

Honduras

The Development Challenge: Honduras' political and economic transformation is impeded by a narrow economic base, concentrated ownership of assets, limited foreign and domestic investment, corruption, high population growth, and low human capacity levels. A weak judiciary has limited ability to protect civil and commercial rights or cope with high crime rates and human rights violations. Honduras' social indicators are among the worst in the hemisphere with 79% of the population living in poverty, an annual population growth rate of 2.6%, an infant mortality rate of 34 per 1,000, high prevalence of HIV/AIDS (1.9% of the adult population and 50% of the reported AIDS cases in Central America), chronic malnutrition (33% of children under 5 years), average adult education levels of 5.3 years, and rapid deterioration of water and forest resources. Honduras' development progress is frequently disrupted by severe droughts and floods. Failed social systems coupled with extreme weather events and exogenous world economic shocks prevent Honduras from breaking the poverty cycle and achieving broad-based economic growth.

The World Bank estimates that Honduras' per capita gross domestic product (GDP) in 2001 was around \$942. External debt in December 2001 was \$4.3 billion, approximately 70% of annual GDP. The Government of Honduras (GOH) has not had to service its debt owed to the Paris Club countries since March 1999 due to a three-year debt service moratorium and debt relief in the wake of Hurricane Mitch. The Paris Club extended this moratorium through 2002, but may end it in 2003, particularly in light of the recent International Monetary Fund (IMF) decision to declare Honduras off track with its Poverty Reduction Growth Facility program.

The GOH realizes that the country must become more competitive to attract investment, spur growth, and generate revenue to provide quality social services such as schools, hospitals, public health clinics, water systems, and a fair judicial system. In 2002 the government formed a Presidential Competitiveness Commission and developed a national trade strategy to prepare for the Central America Free Trade Agreement (CAFTA) and examine results of World Trade Organization accession.

U.S. national interests in Honduras include: 1) increasing trade and investment; 2) reducing the flow of illegal immigrants; 3) broadening citizen support for democracy; and 4) implementing reforms of civilian-controlled military, police, and legal institutions to help protect U.S. investments and reduce the impact of international crime, terrorism, and illicit narcotics activities. USAID assistance will play a critical role in responding to the historic opportunity presented by CAFTA and addressing the dramatic drop in coffee prices. Through a Presidential Initiative - the Opportunity Alliance - USAID will work with the private sector and international financial institutions to strengthen the competitiveness of Central American rural economies and generate new business and investment through trade capacity building, rural diversification, and vulnerability management. Activities in Honduras that contribute to Opportunity Alliance include: agricultural sector diversification and increasing nontraditional agricultural exports; technical assistance in the trade and investment policy arena; technical assistance and logistical support to the Honduran government to maintain flood and drought warning systems; and assistance to the government and private sector for forest and water resource management.

The USAID Program: FY 2003 will be a transition year for the USAID mission in Honduras as it completes the implementation of its current strategic plan and begins implementation of a proposed new strategy. Accordingly, USAID is submitting two sets of data sheets for most objectives. One set reflects remaining obligations to complete the current strategic plan, and the other set reflects new obligations to be made once the Agency approves the new strategic plan (anticipated in May 2003).

The data sheets provided below include the current objectives: 1) Economic Reactivation Meeting the Needs of the Poor; 2) Sustainable Improvements in Family Health; 3) Strengthened Rule of Law and Respect for Human Rights; 4) Improved Opportunity to Obtain Basic Education and Vocational Skills; and 5) More Responsive and Effective Municipal Government. With the exception of the health objective, which was fully redesigned and extended through December 2005, the last year of funding for these objectives is FY 2003. The additional data sheets reflect the proposed new strategic plan which

objectives include: 1) Competitive Market-Led Growth Improved in Targeted Areas; 2) Integrated Resource Management in Targeted Areas of Economic and Environmental Significance Improved; 3) Key Democratic Institutions Strengthened; and 4) Better Educated Honduran Workforce.

Other Program Elements: With funding from the Central America Regional Program (G-CAP), analysts and administrators are being trained in trade, labor, and energy policies to prepare for Honduran integration into hemispheric markets. G-CAP's regional coffee program responds to the immediate coffee crisis. G-CAP's regional environmental program focuses on border areas and supports implementation of the Central America - U.S. Joint Accord (CONCAUSA) commitment to biodiversity conservation, environmental legislation, sound use of energy, and sustainable economic development. G-CAP's regional HIV/AIDS program increases the capacity of local organizations to deliver HIV/AIDS services and information in Honduras and throughout the region. Honduras has also benefited from programs managed by USAID's Office of Regional Sustainable Development (LAC/RSD) to strengthen regional mechanisms to promote human rights, fortify government accountability, and promote decentralization and local governance. Through its farmer-to-farmer program, the Office of Private and Voluntary Cooperation (DCHA/PVC) funds short-term, U.S. volunteer technical assistance to increase farm and agribusiness productivity and incomes.

Honduras is serving as the regional coordinating mission for implementation of President Bush's Center of Excellence for Teacher Training (CETT) Initiative. CETT is designed to improve teacher training and address school underachievement and illiteracy by improving primary school reading instruction for students in disadvantaged communities or populations in Central America. Honduras also participates in the Cooperative Association of States for Scholarships (CASS) program, managed regionally by LAC/RSD. CASS supports scholarships for students who travel to the United States to participate in one- or two-year academic programs tailored to meet the development needs of participants' respective countries, as well as their languages and cultural backgrounds. The program targets socioeconomically disadvantaged scholars, women, and other previously excluded groups who have demonstrated leadership potential in both their communities and places of employment. Finally, USAID is implementing a pilot activity in Honduras to address child labor practices.

Other Donors: Donor coordination has been excellent, especially since Hurricane Mitch and the formation of the Group of 15 (G-15) to monitor the GOH's reconstruction and transformation program. USAID has played a key role in assisting the G-15 efforts at the level of ambassadors and representatives, directors of the bilateral and multilateral development agencies, and other groups to closely coordinate with the government and civil society. Overall development assistance disbursed to Honduras totaled about \$200 million in 2002, excluding debt relief. The United States, Japan, and Sweden are the largest bilateral donors, while Spain provides a large amount of its bilateral assistance in loans. Non-U.S. bilateral donors and their principal areas of focus include: Japan (public infrastructure and agriculture), Sweden (statistics, justice and human rights, and social programs); Spain (judicial reform and decentralization), Germany (agriculture and education); Canada (forestry and rural development), United Kingdom (rural development), Italy (irrigation), the Netherlands (rural development and housing), and Switzerland (rural water projects). Multilateral donors include the Inter-American Development Bank with a very diversified portfolio of projects valued at \$460 million over three years, the World Bank (education, land tenancy, and health), the IMF, the European Union (rural water infrastructure and food security), and United Nations agencies (United Nations Development Program, Food and Agriculture Organization, World Food Program, United Nations Children's Fund, and International Fund for Agricultural Development). With funding from bilateral donors, the United Nations Development Program has developed the Forum to Strengthen Democracy in Honduras, which works closely with civil society, political party leaders, and donors, and supports coordination of the national HIV/AIDS program. Additionally, Honduras successfully secured \$42 million for a five-year AIDS, tuberculosis, and malaria program from the newly established United Nations Global Fund.

**Honduras
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	8,936	13,177	12,561	13,861
Development Assistance	16,789	15,430	22,530	22,226
Development Credit Authority	0	298	0	0
Economic Support Fund	998	1,000	0	0
PL 480 Title II	5,104	6,436	5,191	5,365
Total Program Funds	31,827	36,341	40,282	41,452

STRATEGIC OBJECTIVE SUMMARY

522-001 Economic Reactivation Meeting Needs of the Poor				
DA	4,240	3,730	5,000	0
522-002 Effective and Sustainable Water Management				
DA	3,691	2,800	0	0
522-003 Sustainable Improvements in Family Health				
CSH	5,642	13,177	12,561	13,861
DA	5,138	0	0	0
PL 480	5,104	6,436	5,191	5,365
522-004 Rule of Law & Respect for Human Rights				
DA	1,900	2,400	3,100	0
ESF	998	1,000	0	0
522-006 Basic Education and Skills Training				
CSH	3,294	0	0	0
DA	0	3,500	3,250	0
522-007 Municipal Development Project				
DA	1,820	3,000	1,000	0
DCA	0	298	0	0
522-aaa Economic Growth				
DA	0	0	3,830	8,976
522-bbb Integrated Resource Management				
DA	0	0	2,600	2,600
522-ddd Improved Democracy and Governance				
DA	0	0	2,000	5,850
522-eee Education				
DA	0	0	1,750	4,800

Data Sheet

USAID Mission:	Honduras
Program Title:	Economic Reactivation Meeting Needs of the Poor
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's economic reactivation objective promotes economic policies to reduce poverty, open markets, encourage entrepreneurship, and expand business and financial services to small and micro businesses and agricultural producers. USAID is implementing activities to support increased trade, more diversified and higher quality private investment, and increased employment to contribute to poverty reduction. Through activities that promote agricultural sector diversification, exports, and sales, and policy reforms to improve Honduras' private investment climate and trade capacity, USAID is contributing to the Opportunity Alliance, a presidential initiative to strengthen economies and competitiveness in Central America.

Inputs, Outputs, Activities:

FY 2003 Program:

Agricultural sector diversification and nontraditional agricultural exports and sales (\$3,000,000 DA). To support diversification of the Honduran agricultural sector and increase nontraditional agricultural exports and sales, USAID will continue funding technical assistance in production, post-harvest and processing technologies, marketing, and business development services for approximately 7,500 farmers. This activity will create alliances and work as a catalyst to help the private sector become a driving force to create a sustainable, growing agribusiness sector in Honduras. This activity will increase nontraditional agricultural exports by \$35 million, increase clients' incomes by at least 50%, increase rural employment in client firms by at least 10%, and provide viable income generating opportunities to coffee and basic grain growers. The principal contractor is the Center for Agribusiness Development.

Policy reform, investment and trade capacity (\$775,000 DA). Through policy analysis, advocacy, and technical assistance, USAID will continue to support reforms of macroeconomic and private investment policies and build trade capacity. Specifically, USAID will support implementation of the Law to Simplify Business Registration, enactment and implementation of legislation to increase firms' competitiveness, analysis of alternative tax policies to increase tax revenues, and preparation for Honduras' full participation in the Central America Free Trade Agreement (CAFTA). The principal contractors are Chemonics and the U.S. Department of Treasury (tax policy).

Business development services (\$225,000 DA). USAID will continue funding business development services for proven businesses in two economic corridors -- the north coast and the southern region. A problem-solving approach is used to provide technical assistance to firms seeking to expand their businesses. The objective of this activity is to improve business performance and competitiveness and increase access to financial markets. Results will be measured by the increase in client sales, income, investment, and employment creation. Chemonics is the principal contractor.

Microfinance support (\$500,000 DA). Based on an evaluation of its microfinance support activity, USAID will continue to provide technical assistance and training to four financial private voluntary organizations in an effort to increase delivery of financial services to the micro and small business sector as they transition into the new regulatory framework. USAID will also finance technical assistance to strengthen the

National Banking and Insurance Commission's supervisory function of financial private voluntary organizations. In addition, USAID's assistance will leverage two commercial banks to begin micro and small business lending programs and help the Bankers Association promote an enabling environment for micro and small business lending. Barents Carana is the principal contractor.

Access to credit for micro and small enterprises and agricultural producers (\$500,000 DA). Through a Development Credit Authority mechanism, USAID will execute a loan portfolio guarantee agreement with two commercial banks and one microfinance institution. This activity will start with a total authorized amount of \$7 million with a guarantee ceiling of \$3.5 million. The loan portfolio guarantee program will assist participating lending institutions in providing urgently needed access to finance for small and microenterprises and agricultural producers. The loans are mainly short term, although some medium-term lending may be available. USAID, working together with select local commercial banks and a microfinance institution, can bring in the necessary investments to stimulate the growth of the small and microenterprise sector. Barents Carana is the principal contractor.

FY 2004 Program:

Please see Data Sheet for the new economic growth strategic objective number 522-aaa.

Performance and Results: USAID's policy activities in 2002 achieved two important results: passage of the Administrative Simplification Law in July 2002; and drafting of a comprehensive National Competition Law currently being discussed by the executive branch. USAID has provided trade-related training and information to the public and private sectors, including assistance to the Ministry of Industry and Trade as it developed its National Strategy for Trade Capacity Building, which was presented to the U.S. Trade Representative in November.

Despite the decline in agricultural commodity prices, erratic weather conditions and the global recession, overall sales and exports of nontraditional agricultural products for USAID-assisted clients increased by more than \$6.2 million in 2002. During the first 22 months of implementation, clients had a 120% increase in local and export sales, a 50% increase in employment, and up to 300% increase in incomes. A dairy enterprise initiative implemented by Land O' Lakes provided technical assistance and training to 25 producer groups to organize and operate 28 additional milk collection centers, which are projected to generate about \$10 million in benefits.

In 2002, USAID financed business development services for 31 local firms which provide 17,724 person/months of direct full-time employment and 1,395 person/months of indirect full-time equivalent employment. An activity implemented by the organization Aid to Artisans is enhancing craft entrepreneurs' business management and export marketing capacity as well as increasing their productivity. This activity has provided technical assistance to more than 1,891 artisans (73% women) generating 119 jobs, and is currently exporting products through seven export partners. Exports of about \$265,000 have been generated to date and Aid to Artisans projects that the \$800,000 export sales goal will be achieved.

In 2002, USAID-supported microfinance institutions disbursed \$48.2 million to 113,100 active clients (79.5% women). This figure represents 43% of the total number of small and microenterprises in Honduras. An evaluation of the activity indicates that USAID-assisted microfinance institutions have made genuine performance improvements.

US Financing in Thousands of Dollars

Honduras

522-001 Economic Reactivation Meeting Needs of the Poor	DA
Through September 30, 2001	
Obligations	15,325
Expenditures	8,598
Unliquidated	6,727
Fiscal Year 2002	
Obligations	3,730
Expenditures	6,645
Through September 30, 2002	
Obligations	19,055
Expenditures	15,243
Unliquidated	3,812
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	5,000
Total Planned Fiscal Year 2003	
Obligations	5,000
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	24,055

Data Sheet

USAID Mission:	Honduras
Program Title:	Sustainable Improvements in Family Health
Pillar:	Global Health
Strategic Objective:	522-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$12,561,000 CSH; \$5,191,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$13,861,000 CSH; \$5,365,000 PL 480
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

Summary: The program to improve key aspects of family health in Honduras aims to: prevent the spread of HIV/AIDS and support care services for those affected; increase access to and use of reproductive health and family planning services; improve child survival in regions of highest poverty and need; expand infectious disease prevention and control, focused on malaria, dengue and tuberculosis; increase household food security; and foster decentralized planning, implementation and other health reforms.

Inputs, Outputs, Activities:

FY 2003 Program:

HIV/AIDS prevention and care (\$4,920,000 CSH). USAID is notifying an additional \$1,495,000 CSH due to the increase in resources resulting from Honduras' selection as one of the Agency's 24 priority AIDS countries. USAID will collaborate with the Government of Honduras (GOH) to expand and improve the national effort to screen pregnant women for HIV, purchase new rapid HIV diagnostic tests, and assure proper counseling and treatment to prevent mother-to-child HIV/AIDS transmission. In collaboration with the Centers for Disease Control (CDC), USAID will continue support to the national disease surveillance system to monitor the epidemic, including monitoring behavior change and introducing new rapid diagnostic technologies to quickly identify new cases. USAID will continue to support Honduran nongovernmental organizations (NGOs) working with the groups most affected by AIDS, emphasizing increased knowledge, behavior change, counseling, HIV testing, and increased condom use. To increase condom sales through both commercial and nontraditional outlets, USAID will expand its social marketing activity and fully implement a national education campaign. Principal contractors and grantees are the Academy for Educational Development, Population Services International, AIDS Action Central America, the Centers for Disease Control (technical advisor), and Family Health International.

Reproductive health and family planning services (\$4,750,000 CSH). Support to the Honduran Family Planning Association, the country's largest NGO provider of reproductive health and family planning services, will help expand voluntary, high quality services nationwide. In addition, USAID will finance training and technical assistance for and provide contraceptive commodities to the Ministry of Health (MOH) to strengthen and expand its reproductive health and family planning services, focusing on serving families with least access in areas of greatest unmet need. Principal contractors and grantees are the Honduran Family Planning Association and MOH.

Child survival (\$2,451,000 CSH). USAID will continue to fund technical assistance and training for community and MOH health workers. Efforts will expand training in and implementation of community child growth monitoring, integrated management of childhood illnesses, immunization, emergency pediatric care, and neonatal care in the areas of greatest poverty and most severe need. Assistance includes technical support to the MOH to foster national and local level health policy and program reforms that will stimulate decentralized, integrated, transparent service planning and management. USAID will focus on reducing high childhood anemia levels by supporting programs to fortify wheat with iron. Principal contractors are Management Sciences for Health, Johns Hopkins, University Research Corporation, and Abt Associates.

Infectious disease prevention (\$440,000 CSH). USAID will continue to support training and technical assistance to MOH and community health workers to improve community disease prevention, case finding, rapid diagnosis, and treatment for malaria, dengue and tuberculosis. USAID support will also equip field staff with basic environmental health tools and train 70 community environmental health technicians. Technical assistance will help the MOH integrate infectious disease control into its decentralization initiative. Primary grantees and contractors are the MOH, the Environmental Health Project, and IRM Regional Management of Pharmaceuticals.

Food security and nutrition. P.L. 480 resources will enhance household food security and reduce malnutrition in the poorest areas of the country by supporting maternal and child health services and crop diversification. The five-year program is implemented by CARE.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

FY 2004 Program:

HIV/AIDS prevention and care (\$7,000,000 CSH). USAID plans to: support further expansion of public and private sector programs to prevent HIV transmission from mothers to children; expand condom sales and voluntary testing, counseling and behavior change in AIDS affected groups; and strengthen disease surveillance and monitoring.

Reproductive health and family planning services (\$4,750,000 CSH). USAID plans to continue working with the Honduran Family Planning Association and the MOH to expand reproductive health services and family planning in areas of highest need through continued emphasis on training in quality service delivery, counseling, and regular client follow-up.

Child survival (\$1,742,000 CSH). USAID plans to continue to focus on improving services in three regions, expanding coverage of Integrated Community Child Care and Integrated Childhood Disease Management in cooperation with Pan American Health Organization and UNICEF. USAID may also support interventions such as wheat fortification to reduce high levels of childhood anemia.

Infectious disease prevention (\$369,000 CSH). USAID plans to continue to support expansion of the tuberculosis case finding and early treatment program to all MOH health facilities, training both community workers and supervisory staff. Training programs for community health workers and MOH staff in malaria and dengue prevention, case detection, and diagnosis will be expanded.

Food security and nutrition. P.L. 480 resources will continue to support maternal and child health and agricultural extension services in Honduras' western region, which has high rates of poverty and malnutrition. Expansion to other geographic areas may be considered.

Performance and Results: Performance was excellent in most components of the program. Condom sales under the AIDS social marketing program increased by more than 160% and sales by the Honduran Family Planning Association increased by 20%. Family planning practice continued to grow, increasing by 50% in the high-poverty, high-need regions where USAID has concentrated its support. Following the Agency designation of Honduras as an AIDS priority country, USAID expanded its condom social marketing program and organized a behavioral sentinel surveillance study. In addition, USAID signed a new agreement with the Academy for Educational Development to provide technical assistance, training, and financial and management support to 15 to 20 Honduran NGOs working with communities with high HIV prevalence to enhance behavioral change, counseling, and HIV testing, and increase condom use to prevent HIV transmission.

US Financing in Thousands of Dollars

Honduras

	CSH	DA
522-003 Sustainable Improvements in Family Health		
Through September 30, 2001		
Obligations	31,154	90,805
Expenditures	25,155	86,106
Unliquidated	5,999	4,699
Fiscal Year 2002		
Obligations	12,144	0
Expenditures	6,202	3,468
Through September 30, 2002		
Obligations	43,298	90,805
Expenditures	31,357	89,574
Unliquidated	11,941	1,231
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	12,561	0
Total Planned Fiscal Year 2003		
Obligations	12,561	0
Proposed Fiscal Year 2004 NOA		
Obligations	13,861	0
Future Obligations	83,667	0
Est. Total Cost	153,387	90,805

Data Sheet

USAID Mission:	Honduras
Program Title:	Rule of Law & Respect for Human Rights
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	522-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,100,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: The rule of law and human rights objective is working in five areas in Honduras: assistance to justice sector institutions in the implementation of the new Criminal Procedures Code (CPC); support for an independent, apolitical, and effective judiciary; support for an independent, apolitical and effective Public Ministry (Attorney General's Office); broader, more effective civil society participation in and monitoring of judicial reform; and training to provide a new cadre of legal professionals for the Honduran justice system.

Inputs, Outputs, Activities:

FY 2003 Program:

Criminal Procedures Code implementation and strengthening of justice sector institutions (\$1,700,000 DA). The new CPC, which took effect in February 2002, completely reformed court administration procedures. USAID-sponsored activities will continue to reduce the backlog of cases from the old penal code system and inventory evidence. USAID will work to strengthen the capacity of the reform-minded Supreme Court, the Public Defender's Office, and the justice sector as a whole. Technical assistance will help improve the Judicial Career Law, replicate the court administration and case tracking systems of the pilot courts (two criminal courts were selected as pilots for implementing the new systems), and strengthen criminal justice training within the Supreme Court. Principal contractors are the National Center for State Courts (prime) and DPK Consulting (sub).

More effective Public Ministry (\$600,000 DA). USAID-funded technical assistance and training to the Public Ministry will strengthen the Ministry's prosecutorial function in the new oral trial system by helping it improve coordination with the police on investigations and design and implement improved case management, case tracking, and field support systems. Technical assistance will focus on prosecutor offices outside the capital as much as possible. The Medical Forensics Directorate will benefit from technical assistance and training, particularly in providing scientific evidence at trials. The principal contractor is the Federation of Private Development Organizations of Honduras (FOPRIDEH), an NGO umbrella organization.

Civil society participation in policy reform (\$600,000 DA). USAID will expand its activities to promote justice sector reforms, broader and more effective citizen participation, and greater civil society participation in and oversight of public policy processes to new geographical areas in Honduras. The main policy issues that will be addressed are: administration of justice and judicial reform; citizen security; anticorruption and transparency; and electoral systems. Technical assistance will strengthen NGOs involved in justice sector activities. USAID will reach out to bar associations and judges' associations to enhance their organizational development and increase their understanding of and commitment to justice sector reform. The principal contractor is FOPRIDEH.

Promote ethics as a pillar of the legal profession (\$200,000 DA). USAID will fund a training program to teach students about the U.S. legal system, particularly insofar as it represents a system based on rigorous ethical and professional standards. Follow-on activities will include rural legal clinics, legal

counseling via radio programs, and street-law programs. The principal contractor is the National Center for State Courts.

FY 2004 Program:

Please see Data Sheet for the new democracy and governance strategic objective number 522-ddd.

Performance and Results: Implementation of the Criminal Procedures Code and commencement of oral criminal trials under the new system mark recent milestones for USAID's rule of law program in Honduras. These are significant achievements in that the CPC introduces a transparent and more efficient justice system that provides a fair process for all parties.

The pilot criminal courts in Tegucigalpa and San Pedro Sula, Honduras' two primary urban centers, have installed innovative systems for case tracking and court administration. Replication of these pilot court systems has begun in criminal courts in six secondary cities. To date, 26 trials have taken place in the pilot courts under the new CPC, and all key players have demonstrated a clear commitment to implementing the new procedures and making the system work. Approximately 130 oral trials have taken place around the country, which is very impressive, given that this is the first time Honduras has had oral proceedings in adult criminal cases. Approximately 37% of the 125,500 cases pending under the old system as of March 2000 have been closed and the two pilot courts have inventoried nearly 100% of the evidence within their jurisdiction from the prior system. Under an activity in partnership with the law faculties at two Honduran universities, law students organized seminars and conferences on legal topics including the new CPC, as well as a mock court competition among Honduran universities. The Medical Forensics Directorate of the Public Ministry has provided reliable scientific evidence, much of which was developed using equipment provided by USAID, in oral trials.

The Federation of Private Development Organizations of Honduras (FOPRIDEH), along with a coalition of civil advocacy organizations, has carried out public awareness campaigns and influenced public policy through dialogues with the government. For example, they have taken an adversarial position regarding a proposed constitutional amendment that would curtail Supreme Court authority and allow the Congress to interpret the constitution. FOPRIDEH was also instrumental in ensuring implementation of the new constitutional procedure providing for depoliticized appointment of Supreme Court judges. In compliance with the constitution, a new Supreme Court took office in January 2002, under a revised selection process with civil society participation. The new Supreme Court, the Supreme Court President, and the Interinstitutional Commission for Criminal Justice have demonstrated strong leadership and commitment to reform and are addressing corruption and competence issues in the judiciary.

US Financing in Thousands of Dollars

Honduras

	DA	ESF
522-004 Rule of Law & Respect for Human Rights		
Through September 30, 2001		
Obligations	11,069	18,896
Expenditures	9,122	17,916
Unliquidated	1,947	980
Fiscal Year 2002		
Obligations	2,500	1,000
Expenditures	2,149	710
Through September 30, 2002		
Obligations	13,569	19,896
Expenditures	11,271	18,626
Unliquidated	2,298	1,270
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	3,100	0
Total Planned Fiscal Year 2003		
Obligations	3,100	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	16,669	19,896

Data Sheet

USAID Mission:	Honduras
Program Title:	Basic Education and Skills Training
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,250,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2004

Summary: USAID's objective to improve opportunities to obtain basic education and vocational skills includes: a program called Education for All (EDUCATODOS) to enable out-of-school youth and adults to complete a basic education; vocational training with basic education to provide marketable technical skills and academic education to youth and young adults; and education policy reform to support the Ministry of Education's (MOE) reform efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

Opportunities for out-of-school youth and adults to complete a basic education (\$1,250,000 DA). To increase the educational levels and incomes of Honduran youth and adults, USAID will continue support for the EDUCATODOS program for grades one through nine. EDUCATODOS now provides grades one through eight through an interactive radio alternative delivery system and programmed text materials using more than 4,000 volunteer facilitators. Piloting and testing of ninth grade materials will begin in 2003. The MOE provides counterpart funds for salaries of EDUCATODOS promoters. USAID will continue its policy dialogue to obtain commitment from the MOE to increase its funding for the expansion and recurrent costs of EDUCATODOS. USAID will also support EDUCATODOS's efforts to become an autonomous nongovernmental foundation, which will enable it to obtain funds from both public and private sources. The principal grantee is the MOE and principal contractors are the American Institute for Research and Fernandez, Fortin, Bogran, and Associates.

Opportunities for vocational training with basic education (\$325,000 DA). USAID will continue to provide assistance to a network of 29 vocational centers that provide marketable job skills to youth from rural and marginal urban areas. Through an agreement with EDUCATODOS, the vocational centers will also continue to provide students the opportunity to complete seventh, eighth, and ninth grade through EDUCATODOS, thus further enhancing graduates' employability. USAID will also continue its policy dialogue efforts with the MOE, Ministry of Labor, and the private sector to reform the national vocational education system, ensuring its responsiveness to the private sector's needs. The Advisory Center for the Development of Human Resources (CADERH) is the principal grantee.

Education policy reform and project promotion (\$1,675,000 DA). USAID will continue to promote education policy reforms by supporting activities that test the effectiveness of reforms in reducing failure and repetition and increasing student achievement. Save the First Cycle and Let's Learn Math, which are geared toward grades one through three, are two such activities. The goal of Save the First Cycle is to reduce grade repetition by 50% by training teachers in lesson planning, interactive, participatory teaching methods, using tests that identify students who need additional help, and involving parents and communities in children's education. Using interactive radio instruction, Let's Learn Math is reducing failure and repetition in the early grades by improving mathematics instruction and increasing student achievement. The program, now in 17 departments of the country, aims to reach 70% of all first, second, and third grade students. In addition, USAID will finance technical assistance to begin developing and piloting an interactive radio-based pre-school program. This program will help the MOE provide a year of

pre-school for all children, one of its education reform goals, and help beneficiaries be more successful in primary school. USAID will also assist the MOE with its efforts to begin decentralizing the education system beginning in early 2003. USAID will provide technical assistance to assist the MOE in refining its decentralization strategies to assure that decentralization has a positive impact on the quality and efficiency of the education system. It will also focus on convincing parents and teachers that decentralization is an attractive option worth supporting. Prime grantees are the MOE, the Ricardo Maduro Education Foundation, and the Education Development Center.

Center of Excellence for Teacher Training (funded by LAC/RSD). Honduras is serving as the regional coordinating mission for implementation of President Bush's Center of Excellence for Teacher Training (CETT) Initiative. CETT is designed to improve teacher training and address school underachievement and illiteracy by improving primary school reading instruction for students in disadvantaged communities in Central America.

FY 2004 Program:

Please see Data Sheet for the new education strategic objective number 522-eee.

Performance and Results: USAID's activities achieved several important results during 2002. EDUCATODOS completed the eighth grade pilot program; 10,453 students were enrolled in EDUCATODOS programs for the seventh and eighth grades; and 76,318 students enrolled in first through sixth grade EDUCATODOS programs. The cumulative total for grades passed in FY 2002 (students can pass more than one grade level per year) was 75,938 (95% of the target). Construction of vocational centers was completed and centers are now fully equipped. These centers, along with the existing centers in the CADERH network, enrolled 3,478 students, of which 1,467 graduates were employed (98% of the target). Save the First Cycle reduced grade repetition for first, second, and third graders in the targeted area by 50% and increased student achievement by 26%. Let's Learn Math reached 79% of first graders in the country, 65% of all second graders, and 33% of all third graders (this was the first full year after the third grade pilot). Student achievement in math improved by 18% as a result of the program.

By completion of this objective, an increased number of Hondurans will complete a quality primary education and more vocational center students will acquire marketable skills for employment.

US Financing in Thousands of Dollars

Honduras

	CSH	DA
522-006 Basic Education and Skills Training		
Through September 30, 2001		
Obligations	11,719	4,685
Expenditures	6,922	4,683
Unliquidated	4,797	2
Fiscal Year 2002		
Obligations	0	3,480
Expenditures	3,788	1,488
Through September 30, 2002		
Obligations	11,719	8,165
Expenditures	10,710	6,171
Unliquidated	1,009	1,994
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	3,250
Total Planned Fiscal Year 2003		
Obligations	0	3,250
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	11,719	11,415

Data Sheet

USAID Mission:	Honduras
Program Title:	Municipal Development Project
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	522-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2004

Summary: Through technical assistance and training, the municipal development objective focuses on improving municipal government capacity by increasing revenues, improving administrative efficiency, and promoting citizen participation in local government decisionmaking. Technical assistance is provided to key sectoral institutions that play a strategic role in supporting decentralization reforms and increasing municipal capacity. Increased capacity and responsiveness of local governments is essential for improving transparent management of financial resources, ensuring that decisionmaking reflects local priorities, and developing local democratic institutions throughout the country. Greater capacity of local governments will also be critical for the successful implementation of decentralization processes currently promoted by the Government of Honduras (GOH).

Final obligations under the municipal development objective will be undertaken during FY 2003. A new democracy-focused strategic objective will include promotion of more responsive and effective municipal governments as one of its goals.

Inputs, Outputs, Activities:

FY 2003 Program:

Municipal capacity and responsiveness (\$400,000 DA). USAID funds technical assistance for municipalities in: financial administration and accounting systems; human resources management; environmental management; public works operations; land cadastres used for levying and collecting municipal property taxes; citizen participation; and transparent governance mechanisms. In FY 2003, USAID plans to introduce new market-based mechanisms to municipalities as a means of providing technical assistance and training. These mechanisms, such as vouchers that can be used among a variety of qualified providers, will also support the creation of a number of reliable service providers. This technical assistance benefits 46 municipalities and four associations of smaller municipalities. As a complement to the technical assistance component, USAID supports training for municipal officials and national government and association officials who work with municipal-related initiatives. This year, because newly elected municipal authorities took office, a great deal of emphasis is placed on training incoming authorities and officials regarding municipal operations and legal requirements. No other nationwide training program exists for newly elected local officials. Follow-up training, including conferences, international training, exchanges, and study tours, provide important opportunities to continue to broaden participants' perspectives and exchange experiences with leaders from other countries and regions. Principal contractors are the Foundation for Municipal Development (FUNDEMUN), Central American Technological University, and World Learning.

Sustainability of key institutions (\$400,000 DA). USAID will fund technical assistance to contribute to the organizational development of key institutions that work with municipalities and local development issues. The Honduran Municipal Association (AMHON) and FUNDEMUN are two influential and highly credible institutions which must become sustainable in the long run to help bring about and maintain pressure from civil society for structural change in decentralization and municipal development. Contractors and grantees will be determined through competition.

Policy dialogue (\$200,000 DA). USAID provides technical assistance to AMHON to develop its ability to represent municipal interests in policy discussions and be responsive to its constituency. As the only national organization that brings together elected officials from all political parties to promote a common agenda, AMHON plays a crucial role. This organization has been an important player in policy discussions and will play an equally important role during the implementation of the decentralization process in Honduras. The principal contractor is PriceWaterhouseCoopers.

FY 2004 Program:

Please see Data Sheet for the new democracy and governance strategic objective number 522-ddd.

Performance and Results: USAID's implementing counterparts continue to be leaders in the decentralization and municipal development sector. Their leadership has been clearly demonstrated by the GOH's desire to consult and coordinate closely with USAID partners. For example, AMHON, FUNDEMUN, and Central American Technological University participated actively in the development of a new national program for decentralization and local development and development of national guidelines for municipal training. AMHON also organized three workshops that brought together congressional deputies and mayors to ensure that municipal interests are reflected in four bills before Congress that affect municipal autonomy and authorities (the Water and Sanitation Framework Bill, the Forestry Framework Bill, the Territorial Regulation Bill, and the Water Resources Bill). While this process will extend through the next legislative session, significant advances have been made in getting concerns from the municipalities incorporated into the draft bills.

By the completion of this objective, first- and second-tier municipalities will have vastly increased their capacity to raise revenue (average annual increases of 3% to 5%), improved access to potable water (85% of populations), sanitation (38% of populations), as well as integrated services (water, sanitation, and refuse collection). The experience gained by USAID-funded activities, which have focused on first- and second-tier municipalities, provides an opportunity to replicate assistance to a much larger number of third-tier municipalities. Future efforts will expand activities with third-tier municipalities where poverty and unmet capacity needs are greatest. USAID will also work to improve local capacities in decentralization.

US Financing in Thousands of Dollars

Honduras

522-007 Municipal Development Project	CSH	DA	DCA
Through September 30, 2001			
Obligations	11,950	19,392	0
Expenditures	3,688	16,879	0
Unliquidated	8,262	2,513	0
Fiscal Year 2002			
Obligations	0	3,000	298
Expenditures	1,328	2,400	0
Through September 30, 2002			
Obligations	11,950	22,392	298
Expenditures	5,016	19,279	0
Unliquidated	6,934	3,113	298
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	1,000	0
Total Planned Fiscal Year 2003			
Obligations	0	1,000	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	11,950	23,392	298

Data Sheet

USAID Mission:	Honduras
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-aaa
Status:	New
Proposed FY 2003 Obligation:	\$3,830,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$8,976,000 DA
Year of Initial Obligation:	2003
Estimated Completion Date:	2008

Summary: The USAID trade, investment and economic diversification program will promote more open, transparent and competitive market mechanisms, more diversified private sector investments, new jobs, trade capacity, and regulatory reform. In the policy arena, USAID will focus on reforms that have a direct impact on private sector performance such as simplified business procedures, more secure property rights, anti-monopoly measures, as well as policies related to competition, trade, and economic stability. USAID will promote broad-based economic growth by cultivating business alliances that increase nontraditional exports and improve small producers' access to regional and international markets. Through activities that promote agricultural sector diversification and policy reforms to improve Honduras' private investment climate and trade capacity, USAID is contributing to the Opportunity Alliance, a presidential initiative to strengthen economies and competitiveness in Central America.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID is designing a new economic growth objective which will respond to the opportunities and demands of private enterprises with competitive potential in local, regional and global markets. Contractors will be determined through competition. Pending approval, activities will include the following:

Policy reform, investment and trade capacity (\$1,500,000 DA). In the trade and investment policy arena, USAID will continue to focus efforts on those elements where change seems attainable and which would have a direct positive impact on overall economic growth. Specifically, USAID is planning to address simplified procedures for business startup, anti-monopoly measures, and trade and fiscal reforms. USAID will focus particularly on building trade negotiation capacity in conjunction with the Free Trade Area of the Americas (FTAA), the Central America Free Trade Agreement (CAFTA), and the World Trade Organization. USAID will continue to provide assistance in macroeconomic policy formulation, private investment policy reform, and analysis of alternative policies to rationalize GOH expenditures and increase tax revenues.

Agriculture, economic diversification and rural prosperity (\$1,580,000 DA). USAID will focus on achieving structural changes in productivity and marketing in strategic industries, especially in rural areas. In agriculture, diversification from basic grains to higher value-added, labor-intensive crops is expected to provide substantial increases in net income to producers. USAID will target business development services to medium, small, and microenterprises in specialty coffee, nontraditional agriculture and agro-industry, forestry, and light manufacturing in four secondary cities and surrounding regions to stimulate local business activity.

Human resource development in trade, agriculture, and business skills (\$250,000 DA). USAID will finance short- and long-term participant training for select, high performing candidates at top universities in the western hemisphere to improve trade, agriculture, and business skills.

Access to credit for micro and small enterprises and agricultural producers (\$500,000 DA). Access to credit for small and microenterprises and agricultural producers will complement business development services in secondary cities. USAID will strengthen the ability of the existing network of small and microenterprises and credit institutions to expand into rural areas through technical assistance, training, and policy guidance. USAID will continue the Development Credit Authority loan portfolio guarantee program begun under strategic objective 522-001. This program will expand access to credit for client firms assisted by USAID's business development activities.

FY 2004 Program:

Policy reform, investment and trade capacity (\$2,376,000 DA). USAID plans to continue providing demand-driven assistance in macroeconomic policy formulation and policy reform to improve the business environment and investment climate. USAID expects to continue financing technical assistance to improve trade negotiation capacity, focusing on creating the knowledge base and capacity required to help Honduras integrate into the global economy and fully reap the benefits of free trade.

Agriculture, economic diversification and rural prosperity (\$5,600,000 DA). By financing technical assistance and training activities focused on market information, technology transfer, and sanitary and phytosanitary standards to medium, small and microenterprises and small farmers, and linking them to larger firms and markets, USAID will support economic diversification and initiatives that foster firm and regional competitiveness in selected industries. To enable small and medium firms to benefit from CAFTA and FTAA, activities will focus on product clusters that offer an opportunity for substantial production and processing expansion after modern, cost-saving technology has been transferred and market channels established.

Human resource development in trade, agriculture, and business skills (\$500,000 DA). USAID plans to finance short- and long-term participant training for select, high performing candidates at top universities in the western hemisphere to improve trade, agriculture, and business skills.

Access to credit for micro and small enterprises and agricultural producers (\$500,000 DA). The Development Credit Authority loan portfolio guarantee program is expected to continue and expand to provide access to credit to the increasing number of beneficiaries of USAID-funded technical assistance and business development activities.

Performance and Results: This new strategic objective is scheduled to begin in late FY 2003 and therefore has no results to report at this time.

US Financing in Thousands of Dollars

Honduras

522-aaa Economic Growth	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,830
Total Planned Fiscal Year 2003	
Obligations	3,830
Proposed Fiscal Year 2004 NOA	
Obligations	8,976
Future Obligations	56,236
Est. Total Cost	69,042

Data Sheet

USAID Mission:	Honduras
Program Title:	Integrated Resource Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-bbb
Status:	New
Proposed FY 2003 Obligation:	\$2,600,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,600,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: The integrated resource management objective will consist of three complementary and interrelated components: land and water management, biodiversity conservation, and disaster mitigation. Technical assistance and logistical support to the Honduran government to maintain flood and drought warning systems and assistance to the government and private sector for forest and water resource management contribute to the Opportunity Alliance, a presidential initiative to strengthen economies and competitiveness in Central America, by improving Honduras' vulnerability management capacity.

Pending approval, the new integrated resource management objective will include the following components:

Inputs, Outputs, Activities:

FY 2003 Program:

Timely and reliable hydrological data (\$500,000 DA). USAID will provide training, technical assistance and logistical support to the Ministry of Natural Resources (SERNA) to help it establish and maintain a hydrological data system (including maintenance of 23 satellite telemetry hydrological stations) designed to provide timely flood warnings and predict drought problems. This assistance will also help SERNA design infrastructure and analyze agricultural investments. The U.S. Geological Service (USGS) implements this activity.

Protection of natural areas in key watersheds (\$800,000 DA). The Choluteca River is the main water source for Tegucigalpa, the largest urban center in Honduras. This water supply's future is endangered by deforestation and improper agricultural practices, which cause excessive erosion, contamination, and runoff as well as loss and/or degradation of critical habitat for biodiversity conservation. USAID will provide assistance to the Honduran government and the private sector to help execute forest management and extension programs that improve resource management for 19,000 hectares in three watersheds. The Honduran Forest Service (COHDEFOR) is the principal contractor.

Sustainable protected area management plans (\$1,300,000 DA). To diminish the deforestation and agricultural encroachment that is destroying Honduras' protected areas and damaging the country's water resources, USAID will develop and implement an integrated protected area and sustainable use program in selected areas of the north coast economic corridor. Actions initiated in approximately 200,000 hectares will benefit over 20,000 inhabitants. Cooperative agreements, to be competed, will include subagreements for private sector companies and municipal governments.

FY 2004 Program:

Timely and reliable hydrological data (\$500,000 DA). USAID plans to continue supporting the establishment of an efficient and reliable hydrological data system by providing assistance to the Ministry of Natural Resources and financing USGS assistance as described above.

Protection of natural areas (\$2,100,000 DA). USAID plans to continue to provide assistance to the Honduran government and private sector in the execution of water management plans in the Choluteca River watershed, including three areas that supply water to Tegucigalpa, as well as implementation of protected area programs in the north coast economic corridor. Additionally, USAID plans to engage the private sector and other stakeholders to use integrated resource management to reduce vulnerabilities, waste, and pollution while allowing for sustainable use of some key assets (e.g. forests, rivers and coastal fisheries). USAID expects to continue to strengthen institutions and develop community interventions in disaster mitigation to reduce vulnerabilities and safeguard the significant U.S. government investment in rebuilding Honduras after Hurricane Mitch.

Performance and Results: Two program elements, the Forestry Development Project and the Honduras Environmental Protection Fund, have been fully funded and will end in December 2002 and December 2003 respectively. In FY 2002, USAID's Forestry Development Project funded 265 watershed management training courses, reaching 5,780 participants. This training has formed a knowledgeable and committed leadership at the local level and established the basis for improving the management of the country's natural resources. Technical assistance trained municipalities to monitor water quality and prepare natural resource plans, maps, and annual environmental work plans. The Forestry Development Project's main field activity was on the island of Guanaja. In response to the severe damage caused by Hurricane Mitch, 200,000 pine seedlings were planted in 334 hectares and forest protection was provided to establish the regeneration of another 1,000 hectares. In addition, a watershed management program was developed for the Calan River watershed, the main surface water source for the city of Siguatepeque; this program is now being implemented with excellent municipal and community participation.

During the rating period, the Honduras Environmental Protection Fund brought approximately 57,000 hectares of parks and reserves under improved management, bringing the total area to more than 258,000 hectares in 28 declared protected areas. The implementing partner, VIDA Foundation, was created with USAID funding in 1992. VIDA has now successfully broadened its funding sources, having signed agreements with Canada for a \$6 million fund and with the European Union for a \$1.2 million fund.

US Financing in Thousands of Dollars

Honduras

522-bbb Integrated Resource Management	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,600
Total Planned Fiscal Year 2003	
Obligations	2,600
Proposed Fiscal Year 2004 NOA	
Obligations	2,600
Future Obligations	14,730
Est. Total Cost	19,930

Data Sheet

USAID Mission:	Honduras
Program Title:	Improved Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	522-ddd
Status:	New
Proposed FY 2003 Obligation:	\$2,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,850,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: The USAID program in democracy and governance will focus on: a) enhancing the rule of law by providing technical assistance to increase judicial efficiency and quality, strengthening professional legal associations and training institutions, and promoting transparency and accountability; b) improving the effectiveness and accountability of local government by providing technical assistance to increase municipal administrative capacity and municipal ability to undertake decentralization initiatives; c) increasing citizen participation in political and social decision making by providing technical assistance and grants to civil society organizations and community groups; and d) increasing confidence in political processes by providing technical assistance to the legislature, political parties and electoral reforms.

Inputs, Outputs, Activities:

FY 2003 Program:

The new strategy will consolidate two previous strategic objectives into a more comprehensive democracy objective. Contracts and grants have not yet been competed.

Municipal capacity (\$2,000,000 DA). USAID plans to continue its support of decentralization and municipal capacity building through technical assistance and training activities as notified under strategic objective 522-007. Technical assistance incorporating new market-based mechanisms, such as vouchers municipalities can use among a variety of qualified providers, will support development of reliable service providers. The goal of USAID's assistance is to expand municipal governments' capabilities to execute their core functions including finance and accounting, service provision, property tax collection, and citizen participation.

FY 2004 Program:

Criminal Procedures Code implementation and strengthening of justice sector institutions (\$2,200,000 DA). A new activity will begin in FY 2004 to address critical weaknesses of judicial sector institutions by: improving court administration; improving police/prosecutor relations; strengthening professional associations; and training judges, public defenders, legal professionals, and law students. USAID also plans to support merit-based selection in the judiciary and related institutions. USAID will apply its successful experience with criminal court administration to the civil courts, and pilot court activities will support the development of innovative models that can be replicated throughout the court system. Resources will be devoted to the newly created Constitutional Chamber of the Supreme Court to strengthen constitutional justice in Honduras. To strengthen the justice sector's position within the government structure, USAID will provide the Congress and political parties with more sophisticated information regarding issues such as separation of powers, judicial review, and the constitutional structure of government.

Municipal capacity (\$2,350,000 DA). In addition to continuing activities from the previous year, specialized technical assistance may also be required to provide support in new technical areas (e.g., identifying and recovering costs for services, transfer of new taxes to municipalities for collection, and larger role in provision of water and sanitation, education, and health services). Financial and accounting

systems have already been introduced in some municipalities, and follow-on efforts will support their effective implementation and replication in other municipalities. A small grants program will support innovation and pilot decentralization efforts in a number of technical areas, such as municipal management, water and sanitation service provision, and economic development. Grants would be made available on a competitive basis to municipalities or other local groups for financing small initiatives directly related to local priorities and newly decentralized authorities.

Civil society (\$1,100,000 DA). USAID plans to provide support to the civil society sector to increase capacity and sustainability and expand advocacy activities. Activities now implemented by the Federation of Private Development Organizations of Honduras will continue expanding to include other partners. The focus will be on justice sector reform and monitoring, human rights, transparency, electoral reform, and public immunities. In addition, USAID may provide equipment, training, and technical assistance to the Commissioner for Human Rights. USAID expects to continue to support development of the Association of Municipalities of Honduras and the Foundation for Municipal Development, which have both evolved into credible, influential actors in the public policy debate on decentralization and provision of technical services to municipalities. Assistance will help build their capacity to promote decentralization and municipal strengthening and help them become sustainable over the long term. With evolving decentralization of authority and financial resources in new technical areas, USAID may support other constituencies (e.g., the independent municipal ombudsman, water commissions, development corporations, and decentralized health care and education workers) to continue to expand the pluralistic representation of common local interests in national and regional debates.

Open and competitive political processes (\$200,000 DA). USAID plans to commence an activity in coordination with other donors to modify the electoral framework in a way that makes the congressional body more accountable to its electorate. USAID also plans to work with the Honduran Congress to strengthen the committee system and parliamentary procedures, and to provide for more transparent decision making. USAID is considering providing technical assistance to political parties with emphasis on developing principle-based platforms, strengthening internal democratic practices, and increasing responsiveness to constituents.

Performance and Results: This new strategic objective is scheduled to begin in late FY 2003 and therefore has no results to report at this time.

US Financing in Thousands of Dollars

Honduras

522-ddd Improved Democracy and Governance	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,000
Total Planned Fiscal Year 2003	
Obligations	2,000
Proposed Fiscal Year 2004 NOA	
Obligations	5,850
Future Obligations	42,702
Est. Total Cost	50,552

Data Sheet

USAID Mission:	Honduras
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-eee
Status:	New
Proposed FY 2003 Obligation:	\$1,750,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,800,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: USAID's program to improve opportunities to obtain basic education for Honduras' existing and emerging workforce includes: Education for All (EDUCATODOS), a program which enables out-of-school youth and adults to complete a basic education; development and piloting of an interactive radio-based preschool program to increase access to high-quality preschool education; and education policy reform and project promotion in support of the Ministry of Education's (MOE) reform efforts.

Pending approval, the new education objective will support the following areas beginning in late FY 2003:

Inputs, Outputs, Activities:

FY 2003 Program:

Opportunities for out-of-school youth and adults to complete a basic education (\$1,000,000 DA). As it transitions into a new strategy, USAID will fund a contract or agreement to develop materials for an EDUCATODOS curriculum for grades 10 and 11. USAID will continue support for implementation of the EDUCATODOS Grade 1 through 9 Program. USAID will continue its policy dialogue to obtain commitment from the MOE to further increase its funding for the expansion of EDUCATODOS and the program's recurrent costs. USAID will also support EDUCATODOS efforts to become an autonomous non-governmental foundation to enable it to obtain funds from the MOE and private sources. MOE is the grantee.

Education policy reforms and project promotion (\$750,000 DA). Under the proposed new strategy, USAID will continue to support the MOE with its education decentralization effort that began in early 2003. USAID will also continue its policy dialogue efforts with the MOE, Ministry of Labor, and the private sector to reform the national vocational education system, ensuring its responsiveness to the private sector's needs. To help the MOE provide a year of pre-school for all children, one of its education reform goals, and help children be more successful in primary school, USAID will continue to finance technical assistance to develop and test an interactive, radio-based pre-school program. Principal grantees are the Education Development Center and the Ricardo Maduro Education Foundation.

FY 2004 Program:

Access to high-quality pre-school education (\$1,500,000 DA). USAID expects to complete piloting and validation of the interactive radio-based pre-school curriculum described above. Expansion of the program will be financed by the MOE and private sector contributions, giving all Honduran children access to a quality pre-school education.

Access to high-quality secondary education (\$2,000,000 DA). USAID plans to provide technical assistance to develop the secondary level (grades 10 and 11) curriculum and alternative delivery system to expand secondary school access to out-of-school youth and adults through EDUCATODOS. The new curriculum will also be applicable to traditional schools.

Education policy reforms (\$1,300,000 DA). USAID is planning to continue its support for the Save the First Cycle and Let's Learn Math programs through FY 2004. However, USAID expects to obtain a commitment from the MOE to continue and expand these successful programs using GOH resources, World Bank loan funds, and private sector sources. USAID's funding for the recurrent costs and expansion of EDUCATODOS will begin to decline as the MOE increases its funding share. During FY 2004, USAID will phase out of operational support for vocational education and into policy support and technical assistance for system reform. USAID will continue to support policy reform efforts regarding decentralization and begin supporting other reforms related to development of education standards and improved testing and evaluation systems.

Performance and Results: This new strategic objective is scheduled to begin in late FY 2003 and therefore has no results to report at this time.

US Financing in Thousands of Dollars

Honduras

522-eee Education	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,750
Total Planned Fiscal Year 2003	
Obligations	1,750
Proposed Fiscal Year 2004 NOA	
Obligations	4,800
Future Obligations	36,420
Est. Total Cost	42,970