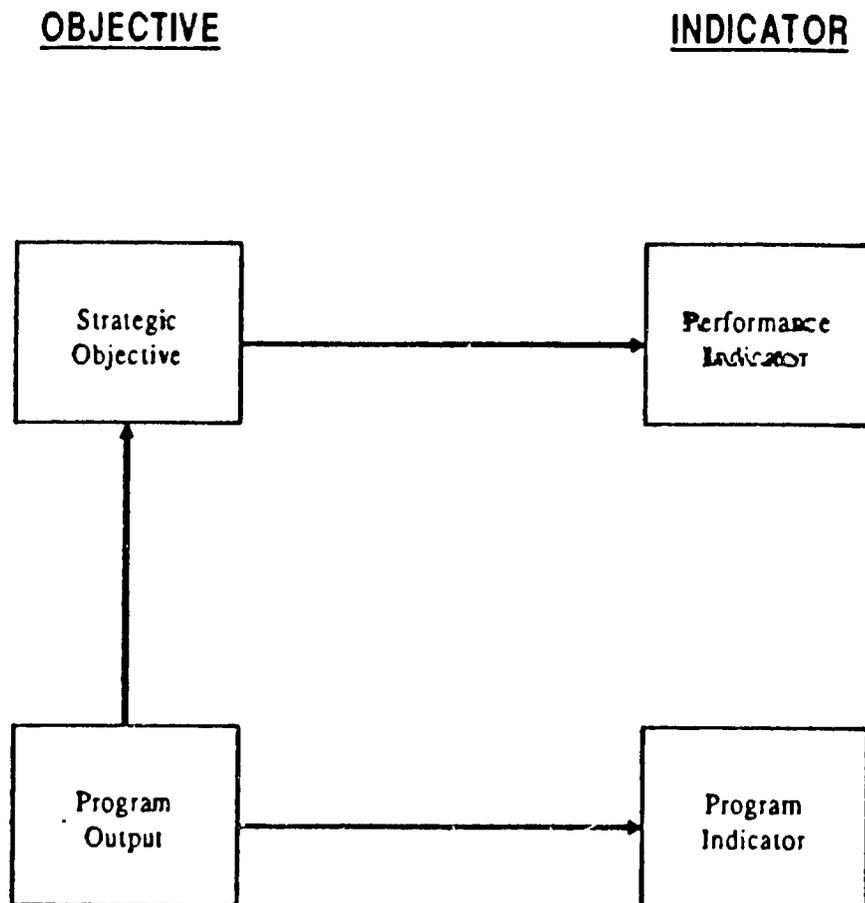


Cross-Cutting Objectives

- Sustainability
- Institutional Strengthening
- Policy Environment
- Gender

Program Monitoring System

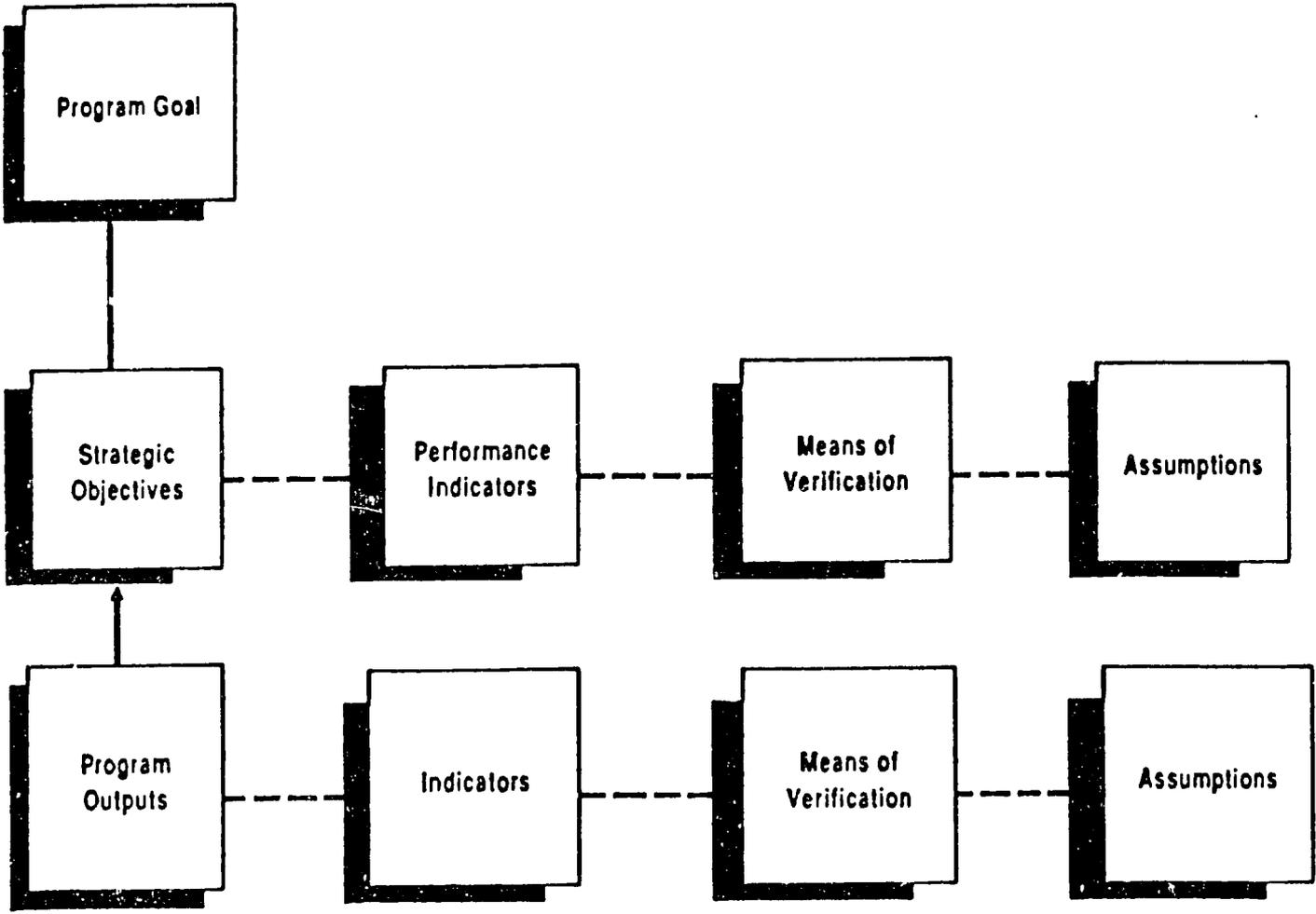
Identification of Indicators to Measure Impact (Success) at Strategic Objective and Program Objectives Levels



Indicator Selection

- 1 Identify key objectives to be achieved.**
- 2 Identify criteria—to determine what victory looks like if objective is achieved**
- 3 Specify criteria**
 - quantify ➔ how much change?
 - focus ➔ in what segment of society?
 - timing ➔ by when?
- 4 Plan data collection**
 - how will data be gathered?
 - by whom?
 - how often?
- 5 Plan data flow**
 - who will get data?
 - in what form?
 - how often?
 - for what purpose?

USAID Program Logframe



DEFINITIONS

Program:	A program is the sum of the project, non-project and policy dialogue actions undertaken by an A.I.D. field mission in pursuit of a given strategic objective.
Strategic Objectives:	The three to five highest level objectives on which an A.I.D. field mission's activities can be expected to have a meaningful impact in the short to medium term.
Performance Indicators:	Criteria for determining or calibrating progress in the attainment of Strategic Objectives.
Performance Monitoring System:	An institutionalized system for collecting and reporting program performance data on a periodic (usually annual) basis.
Program Activities:	The inputs provided to produce Program Outputs that in turn contribute to achieving the Strategic Objective.
Program Outputs:	The major accomplishments for which an A.I.D. field mission is willing to assume direct responsibility in its efforts to achieve its Strategic Objectives.
Program Indicators:	Criteria for determining or calibrating progress in the attainment of Program Outputs.
Program Goals and Sub-Goals:	The higher order and longer-term goals to which the Mission's programs contribute.
Other Activities:	An objective or activity not directly supportive of the mission's basic program strategy. Examples include targets of opportunity, pilots, phase-out programs, humanitarian assistance, and Congressional earmarks.
Cross-Cutting Issue:	An issue of programmatic or policy concern that permeates an A.I.D. field mission's portfolio and warrants unified planning and monitoring but which does not constitute a separate Strategic Objective.

ANNEX 2

Performance Assessment System



ANNEX 2

USAID HONDURAS'S STRATEGIC OBJECTIVES
WORKGROUPS AND MEMBERS

STRUCTURAL
ADJUSTMENT,
TRADE,
INVESTMENT &
AGRICULTURE

SOCIAL
SECTORS

NATURAL
RESOURCES
& ENVIRONMENT

DEMOCRATIC
INITIATIVES

WORKING GROUP I	WORKING GROUP II	WORKING GROUP III	WORKING GROUP IV
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ANNEX 3

Some Introductory Materials

DRAFT
11/22/91

PROPOSED PERFORMANCE MEASUREMENT GUIDELINES

OBJECTIVE

To enhance A.I.D.'s ability to "manage for results" by developing a common Agency-wide framework for regularly measuring, analyzing, reporting, and using program performance information at all organizational levels.

BACKGROUND

Management excellence--"doing fewer things, but doing them very well"--has become A.I.D.'s central management theme. But to manage strategically, for better development results, managers need a sound basis for assessing program performance. As part of his Strategic Management and Evaluation Initiatives, Administrator Roskens asked CDIE to improve A.I.D.'s program performance monitoring by strengthening Mission and other operational-level performance information systems, by making performance information more easily available for decision-making at all organizational levels, and by developing Agency-wide program performance indicators. This effort--called PRISM, for Program Performance Information for Strategic Management--has now become a key element in the broader programming reforms emerging from the Fry Task Force and recent Agency reorganization. The present Guidelines are intended to provide a common framework for strategic planning and performance management efforts that will eventually encompass every A.I.D. Mission and most functional Offices.

APPROACH

Getting and using program performance information is every manager's responsibility--in Missions, Regional and Central Bureaus, and Agency-wide. Significant strides have already been made in some parts of the Agency to design and implement systems for collecting and using program performance information. We have learned from and built on this experience in developing concepts of how program performance can and should be measured, reported, and used in A.I.D. (A more detailed discussion is provided in the Performance Measurement Report prepared by the Fry Task Force).

The key building block of program performance measurement is a strong Mission (or operating unit) strategic plan, which includes a clear statement of objectives, indicators, and expected results. Missions (and other operating units) are responsible for developing program strategies consistent with country development needs, Agency-wide policy priorities and Bureau objectives. Each Mission (or operating unit) is expected to delineate a limited set of strategic objectives, articulate coherent strategies for achieving these objectives, and identify appropriate indicators for measuring progress. These strategic plans will be negotiated with and agreed to at the Bureau-level, with selective review by OPS and POL for consistency with Agency priorities.

It is important to recognize that the development of a Mission (or operating unit) strategic plan is not a simple, rote exercise, but rather an intense and interactive analytical and consultative process. Development constraints and opportunities must be carefully examined before a Mission's (or operating unit's) staff can articulate priorities, identify alternatives, assess resources, review "lessons learned", and begin making decisions. This involves trade-offs between a unit's aspirations and capabilities; a careful consideration of A.I.D.'s priorities, U.S. interests, and host country needs and capacities. Developing a good strategic plan often involves numerous iterations over a period of at least several months as a unit examines the implications of alternative strategies, objectives, indicators, and performance standards, and develops "ownership" of its objectives. Ultimately, some agreement (but rarely complete consensus) is reached on a set of significant objectives that are worth pursuing and that can be achieved.

Missions (or other units) are also responsible for managing the collection and analysis of data on progress toward agreed-upon strategic objectives, as well as data that permits continuous monitoring of the environment for achieving these objectives. In collaboration with the Bureaus, CDIE provides technical assistance to help Missions (and other units) clarify objectives and plan and implement related performance management, performance monitoring, and reporting systems.

Central Bureaus provide technical support to Missions in particular program areas and develop strategies to pursue objectives that extend beyond a single country program. When Central Bureaus play a major role in helping Missions define and implement particular strategic objectives, they might also participate in negotiating these strategic objectives with Regional Bureaus and be held jointly accountable for results.

The Agency-wide program performance information system embodied in PRISM encompasses, and is largely being built, on objectives and indicators identified by Missions, Bureaus, and other operating units. CDIE has "clustered" objectives and

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indicators drawn from current programming documents (CDSSs, Action Plans, CPSPs, etc.) to define an initial Agency-wide PRISM database. These "clusters" (and associated indicators) will, however, change over time to reflect changes in Mission, Bureau, Office, and Agency-wide programs.

While the PRISM database is being explicitly designed to reflect Mission (and other operating unit) objectives and indicators, Missions pursuing similar objectives will be encouraged to use similar indicators (identified in the clustering process) whenever these indicators are practical and appropriate to host country circumstances. To facilitate Agency (and Bureau) analysis and reporting, some minimal standardization of indicators may become necessary over time.

IMPLEMENTING PROGRAM PERFORMANCE MEASUREMENT

o Component #1: Initiating Program Performance Monitoring in Missions, Offices, and Bureaus.

About half of A.I.D.'s Missions (representing at least half of A.I.D.'s resources) are expected to have acceptable strategic plans and performance measurement systems in place by the end of FY 1992. Most A.I.D. Missions should have acceptable strategic plans and information systems by the end of FY 1993.

o Component #2: Reporting Annually on Mission Program Performance

Annual Mission reporting on program performance to Bureaus (and through Bureaus to CDIE) will be expanded Agency-wide in FY 1992. By the end of FY 1993, automated portions of Mission performance monitoring and reporting should be linked to the Agency-wide PRISM system.

o Component #3: Applying Program Performance Measurement to Central Bureaus

Initial efforts to strengthen performance management systems in selected A.I.D./W offices should be completed during FY 1992. More comprehensive central program coverage will be implemented in FY 1993 and FY 1994.

o Component #4: Measuring and Analyzing Agency-wide Program Performance

A preliminary report, reflecting initial agency-wide objectives and available data, will be completed in FY 1992. A more comprehensive report will be completed in FY 1993.

o Component #5: Reviewing Mission (and Functional Office) Program Performance Information Systems.

A preliminary status report on Performance Information Systems is being developed this fall and will be updated annually, in consultation with Bureaus, on the basis of Mission (and other unit) reporting and selected site reviews.

CORE CONCEPTS

Managing for Results:

As noted in Administrator Roskens' world-wide cable (State 189250), A.I.D. managers are "fully accountable for 'managing for results': for vigorously pursuing well defined objectives; for getting and using information on program performance; for understanding why programs are succeeding or failing; and for continuously reorienting resources and activities in more effective and productive directions."

Program:

The entire range of development activities--projects, non-project assistance, policy dialogue, food aid, and other activities--aimed at achieving a strategic objective.

Strategic Objectives (SOs):

The highest level development result that a Mission (or other operating unit) feels is within its overall manageable interest--that it can materially affect and for which it is willing to be held accountable. Missions would typically pursue a relatively small number (one to five) of strategic objectives, commensurate with available financial and human resources.

Bureau Objectives:

Represent Bureau development priorities--consistent with Agency-wide priorities--that are within the Bureau's manageable interest, for which the Bureau is willing to be held accountable, and on which the Bureau will report annually. Mission SOs should generally be consistent with Bureau strategic objectives, but need not necessarily correspond on a one-for-one basis. Bureau objectives represent results that Bureaus expect to achieve through Mission programs, regional programs, central programs, and other activities. Mission program performance reports are one source of data for assessing performance against Bureau objectives, but the analysis of Bureau performance is more than a simple aggregation of Mission performance. It includes analyses of Mission performance, regional program performance, special studies and evaluations, and other data.

Program Outcomes (POs):

Represent lower-level Mission (or office) objectives that contribute to the achievement of one or more strategic objectives. A Mission's Objective Tree (or Program Logframe) would usually encompass several levels of program outcomes that relate the results of various project, non-project, policy reform, or other development interventions to these outcomes.

Other Activities:

Activities that fall outside a Mission's core strategic objectives, but which a Mission pursues (with Bureau agreement and sometimes under Agency or Bureau mandate) for particular political, historical, humanitarian, or practical reasons, or as experimental efforts. These "other activities" (called "targets of opportunity" by the Africa Bureau) usually represent a relatively small portion of a Mission's portfolio.

Performance Indicators:

Dimensions or scales to measure program results against objectives.

Performance Standards (Expected Results):

Degree, amount, or type of expected change in an indicator over a designated time period.

Objective Tree Analysis:

Methodology for thinking through the logical linkages among program objectives and for relating strategic objectives to program outcomes and activities. These are then depicted in graphic or tabular format (e.g., as objective trees, program logframes, program/project matrices, etc.). A program objective tree or logframe is typically submitted as part of a Mission (or operating unit) strategic plan.

Statement of Objectives, Indicators, and Standards:

A key component of Mission (or other unit) strategic plans, providing a narrative description of the program strategy, objectives, indicators, and performance standards.

Performance Monitoring System:

To date, each Bureau has developed its own reporting format. CDIE has begun work on a common, easy-to-use, automated format for Mission performance monitoring, analysis, and reporting (using each Mission's objectives, indicators, and standards), for Bureau analysis and reporting, and for Agency-wide analysis and reporting.

CDIE is currently helping LAC develop a Bureau performance monitoring prototype and is developing a Mission performance monitoring prototype with USAID/Cairo and others. Any performance monitoring system will be consistent with existing reporting procedures (such as the Africa Bureau's partially automated Assessment of Program Impact) and may also be linked to automated project implementation reporting.

Collecting Performance Data:

Missions collect much program performance data through project mechanisms, often using monitoring and evaluation capabilities of one or more key projects in each program area. Other data can be gathered from secondary host country or international sources or through distinct data collection and analysis activities managed by a program office, technical office, or other Mission unit. Cost-effectiveness is an important criterion in selecting the means by which such data will be collected.

Using Program Performance Data:

Program performance information is essential to "managing for results" and should be reflected in program and policy decisions by Missions, Offices, Bureaus, and Senior Management. However, while program performance data can be validly applied in program funding decisions, it should not be directly or mechanically used in setting annual country levels or in allocating personnel. The Incentives Task Force is examining ways of integrating performance information into A.I.D.'s incentives system.

GUIDELINES FOR SELECTING OBJECTIVES AND INDICATORS

Strategic Objectives Should Be:

- o Short precise statements of the impacts sought, rather than detailed descriptions of the means of achieving results or labels for sectors or categories of activities;
- o The most significant results in a program area for which a Mission (or other operating unit) is willing and able to be held accountable;
- o Significant improvements in the well-being of people or the sustained performance of an economy or government. (The Africa Bureau requires a focus on "people-level impact");

- o Pursued through clear program strategies that trace logical connections to program outcomes (achievable in 2-5 years) and a coherent set of underlying projects, non-project assistance, policy dialogue, and other activities.
- o Within a Mission's (or other unit's) manageable interest, that is, substantially achievable through the Mission's (or Office's) management of its available resources;
- o Amenable to substantial progress in the medium term (usually 3-7 years);
- o Consistent with Agency and Bureau priorities in the context of country-specific opportunities and constraints;

Program Performance Indicators Should:

- o Be clearly and obviously linked to the statement of intent articulated in the strategic objective (i.e., measure as directly as possible progress in achieving objectives);
- o Represent the most useful (relevant, objective, valid) dimensions for measuring progress in achieving objectives;
- o Be practical, derived in a cost-effective manner from national or international data, other data sources, or mission data collection and analysis, depending on appropriateness and availability;
- o Encompass, whenever appropriate, people-level (gender disaggregated) program impact. (A focus on "people-level impact is specifically required by the Africa Bureau, though not at every level);
- o Provide measures of results that can be related to the magnitude of A.I.D.'s investment;
- o Be appropriate across a wide range of program settings;

Performance Standards (Expected Results) Should:

- o Be time-bound, representing the degree of change anticipated during the planning period;
- o Be as precise as possible (but may be quantitative or qualitative, as appropriate);

- o Provide convincing evidence that objectives are, or are not, being achieved;
- o Include a baseline reflecting, if possible, conditions prior to the start of A.I.D.'s program;
- o Reflect what is achievable, given country (or region) specific opportunities and constraints;
- o Serve as the basis for "performance contracts" between Missions and Bureaus, from which substantial positive or negative deviations would be explained.

An Addendum is being prepared providing illustrative examples of well-thought-out objectives, indicators, and performance standards.