

Honduras Agriculture Sector Country Investment Plan 2011-2014



June 2011

ACRONYMS AND ABBREVIATIONS

AHIBA	Asociación Hondureña de Instituciones Bancarias (Honduran Association of Banking Institutions)
AMHON	Asociación de Municipios de Honduras (Association of Honduran Municipalities)
BANADESA	Banco Nacional de Desarrollo Agrícola (National Agriculture Development Bank)
BCH	Banco Central de Honduras (Central Bank of Honduras)
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
CIP	Country Investment Plan
COAGROH	Consejo Agroempresarial de Honduras (Honduras Agribusiness Council)
COHEP	Consejo Hondureño de la Empresa Privada (Honduran National Business Council)
COMRURAL	Proyecto de Competitividad Rural, SAG (Rural Competitiveness Project)
CODA	Consejo de Desarrollo Agroalimentario (Food Development Council)
COTISAN	Comité Técnico Interinstitucional de Seguridad Alimentaria y Nutricional (Technical Committee on Food Security and Nutrition)
CURLA-UNAH	Centro Universitario Regional del Litoral Atlántico - Universidad Nacional Autónoma de Honduras
DICTA	Dirección de Ciencia y Tecnología Agropecuaria (SAG)
DINADERS	Dirección Nacional de Desarrollo Rural Sostenible (National Directorate of Rural Development), SAG
DP	Development partner
EAP-Zamorano	Escuela Agrícola Panamericana el Zamorano (Panamerican School of Agriculture)
ENSAN	Estrategía Nacional de Seguridad Alimentaria y Nutricional (National Strategy for Food Security and Nutrition)
ESA	Estrategia del Sector Agroalimentario (Agri-Food Sector Strategy)
EU	European Union
FAO	Food and Agriculture Organization (United Nations)
FENAGH	Federación Nacional de Agricultores y Ganaderos de Honduras (National Federation of Farmers and Ranchers of Honduras)
FHIA	Fundación Hondureña de Investigación Agrícola (Honduran Agricultural Research Foundation)
FONADERS	Fondo Nacional de Desarrollo Rural Sostenible (National Fund for Sustainable Rural Development), SAG
FPX	Federación de Agroexportadores de Honduras (Agroexporters Federation of Honduras)
FUNDER	Fundación Nacional para el Desarrollo Rural (National Foundation for Rural Development)
GDP	Gross Domestic Product
GOH	Government of Honduras
ha	hectare
HH	household
IBRD	International Bank for Reconstruction and Development (World Bank)
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IHCAFE	Instituto Hondureño del Café (Honduran Coffee Institute)
IHMA	Instituto Hondureño de Mercadeo Agrícola (Honduran Agricultural Marketing Institute)
INA	Instituto Nacional Agrario (National Agrarian Institute)
INAM	Instituto Nacional de la Mujer (National Institute of Women)
INE	Instituto Nacional de Estadísticas (National Institute of Statistics)
IP	Instituto de la Propiedad (Property Institute)
JICA	Japan International Cooperation Agency
MCA-H	Millennium Challenge Account – Honduras

MCA-H/EDA	Farmers Training and Development Program (MCA-H Project)
MCA-H/ACA	Farmer Access to Credit Program (MCA-H Project)
MCC	Millennium Challenge Corporation
MCH	Maternal and child health
MSA	Mesa del Sector Agroalimentario (Food and Agriculture Sector Bureau)
NGO	Non-governmental organization
OIRSA	Organismo Internacional Regional de Sanidad Agropecuaria (International Regional Organization for Agricultural Health)
PACTA	Programa de Acceso a la Tierra (Land Access Program), INA
PEAGROH	Plan Estratégico del Sector Agroalimentario de Honduras (Agrifood Sector Strategic Plan for Honduras)
PEO	Plan Estratégico Operativo del Sector Agroalimentario 2006-2010 (Operational Strategic Plan for the Agricultural Sector)
PESA	Política de Estado para el Sector Agroalimentario y el Medio Rural de Honduras 2004-2021 (State Policy for the Agrifood Sector and Rural Environment of Honduras)
PSAN	Política de Seguridad Alimentaria y Nutricional (National Food Security Policy)
PROMECON	Proyecto Mejoramiento de la Competitividad Rural en Yoro, Project to Improve the Rural Competitiveness in Yoro), SAG
PRONADERS	Programa Nacional de Desarrollo Rural Sostenible (National Program for Sustainable Rural Development), SA)
PRONAGRO	Programa Nacional de Desarrollo Agroalimentario (National Program for Food Development), SAG
PRONEGOCIOS	Programa Fomento de Negocios Rurales (Rural Business Development Program), SAG DINADERS
SAG	Secretaría de Agricultura y Ganadería (Ministry of Agriculture and Livestock)
SEFIN	Secretaría de Finanzas (Ministry of Finance)
SENASA	Servicio Nacional de Sanidad Agropecuaria (National Agricultural Health Service)
SEPLAN	Secretaría Técnica de Planificación y Cooperación Externa (Technical Ministry of Planning and External Cooperation)
SIC	Secretaría de Industria y Comercio (Ministry of Industry and Commerce)
SOPTRAVI	Secretaría de Obras Públicas, Transporte y Vivienda (Ministry of Public Works, Transport and Housing)
UN	United Nations
UNA	Universidad Nacional de Agricultura (National University of Agricultural)
UNAH	Universidad Nacional Autónoma de Honduras (Honduran National Autonomous University)
USA	United States of America
USAID	United States Agency for International Development
USAID-RED	Programa de USAID de Diversificación Económica Rural de Honduras (USAID/Honduras' Rural Economic Diversification Program)
USDA	United States Department of Agriculture
UTSAN	La Unidad Técnica de Seguridad Alimentaria y Nutricional (Technical Unit for Food Security and Nutrition)
WFP	World Food Program

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1. SUMMARY

In the last 30 years, economic growth in Honduras has averaged 3.6 percent, with the agriculture sector averaging 2.6 percent. In 2009, agricultural production contributed 13 percent of the Gross Domestic Product (GDP). More than 55 percent of the population (4.3 million people) lives in the rural areas, and 69 percent are dedicated to agriculture. Almost 72 percent of the rural population lives below the poverty line, while 60 percent live in conditions classified as extreme poverty. Poverty reduction and food security have therefore been established as priority activities for the Government of Honduras (GOH), which has identified the agricultural sector as the primary driver to improve the living standards and nutrition of the rural population.

Honduras' National Plan, developed in early 2010, lays the foundation to eradicate extreme poverty and reduce poverty levels from 70 percent to 15 percent by 2038. It sets the foundations for the current and successive governments to work towards these and other goals. The current administration has already begun the process with the development and implementation of initial activities outlined in various strategic plans, including the National Strategy for Food Security and Nutrition (ENSAN) and the Agriculture Sector Strategy (ESA). This Country Investment Plan (CIP) for the agricultural sector forms part of these activities and is aligned with and complementary to the overall National Plan.

The aim of this Country Investment Plan (CIP) is to reduce rural poverty levels by increasing incomes through inclusive economic growth, employment generation and sustainable food and nutritional security. The implementation of market-driven production, updated production technologies, increased productivity and competitiveness, improved support services and infrastructure, and a unified, results-driven public-private sector approach will transform the sector and rural populations. Targeted investments will be made in modernization, developing and transferring technologies to producers, training and capacity building, providing new infrastructure and developing value chains through public-private sector investment.

While these activities form an integral component of the overall food security approach of the GOH, it was considered necessary to prepare a specific plan for agriculture given the sector's importance to the overall national economy, the central role in rural poverty reduction and donor emphasis on market-driven solutions. Activities carried out under this plan will be made in coordination with other government ministry offices, particularly those working with food security, health and social programs. Other related investments will be carried out in health and nutrition programs planned through the GOH/donor common health fund covering decentralization, MCH/nutrition services and fortification. Social safety programs are being coordinated by the Ministry of Social Development, including the "Bono 10 mil" and the "Merienda Escolar". The Ministry of the Presidency, through the UTSAN unit, is coordinating the efforts of these three principal ministries working towards food security (Agriculture, Health and Social Welfare), in addition to other relevant GOH institutions, civil society and the private sector.

The following targets have been set for 2014 to reduce rural poverty through agriculture:

- A 10 percent reduction in rural families in poverty – from 72 percent to 62 percent; and
- A 10 percent reduction in rural families in extreme poverty – from 60 percent to 50 percent.

This will be achieved by expanding production, improving productivity and including the rural poor in the economic growth associated with **increased agricultural GDP by 4 percent per year – from \$1.022 billion to \$1.196 billion.**

One hundred thousand households (570,000 people) below the poverty line are expected to benefit from these activities, lifting them above the poverty line and paving the way for future improvements in their living standards. The annual income for these persons would total \$480 million if all achieve the minimum daily income of \$2.38 per day.

The Ministry of Agriculture (SAG) will implement five main strategic and integrated programs to contribute to economic growth and poverty reduction in the rural population:

- Competitiveness and growth of the agricultural sector;
- Expanded market access;
- Sector-wide support (infrastructure and services);
- Agribusiness enabling environment; and
- Multi-sectorial/cross-cutting areas (food security, gender, youth and employment generation).

Targets for outputs have been set for each activity that will directly contribute to reducing poverty levels through continuous and sustained growth of the agricultural sector. Selected activities will contribute directly to reducing poverty levels, while others will contribute indirectly.

A market orientated agricultural sector, with improved competitiveness and growth, is the main component and the fundamental base to achieve the general objectives of reducing rural poverty through increased production and incomes. By focusing the programs in the zones affected by poverty that have production potential, improvements will be achieved through increased productivity and employment, enabling households to move out of poverty and achieve food security.

Sector-wide interventions will complement the competitiveness, market access and sectorial growth activities, through credit, irrigation infrastructure, rural roads, land tenure and plant/animal health and food safety systems. It is expected that more than 100,000 producers will benefit from these activities.

Total investment cost is \$790.4 million, with current funding commitments estimated at \$143.35 million. The investment gap stands at \$647.04 million (see Table 1).

Table 1: Agricultural Country Investment Plan Summary Costs, Available Funds & Investment Gap, 2011 to 2014 (US\$ millions)

Program	Cost	% of total cost	GOH Funds	Development Partners	Investment Gap
1. Competitiveness and Sector Growth	\$205.86	26.05%	\$15.26	\$6.89	\$183.71
2. Market Access	\$85.31	10.79%	\$12.70	\$30.92	\$41.68
3. Sector-Wide Support	\$272.73	34.51%	\$33.76	\$0.00	\$238.98
4. Agribusiness Enabling Environment	\$66.46	8.41%	\$0.00	\$0.00	\$66.46
5. Cross-Cutting (Food Security, Gender/Youth)	\$160.03	20.25%	\$43.82	\$0.00	\$116.21
Total	\$790.39	100.00%	\$105.54	\$37.82	\$647.04

Bilateral and multilateral donor organizations are already investing in the agriculture sector in Honduras, with several new programs starting and others planned in the near future. These include USAID, USDA, CIDA, IBRD (World Bank), IDB, Taiwan, the EU and others. The country and donor partners have demonstrated that programs to generate economic growth and reduce poverty can be successful. This CIP will improve on past performance by streamlining and coordinating government and donor support areas to ensure focus and alignment with country targets, and to avoid duplication.

The estimated current funding commitments by development partners only include those identified by the GOH through its central budget that are directly related to programs and sub-programs/activities outlined in this CIP. Additionally, the development partner funding estimates do not include current or planned agricultural development programs where funding by donors is not provided through the GOH. Therefore, potential development partners' funding levels that may be available to contribute to the CIP could be more in the range of \$190-\$210 million over the four-year time period, thereby reducing the potential investment gap to \$475-\$495 million. However, development partners have yet to commit funding to specific elements of this CIP, which in itself will be utilized as mechanism to identify and coordinate commitments from development partners for individual CIP program and subprogram areas.

2. INTRODUCTION

The agricultural sector has to play a major role in economic development, employment generation, reducing poverty and malnutrition in the overall rural population. Over the last 30 years, economic growth in Honduras has averaged 3.6 percent, with the agriculture sector averaging 2.6 percent. In 2009, agricultural production contributed 13 percent of the Gross Domestic Product (GDP). The 2009 agricultural GDP of \$1.022 billion was primarily comprised of: coffee (20 percent); roots, vegetables and fruits (15.7 percent); cattle (14.0 percent); basic grains (10.8 percent); fish and aquaculture (9.1); forestry (8.6 percent); and banana (8.1 percent). Exports of agricultural products in 2009 totaled \$1.663 billion or 70 percent of total goods exported. The sector also employs 1.2 million, representing 37.5 percent of the economically active population. Of the total country area of 11.2 million hectares, 3.1 million hectares are suitable for agricultural activities, while 5.9 million hectares are in forest.

The agricultural sector strategy and investment plans have been developed using parameters and targets established in Honduras' Country Vision 2010-2038 & National Plan 2010-2022 ("National Plan")¹. The National Plan targets that are directly related to the agricultural sector include:

- Eradicating extreme poverty;
- Reducing the percentage of households in poverty to 15 percent;
- Reducing the level of formal unemployment to 2 percent and the invisible under-employment to 5 percent of the economically active population;
- Irrigating 400,000 hectares, thereby ensuring 100 percent of national food requirements; and
- Improving Honduras' global competitiveness score to at least 5.5.

SAG has set out the overall vision through 2014 in the Strategic Plan for the Honduran Agri-Food Sector 2010-2014 (PEAGROH) and the Public Sector Agri-Food Strategy for Implementation 2011-2014 (ESA). These documents were used in the formulation of this Country Investment Plan (CIP), which has been prepared by the Ministry of Agriculture (SAG) with assistance from representatives of USAID and FAO. The plan has received the full approval of the Minister of Agriculture and is to be used as a working document for SAG for the duration of this administration. While the activities form an integral component of the food security approach of the GOH, it was considered necessary to prepare a specific plan for agriculture given the sector's importance to the overall national economy, the central role in rural poverty reduction and donor emphasis on market driven solutions.

Activities carried out under this plan will be made in coordination with other government ministry offices, particularly those working with food security, health and social programs. Other related investments will be carried out in health and nutrition programs planned through the GOH/Donor common health fund covering decentralization, MCH/nutrition services and fortification. Social safety programs are being coordinated by the Ministry of Social Development, including the "Bono 10 mil" and the "Merienda Escolar". The Ministry of the Presidency, through the UTSAN unit, is coordinating the efforts of these three principal ministries working towards food security

¹ República de Honduras Visión de País 2010 – 2038 y Plan de Nación 2010- 2022 (January 2010)

(Agriculture, Health and Social Welfare), in addition to other relevant GOH institutions, civil society and the private sector.

The plan is designed to provide an overview of activities to be carried out by the Ministry of Agriculture to contribute to and be aligned with the overall unified targets set by the Government under the long-term Country Vision Plan. It provides estimated costs for carrying out these activities, the current funds available and the investment gaps. The available funding is based on GOH budgeting and does not include donor funding that is not in the central budget. The CIP can also be used by donor partners to identify possible areas of support that will then be aligned directly with the Country Plan. The plan is not meant to be a statistical review of the current situation and does not include general world and local statistics on health, nutrition, exports, etc.; interested parties can obtain this information from other local and international sources.

3. VISION FOR THE FUTURE

This CIP aims to contribute to the agricultural strategic plan objective to reduce the level of poverty and food insecurity in rural areas through economic development and a more equal distribution of resources. This is aligned with the first objective of the National Plan:

Honduras without extreme poverty, educated and healthy, with consolidated systems for social welfare.

The Ministry of Agriculture (SAG) of the current administration has set out the overall vision through 2014 in the Strategic Plan for the Honduran Agri-Food Sector 2010-2014 (PEAGROH) and the Public Sector Agri-Food Implementation Strategy 2011-2014 (ESA). These strategies set the following objective to be achieved by 2014:

Reduce by 10 percent the number of rural families living in poverty and extreme poverty through continual and sustained growth of the agricultural GDP at 4 percent annually, while improving the income distribution and incorporation of the rural poor in this growth.

The main focus will be on economic growth to be achieved through a series of specific objectives, multi-sectorial and institutional, that aim to provide the knowledge, skills, tools, infrastructure, and political and organization framework to enable rural families to take advantage of market opportunities, increased incomes and employment opportunities. The main focus populations are small- and medium-size productive operations, located in the least developed regions with production potential. This is in alignment with the donor community's premise that market-orientated agriculture should be the foundation of food security initiatives, as a more competitive agricultural sector that incorporates small farmers is the main driver of rural poverty reduction.

Honduras already possesses a productive and viable agricultural sector that will be used to build upon and to incorporate a larger number of rural families through modern appropriate technologies and production systems that ensure natural resource sustainability for future generations. This productive sector, with the available natural resources, has the potential to provide for food security for the country, in addition to generating primary and agro-industrial

products that are competitive in local and international markets. Emphasis will be placed on value chains that offer market opportunities, the potential for expansion, and incorporate small- and medium-scale productive operations.

The vision also aims to strengthen the agribusiness enabling environment that includes a stronger Ministry of Agriculture (SAG) that will have the capacity to lead and drive the development of the sector, providing the overall vision, strategies, support programs and coordination with the public and private sectors. The Ministry of Agriculture is already in the process of optimizing its organizational structure, developing systems for management by results, forming and increasing capacity of productive sector organizations, and increasing the capacity and capability for technology transfer and business management.

3.1 Contribution to Millennium Development Goals

The National Plan itself is aligned with the Millennium Development Goals (MDG), and this CIP is specifically targeted at contributing to MDG-1 (Eradicating Extreme Poverty and Hunger). As noted by the World Food Program in their most recent assessment for Honduras, “working towards achieving MDG-1 in Honduras is challenging mainly due to insufficient expenditure;” this CIP will be utilized to gain financing commitments from donors, the Government of Honduras, and the private sector.

Programs and activities will contribute to the following common MDG targets and indicators as defined by the Inter-agency and Expert Group (IAEG) on MDG Indicators:

- Target 1.A -- Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day²
 - Proportion of population below \$1 per day
 - Poverty gap ratio
 - Share of poorest quintile in national consumption
- Target 1.B -- Achieve full and productive employment and decent work for all, including women and young people
 - Growth rate of GDP per person employed
 - Employment-to-population ratio
 - Proportion of employed people living below \$1 (PPP) per day
 - Proportion of own-account and contributing family workers in total employment
- Target 1.C – Halve, between 1990 and 2015, the proportion of people who suffer from hunger
 - Prevalence of underweight children under-five years of age
 - Proportion of population below minimum level of dietary energy consumption

As part of the proposed CIP monitoring and evaluation plan, estimates of CIP contributions to relevant MDG-1 indicators will be tracked at both the global (i.e. covering all CIP programs) and individual program/project levels, with disaggregation for targeted geographic areas. To achieve this, SAG will collate data from individual donor and GOH projects, and ensure that all implementers utilize common indicators, including clearly defined definitions, collection and attribution methodologies, and reporting frequency.

² GOH currently defines extreme poverty as persons with income of less than \$1.81/day

3.2 Adherence to the Five Rome Principles

As part of the Declaration of the World Summit on Food Security (Rome, November 2009), governments agreed to base their commitments and actions on the “Five Rome Principles for Sustainable Global Food Security.” The GOH has adhered to these principles in the production of this CIP, and the GOH and donors will continue to adhere to them while implementing CIP programs and activities.

Principle 1: Invest in country-owned plans, aimed at channeling resources to well designed and results-based programs and partnerships. This CIP was formulated under the principle that affirms that “food security is a national responsibility and that any plans for addressing food security challenges must be nationally articulated, designed, owned and led, and built on consultation with all key stakeholders.” Inputs to this plan were based on consultation with all key stakeholders, including a cross-section of GOH agencies, members of the G-16 donor working group, members of private sector value chain working groups, and civil society. The GOH and the G-16 donor working group commit to ensuring that implementation of activities under this CIP continues to be locally-led and that consultations with ongoing stakeholder consultations. Also as part of this principle, international support was provided to help develop this country-led investment plan (most notably by FAO and USAID).

Principle 2: Foster strategic coordination at national, regional and global level to improve governance, promote better allocation of resources, avoid duplication of efforts and identify response-gaps. As part of this principle, the GOH and donors commit to ensuring “strategic coordination of efforts ... building on existing structures; ensuring inclusiveness of participation; and promoting a genuine bottom-up approach based on field-level experiences and developments.” Through the Technical Unit for Food Security and Nutrition (UTSAN) and other food security coordination mechanisms and networks, the GOH will strengthen “coherence of actions at the national level.”

Principle 3: Strive for a comprehensive twin-track approach to food security that consists of: 1) direct action to immediately tackle hunger for the most vulnerable and 2) medium and long-term sustainable agricultural, food security, nutrition and rural development programs to eliminate the root causes of hunger and poverty, including through the progressive realization of the right to adequate food. This CIP includes programs and activities that will have short-, medium- and long-term (sustainable) impact on hunger and poverty in Honduras. CIP programs have been specifically designed to “support rural development, creation of employment and more equitable income generation and distribution to overcome poverty and increase access to food.” These include, but are not limited to those that increase agriculture productivity, diversification and production (particularly for foods with high levels of micronutrients), increase access to improved market information (and other agricultural information systems), reduce postharvest losses, increase on- and off-farm value-added, mitigate risk (i.e. climate change adaptation measures for small farmers), strengthen food safety and animal and plant health systems, increase public and private sector investment in rural infrastructure and support services, build the capacity of local institutions (as well as individual farmers and farmer organizations), reinvigorate national agricultural research capabilities (and

transfer results to farmers), and, improve the enabling environment (including trade policy). All programs and activities will be designed and implemented to ensure protection of the environment and improved protection and sustainable utilization of natural resources. The CIP also includes measures to target the most marginalized populations, including indigenous groups, women, youth, and the extreme poor. Through cooperation with WFP and others, the GOH will expand and improve on existing safety net programs (e.g. Bono Solidario Productiva and “Bono 10,000”) for the most vulnerable populations.

Principle 4: Ensure a strong role for the multilateral system by sustained improvements in efficiency, responsiveness, coordination and effectiveness of multilateral institutions.

Key United Nations organizations (FAO, IFAD and WFP) and international financial institutions (IBRD, IDB) are already collaborating with each other and with other donors, and the GOH, to coordinate actions within Honduras. Under this CIP and other coordination mechanisms, efficiency, responsiveness, coordination and effectiveness by participating multilateral institutions will be further enhanced.

Principle 5: Ensure sustained and substantial commitment by all partners to investment in agriculture and food security and nutrition, with provision of necessary resources in a timely and reliable fashion, aimed at multi-year plans and programs.

This CIP was developed to increase “short-, medium- and long-term national and international investment in agriculture” in Honduras. Through GOH-led coordination mechanisms, activities implemented under this CIP by all parties will commit to the highest level of “accountability and transparency.” This CIP also incorporates a high level of public/private cooperation and aims to dramatically increase the level of private investment within the sector. The GOH commits to “the establishment of national legislation, as appropriate, to facilitate and sustain private investment in agriculture, nutrition, food security and rural development.”

4. ACHIEVING OUR VISION

The Ministry of Agriculture has moved away from traditional methods of strategy development and is now focused on a management by results system (similar to those used to develop the overall National Plan). To achieve the overall vision, the strategy has been developed first by setting the overall objectives, then by developing the specific and cross-cutting activities and determining their contribution to those overall objectives. Result and output indicators and goals have been determined for each, together with the required activities and associated costs.

The overall aim is to ensure that the agriculture sector is completely aligned, uses shared strategies, and is focused on targets with relevant measureable results.

Five main strategic and integrated programs will be implemented by SAG to contribute to country targets of achieving economic growth and poverty reduction in the rural population:

- Competitiveness and growth of the agricultural sector;
- Expanded market access;
- Sector-wide support (infrastructure and services);

- Agribusiness enabling environment; and
- Multi-sectorial areas (food security, gender, youth and employment generation).

The **competitiveness and growth of the agricultural sector**, including efficient and sustainable food production, will be achieved through:

- Increased productivity;
- Knowledge dissemination through expansive technical assistance and training;
- Use of technology and technological innovation in production operations of all sizes; and
- Involving large- and medium-scale private sector operations to drive growth and employment and to benefit and incorporate small-scale operations.

This is the cornerstone to the strategy. If the agricultural sector is not competitive, it will not be able to comply with the requirements of expanded market access, be able to achieve increased access to finance, nor provide the return on investments in infrastructure improvements. Sector participants (both large and small) need the production technology, business acumen, infrastructure, logistics and market contacts to be able to foment growth and incomes, either as individuals or as groups. This means that these not only have to be available, but also that they are implemented and utilized.

Expanded market access will be necessary to incorporate the target populations into income generating activities, either directly through sales to buyers, through employment generation or indirectly through expansion of goods and service to the agricultural sector. This will require:

- Expanded access to new and existing markets ;
- Improvements to handling and transport logistics;
- Value chain development; and
- Plant and animal health and food safety systems.

Sector-wide support, including infrastructure development, is needed to enable rural poor participation in economic activities and will be predicated on:

- Access to micro-credit and alternative financing;
- Increase in irrigated land area;
- Farm-to-market roads; and
- Legal security of land tenure.

Each of these has specific activities, which will be supported by and integrated with the strengthening of the **agribusiness enabling environment**. Operational activities in this area will include:

- Obtaining a detailed knowledge of the sector at present;
- Institutional transformation and development, through management by results systems, public sector capacity development and public and private sector integration and development; and
- Expanding mainstream financing services to the sector.

These strategic activities will be implemented with the incorporation of **multi-sector or cross-cutting activities** including:

- Food security;
- Gender equality;
- Rural youth; and
- Employment generation.

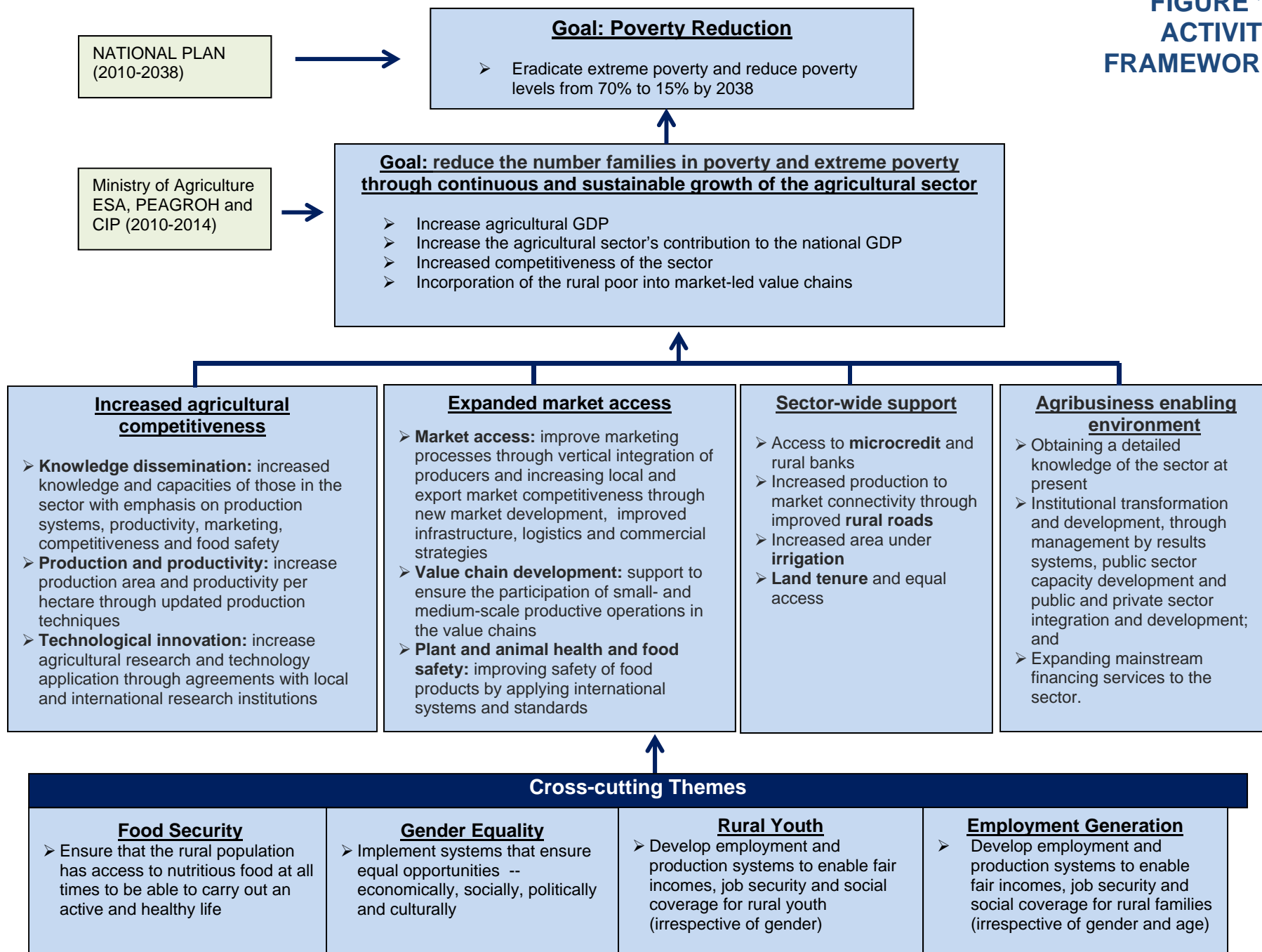
The long term vision to reduce rural poverty by incorporating small- and medium-size producers into the value chains and generating employment to increase incomes will require geographical focus on selected GOH- and donor-funded activities. The selection of regions to receive targeted assistance for developing commercial agriculture will be based not only on the existing poverty levels, but also on the population densities and the availability of the minimum agricultural and logistics requirements. These include the western departments of La Paz, Intibucá, Lempira, Ocotepeque, Copán and Santa Bárbara, the central departments of Olancho and Yoro, and the southern departments of Choluteca, Valle and parts of Francisco Morazán. Regions in these departments will be selected based on their potential for commercial agriculture, including the availability of water for irrigation, topography, climatic conditions and the road infrastructure for transporting goods to markets. To ensure the maximum benefit and long-term impact from available funds and implementation capabilities, those regions with the potential and capabilities to achieve the desired effect are to be targeted. Those rural regions that do not meet these requirements for increased commercial development will be targeted for support by the GOH through other support and social programs.

Achieving the vision will not be based only on setting the targets and activities. The GOH recognizes that implementation will be key to the success of the plan. Experience already exists in the GOH and with a range of implementers and implementation methodologies with donor financed programs from the USAID, USDA, IDB, IBRD, FAO, UN-IFAD, bilateral donors and others. Implementers have included SAG, SENASA, Ministry of Health, local and international consultancy companies, local and international NGOs, local service providers, private sector companies providing embedded technical services, agricultural research institutions and universities. Where possible, implementation methodologies will be standardized while maintaining donor procedures and requirements. Selection of implementers to carry out activities under this CIP will be based on a demonstrated ability to work under results based programs, contracts or grants, in addition to the technical, managerial, administrative and logistics skills and experience necessary for successful implementation.

It is also recognized that with some of the components of this CIP, a broad approach, with one solution fits all, will not produce the best results. A decentralized or regionalized approach will form part of this CIP implementation as there is significant variation between regions in infrastructure, logistics, culture, natural resources, growing conditions, labor availability and other aspects.

More details on each of the proposed programs are provided in Sections 5-9 of this CIP. The activity framework (Figure 1) provides a summary of the activities to be carried out under this CIP through 2014.

**FIGURE 1:
ACTIVITY
FRAMEWORK**



The contribution of the agricultural sector to country poverty targets through to 2014 are:

- A 10 percentage point reduction in families in poverty – from 72 percent to 62 percent);
- A 10 percentage point reduction in families in extreme poverty – from 60 percent to 50 percent.

This will be achieved through production expansion, productivity improvement and inclusion of the rural poor in the economic growth, associated with:

- Increased agricultural GDP from \$1.022 billion to \$1.196 billion – a 4 percent increase per year.

Overall, 100,000 households below the poverty line (570,000 people) are expected to benefit from these activities, lifting them above the poverty line and providing conditions for future improvements in their living standards. The annual income for these persons would total \$480 million if all achieve at least the minimum daily income requirement of \$2.38/day.

Targets have been set for each activity which will directly contribute to the goals of reducing poverty levels through continuous and sustained growth of the agricultural sector. These have been set with results outputs and/or activity outputs. Selected activities will contribute directly to reducing poverty levels while other will contribute indirectly.

Improved competitiveness and growth of the agricultural sector is the main component of the plan and the fundamental base to achieve the general objectives of reducing rural poverty through increased production and increased incomes. By focusing the support programs in the zones affected by poverty (and which have production potential), improvements will be achieved through increased production, productivity and employment – enabling households to move out of poverty and food insecurity.

Sector-wide interventions will complement the competitiveness, market access and sectorial growth activities, through credit, irrigation infrastructure, rural roads, land tenure and plant/animal health and food safety systems. It is expected that more than 100,000 producers will benefit from these activities.

This CIP focuses on the main high level results indicators. It is expected that on implementation of individual components, more detailed and specific indicators will be developed and tracked.

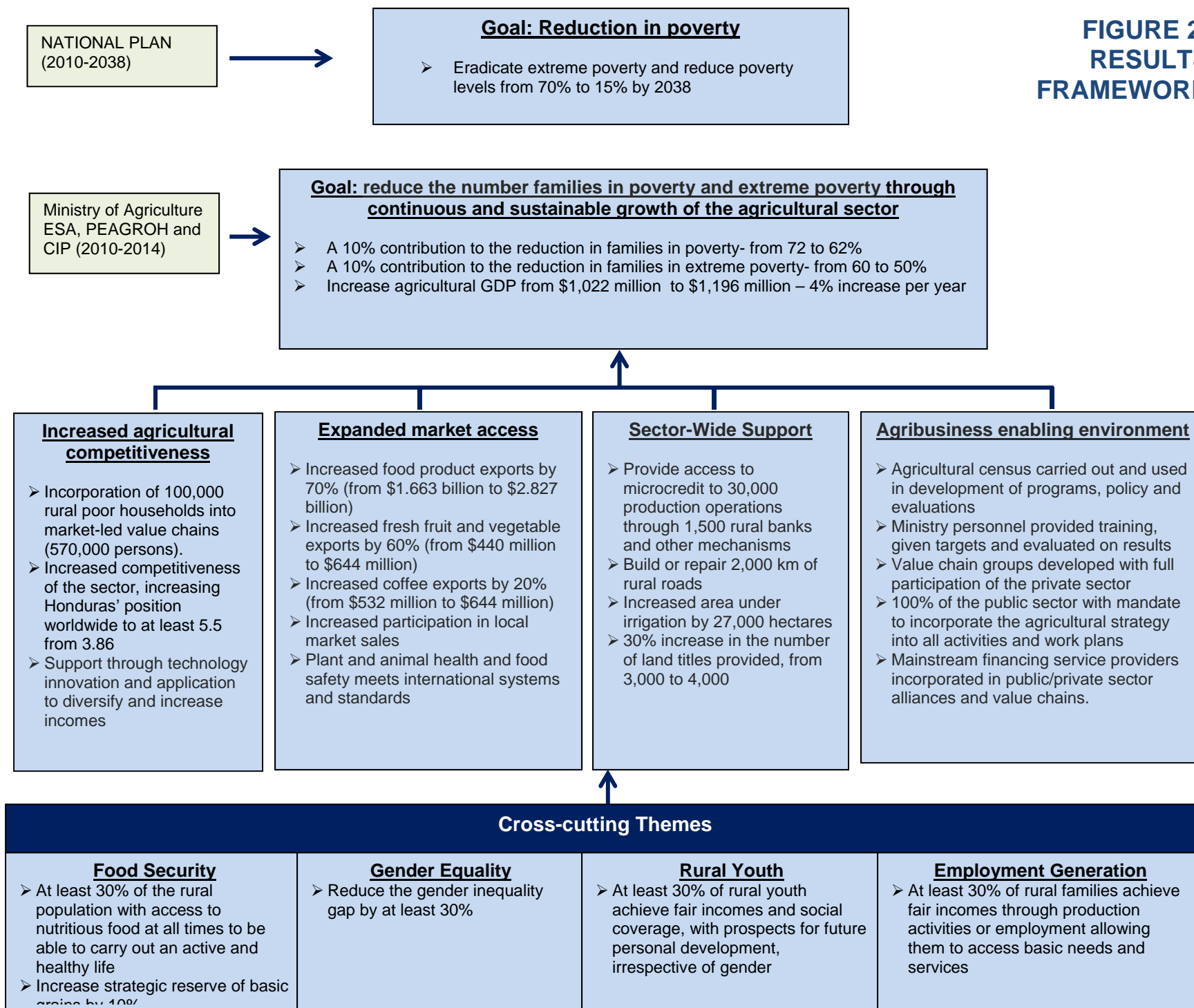
Examples of these component targets include:

- Increased productivity: for example, corn yields increased from 1,300 kgs/hectare to 4,000 kgs/hectare, coffee yields from 700 kgs/hectare to 1,500 kgs/hectare, onion production from 20,000 kgs/hectare to 45,000 kgs/hectare and milk production from 4 litres/day/cow to 10 liters/day/cow;
- Reductions in unit costs of production: for example, onion production costs of \$0.20/kg reduced to \$0.15/kg, potato production costs of \$0.06/kg reduced to \$0.04/kg, bean production costs of \$0.06/kg reduced to \$0.04/kg; and
- Irrigation systems: for example, drip irrigation systems provide a minimum net income of \$4,000/hectare/year.

Project designs will ensure, where possible, that targets are set that relate to the results rather than the activity themselves. For example, with the case of a drip irrigation component, the activity would be to install a certain area in drip irrigation, while the result would be measured in net income per hectare.

The results framework for the main activities is provided in Figure 2.

**FIGURE 2:
RESULTS
FRAMEWORK**



5. PROGRAM INVESTMENT REQUIREMENTS

Estimated costs have been determined for each of the program activities for the period 2011-2014. The available funding is based on GOH budgeting and does not include donor funding that is not in the central budget. The details of cost calculations and currently identified funding are provided in Annex A.

A summary financial breakdown by program activity is summarized in Table 2. Table 3 provides annual financial estimates. Total estimated investment cost is \$790.4 million, with current funding commitments (from both the GOH and development partners) estimated at \$143.35 million. The investment gap stands at \$647.04 million.

Table 2: Agricultural Country Investment Plan Summary Costs, Available Funds & Investment Gap, 2011 to 2014 (US\$ millions)

Program	Cost	% of total cost	GOH Funds	Development Partners	Investment Gap
1. Competitiveness and Sector Growth	\$205.86	26.05%	\$15.26	\$6.89	\$183.71
2. Market Access	\$85.31	10.79%	\$12.70	\$30.92	\$41.68
3. Sector-Wide Support	\$272.73	34.51%	\$33.76	\$0.00	\$238.98
4. Agribusiness Enabling Environment	\$66.46	8.41%	\$0.00	\$0.00	\$66.46
5. Cross-Cutting (Food Security, Gender/Youth)	\$160.03	20.25%	\$43.82	\$0.00	\$116.21
Total	\$790.39	100.00%	\$105.54	\$37.82	\$647.04

Table 3: Agricultural Country Investment Plan Summary Costs, Available Funds & Investment Gap by Major Program Area, 2011 to 2014 (US\$ millions), by Year

	Year				TOTAL
	2011	2012	2013	2014	
Program Costs	\$126.08	\$214.98	\$219.80	\$229.53	\$790.39
1. Competitiveness and Sector Growth	\$28.16	\$58.66	\$59.16	\$59.88	\$205.86
2. Market Access	\$17.42	\$22.64	\$22.53	\$22.72	\$85.31
3. Sector-Wide Support	\$35.39	\$79.13	\$79.10	\$79.11	\$272.73
4. Agribusiness Enabling Environment	\$4.59	\$15.70	\$19.29	\$26.88	\$66.46
5. Cross-Cutting (Food Security, Gender/Youth)	\$40.52	\$38.84	\$39.73	\$40.94	\$160.03
Available Funds - Government of Honduras	\$26.01	\$25.02	\$26.26	\$28.23	\$105.52
1. Competitiveness and Sector Growth	\$3.01	\$3.51	\$4.01	\$4.73	\$15.26
2. Market Access	\$3.11	\$3.26	\$3.14	\$3.17	\$12.68
3. Sector-Wide Support	\$8.42	\$8.46	\$8.43	\$8.44	\$33.76
4. Agribusiness Enabling Environment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Cross-Cutting (Food Security, Gender/Youth)	\$11.47	\$9.79	\$10.67	\$11.89	\$43.82

Table 3: Agricultural Country Investment Plan Summary Costs, Available Funds & Investment Gap by Major Program Area, 2011 to 2014 (US\$ millions), by Year

	Year				TOTAL
	2011	2012	2013	2014	
Available Funds – Development Partners	\$10.63	\$9.04	\$8.98	\$9.16	\$37.82
1. Competitiveness and Sector Growth	\$1.69	\$1.77	\$1.71	\$1.72	\$6.89
2. Market Access	\$8.95	\$7.27	\$7.27	\$7.44	\$30.92
3. Sector-Wide Support	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Agribusiness Enabling Environment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Cross-Cutting (Food Security, Gender/Youth)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Investment Gap	\$89.44	\$180.92	\$184.56	\$192.14	\$647.05
1. Competitiveness and Sector Growth	\$23.46	\$53.38	\$53.44	\$53.43	\$183.71
2. Market Access	\$5.37	\$12.11	\$12.11	\$12.11	\$41.70
3. Sector-Wide Support	\$26.97	\$70.67	\$70.67	\$70.67	\$238.98
4. Agribusiness Enabling Environment	\$4.59	\$15.70	\$19.29	\$26.88	\$66.46
5. Cross-Cutting (Food Security, Gender/Youth)	\$29.05	\$29.05	\$29.05	\$29.05	\$116.21

Bilateral and multilateral donor organizations are already investing in the agricultural sector in Honduras, with several new projects recently started and others planned in the near future. These include USAID, USDA, CIDA, IBRD (World Bank), IDB, Taiwan, the EU and others.

The current development partners' funding commitments estimated in this CIP only include those identified by the GOH through its central budget and that are also directly related to programs and sub-programs/activities outlined in this CIP. Additionally, the development partner funding estimates do not include current or planned agricultural development programs where funding by donors is not provided through the GOH. Therefore, potential development partners' funding levels that may currently be available to contribute to the CIP could be more in the range of \$190-\$210 million over the four-year time period, thereby reducing the potential investment gap to \$475-\$495 million. However, development partners have yet to commit funding to specific elements of this CIP, which in itself will be utilized as a mechanism to identify and coordinate commitments from development partners for individual CIP program and sub-program areas.

In order for this strategy to function, activities relating to Program 1 and Program 2 should provide a return on investment of at least 1 to 3 ratio – i.e. each \$1.00 of funds invested in these programs should result in at least \$3.00 in new sales for the end beneficiaries over a five-year period. Two recently concluded US government-funded projects providing direct technical assistance in the agricultural sector concluded with a cost of \$2,000 per beneficiary and with a 1:3 ratio of cost versus new sales achieved.

Estimated costs are based on past experience and the methodology that will be used to provide beneficiaries with the required direct technical assistance and training to achieve these impact results. In the past, this varied widely depending on the donor, the targets and the

implementation methodology. Some projects claim to have benefited 500,000 persons over 5 years with \$20 million in funding, while others provide support to 8,000 to 10,000 families over 5 to 7 years with \$20 to \$30 million in funding. Major differences are evident in the implementation methodology, expected results, the level of support provided to beneficiaries and the final impact. Some donors will work only through the government ministries while others will work only through independent contractors. NGOs are also involved. Costs per beneficiary are also difficult to determine when projects cover multiple areas such as economic growth, health, education, food security, and natural resource management.

The Government of Honduras and its development partners have demonstrated, however, that programs to generate economic growth and reduce poverty can be implemented successfully. This CIP will improve on past performance by streamlining government and donor support and coordinating the donor support areas to ensure focus, alignment with country targets, avoidance of duplication, accountability and, most importantly, more broad-based and greater impact.

Ministry of Agriculture
ESA, PEAGROH and
CIP (2010-2014)

GOAL: Reduce the number families in poverty and extreme poverty through continuous and sustainable growth of the agricultural sector

Increase agricultural GDP
Increased competitiveness of the sector
Incorporation of the rural poor into market-led value chains

Cost: \$790.4

Available Funds (GOH): \$105.5 + Available Funds (Development Partners): \$37.8

Investment Gap: \$647.0

**FIGURE 3:
INVESTMENT
PLAN AND
FUNDING GAP**

**all estimates US\$ millions*

**Program 1: Increased
Agricultural
competitiveness**

Knowledge dissemination,
production and productivity
Cost: \$150.6

Available Funds GOH: \$0.0
Available Funds DP: \$6.9
Investment Gap: \$143.7

Technological innovation
Cost: \$55.3

Available Funds GOH: \$15.3
Available Funds DP: \$0.0
Investment Gap: \$40.0

Program 2: Market Access

Value chain development
Cost: \$64.6

Available Funds GOH: \$0.0
Available Funds DP: \$30.9
Investment Gap: \$33.7

Plant and animal health and
food safety
Cost: \$20.7

Available Funds GOH: \$12.7
Available Funds DP: \$0.0
Investment Gap: \$8.0

**Program 3: Sector-Wide
Support**

Credit

Cost: \$38.1

Available Funds GOH: \$0.0
Available Funds DP: \$0.0
Investment Gap: \$38.1

Rural roads

Cost: \$84.0

Available Funds GOH: \$14.8
Available Funds DP: \$0.0
Investment Gap: \$69.2

Increased area under irrigation

Cost: \$130.9

Available Funds GOH: \$3.4
Available Funds DP: \$0.0
Investment Gap: \$127.5

Land tenure and equal access

Cost: \$19.8

Available Funds GOH: \$15.6
Available Funds DP: \$0.0
Investment Gap: \$4.2

**Program 4: Agribusiness Enabling
Environment**

Agricultural census

Cost: \$10.0

Available Funds GOH: \$0.0
Available Funds DP: \$0.0
Investment Gap: \$10.0million

Private sector integration and development

Cost: \$28.6

Available Funds GOH: \$0.0
Available Funds DP: \$0.0
Investment Gap: \$28.6

Public sector integration and development

Cost: \$15.9

Available Funds GOH: \$0.0
Available Funds DP: \$0.0
Investment Gap: \$15.9

Strengthening mainstream financial
services

Cost: \$15.9

Available Funds GOH: \$0.0
Available Funds DP: \$0.0
Investment Gap: \$15.9

Program 5: Cross-Cutting Themes

Food Security

Cost: \$133.1

Available Funds GOH: \$36.9
Available Funds Development Partners: \$0.0
Investment Gap: \$96.2

Gender Equality, Youth and Employment Generation

Cost: \$26.9

Available Funds GOH: \$6.9
Available Funds Development Partners: \$0.0
Investment Gap: \$20.0

6. COMPETIVENESS AND SECTOR GROWTH

This program is expected to be a major contributor to the poverty reduction goals, directly contributing at least 7 percentage points to the 2014 goal of a 10 percentage point reduction in families in poverty. This activity is also expected to contribute 1 percent of the 4 percent increase in agricultural GDP.

The following objectives have been established under this program:

- Improve producer capability and capacity;
- Improve local and export competitiveness;
- Increase production and productivity;
- Improve health and food safety of agricultural products; and
- Increase agricultural research and development.

Increased agricultural competitiveness and sector growth are the principal areas contributing to the agricultural sector objectives and targets. Both are fundamental for achieving the overall objective of reducing rural poverty by accessing markets, increasing production and productivity and subsequently, household incomes. Focusing support programs in zones with high levels of poverty, but with production potential, will help ensure that increases in income and employment generation provide benefits throughout the population, particularly those below the poverty line.

This program will dictate the success of the others in the strategy. Increases or expansion in market access, agricultural financial products and area under irrigation are of little use if the sector is neither competitive nor productive. The sector requires the widespread use of technology as the base from which to build upon.

It should be noted, however, that in order to achieve these targets the strategy cannot just focus attention and support directly to those affected by poverty. By definition, this group has limited if any ability to invest, take risks and generate employment. Sector-wide activities will also be carried out which will provide wider benefits to stimulate investment, introduce new technologies and crops, open new markets, reduce barriers to trade and foment research and innovation. Medium- and large-size operations will not only provide rural employment, but also assume the risks with new products, validate production technologies, develop the marketing and logistics channels and stimulate the input and service providers. Support to this group is not normally considered necessary or politically correct, but with selected resource allocation the benefits are significant.

Updated production technology already exists in Honduras and many producers and products are competitive in both local and mainstream international markets. Examples include melons, watermelons, cucumbers, jalapeño peppers, shrimp, tilapia and oil palm products. Traditional production systems and cultural practices are not only inefficient both in terms of unit costs and productivity, but are also unable to ensure product quality, consistency of supply, or buyer service. The focus of this program will be to teach and implement the updated technologies with small-scale producers. This has also already been carried out over the last ten years in Honduras by selected technical assistance programs. The systems for the technologies and knowledge transfer needs to be significantly expanded to include the wider rural population.

Improvements in local and export competitiveness will be achieved through value chain alliances, including production and market coordination, transport logistics, bulk procurements, joint promotions, shared risk, formal groupings, reduced financial transaction costs, and social, environmental and economic sustainability.

6.1 Knowledge Dissemination, Production and Productivity

The human resource capital is one of the main drivers of economic development and is one of the main strengths and contributions of the private sector to this development strategy. With government, donor and private sector assistance, the program will develop and strengthen the technical and business capacities of producers, producer organizations, rural families, and others in the agricultural sector, through a national system for capacity development and integrated technical assistance.

This system will enable access to sector knowledge, information and the use of updated technologies through interaction with strategic partners in research, education, agribusiness and the markets. The main focus will be providing producers with new skills and good agricultural practices that contribute to and ensure improved production results, sales and income generation. Examples of these skills include:

- Diversified and integrated farm management systems;
- Market-driven crop selection and production programming;
- Basic production practices (seed/variety selection, land preparation, plant densities, plantlet production, irrigation system use and maintenance, fertilizer application, integrated crop management, integrated pest management, pest and disease control methods, etc.);
- Postharvest handling (harvesting, grading, storage, transportation, etc.); and,
- Business skills (maintenance of cost records, cash flow projections, profitability).

Producers need to incorporate updated and integrated production systems that can be used across a range of different crops, maximizes productivity potential and reduces risk to adverse climate and market conditions. Providing growers with drip irrigation will not provide a complete solution even if producers are trained in its use. Irrigation is simply part of the tool kit required. For irrigation to be useful, producers also have to plant what the market requires, prepare the land and beds according to the requirements of the crop, use the correct planting density for drip irrigated production, use the required fertilizers, dosage and application, frequency, etc. With technified systems come increased productivity, production, incomes, employment and investment. As a result, the technical assistance in knowledge dissemination, production and productivity has to be integrated. All markets, including the local markets, are now international and local producers have to compete openly on service, quality and price. Producers with higher unit costs, poorer quality, more inconsistent supplies and inadequate volumes will lose out to more competitive ones – either local or international. As in any business, knowledge is the key, and in agricultural it is no different.

Primary Investment Areas: technical assistance and training programs direct to the end beneficiaries and complemented with: (a) small-scale equipment and infrastructure co-investments; and (b) public goods co-investments.

Target Population: The main target of program assistance will be small- and medium-size production operations throughout the country, but with a focus on zones with high poverty levels. As part of this activity will involve integration into the value chains, other players in the sector will also benefit, including exporters, processors, input, equipment and service providers and other allied businesses. These too, will be expected to increase sales and incomes – and also generate employment.

Results Outputs: (1) 70,000 households lifted out of poverty and extreme poverty; (2) \$340 million minimum total annual household income

Activity Outputs: 100,000 producers receiving technical assistance and training

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Cost estimates are based on MCA-H/EDA, USAID-RED and SAG-DICTA experience. Annual breakdowns are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$150.60	\$0.00	\$6.89	\$143.71

Previous Experience: Several technical assistance and training projects have been implemented in the agricultural sector over the last 10 years. Those which have impacted at both the producer and sector level include projects financed by USAID and MCC, which provided integrated technical assistance with market-driven and technological approaches to improve competitiveness, expand value chains, increase incomes and generate employment. These projects will be used as models for implementation of future technical assistance programs in this area.

Implementers: Includes a range of implementation methodologies for donor financed programs including USAID, IDB, IBRD, FAO, UN-IFAD and others.

6.2 Technological Innovations

A competitive agriculture sector requires technified production systems. The required basic technologies already exist in Honduras and are used by commercial-scale producers but are not readily available and adopted by small-scale producers, particularly those affected by poverty. These technologies have to be adapted to their needs and conditions so that they too can take advantage of market opportunities and participate in market-driven production programs.

Research and development programs, together with technology validation, where the results and recommendations are available to the general public, are necessary not only to implement existing and efficient technologies but also to prepare the sector for the future. Maintaining and continually improving competitiveness has to be an on-going process, and adapting to market

trends and opportunities for new crops, varieties, presentations and products, will be essential for the long-term growth and sustainability of the sector. New varieties being developed have to be tested, especially those with resistance to pests, diseases and viruses. Climate change will also be an important factor in the future, with crops and varieties needed with heat and drought resistance. Early warning systems for climatic events, and related pest and disease incidence, are also required. Water needs and availability will probably be the most important environmental factor for the long-term growth of the agricultural sector. To combat nutrition problems, increased production volumes are not the only solution. Work is already being carried out in increasing the nutritional value of foods through bio-fortification, and these need to be validated under Honduran conditions. Increased food availability can also be achieved by reducing postharvest losses (estimated between 25% and 30% of all food production) through spoilage, waste and contamination. Low-cost handling and storage systems need to be validated.

Investment in applied research is required. CGIAR data show that for every \$1 invested in research, \$9 of additional food can be produced. These are normally long-term investments, taking up to 10 years, but a proactive long-term approach is necessary for the continual growth of the agricultural sector and to ensure continued contribution to achieve the 2038 country targets for reducing poverty.

Funding is required from both the public and private sector, taking into consideration that most private research is maintained confidential or used to promote and sell specific products or technologies. Publically funded research, particularly applied research, will be to the benefit of the overall sector.

The activity will focus on funding agricultural research through existing institutions including FHIA and EAP-Zamorano (both internationally recognized), reactivate Government experimental stations to use as demonstration farms, provide genetic materials to producers and to develop new products, and to upgrade rural agricultural technical schools to not only teach students, but, through demonstration farms, to validate and transfer updated and efficient technologies to local producers.

Primary Investment Areas: (1) applied research and technology validation programs; (2) demonstration farms.

Target Population: The primary beneficiaries of this activity will be small- and medium-size production operations throughout the country. Other players in the sector will also benefit, including larger scale producers, exporters, processors, input, equipment and service providers and other allied businesses. These too will be expected to increase sales and incomes, and new employment.

Results Output: This would not have a short-term specific economic target, but would be directly linked to and impact directly on producers' ability to generate increased incomes through the knowledge dissemination, production and productivity activity.

Activity Output: (1) 100 applied research programs; (2) 20 demonstration farms; (3) 20,000 producers implementing technologies generated from coordinated applied research and demonstration farm programs.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Cost estimates are based on SAG-DICTA experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$55.26	\$15.26	\$0.00	\$40.00

Previous Experience: FHIA, EAP-Zamorano, DICTA.

Implementers: SAG-DICTA, FHIA, EAP-Zamorano, CURLA, UNA and technical agricultural schools.

6.3 Summary

Estimated program costs, available GOH and development funding levels, and investment gaps are summarized below in Table 4. Figure 4 also summarizes activities and expected results.

Table 4: Competitiveness and Sector Growth Summary Costs, Available Funds & Investment Gap, 2011 to 2014 (US\$ millions)

Sub-Program	Cost	% of total cost	GOH Funds	Development Partners	Investment Gap
1.1 Knowledge Dissemination, Production and Productivity	\$150.60	73.16%	\$0.00	\$6.89	\$143.71
1.2 Technological Innovation	\$55.26	26.84%	\$15.26	\$0.00	\$40.00
Total	\$205.86	100.00%	\$15.26	\$6.89	\$183.71

Figure 4: Competiveness and Sector Growth

2014 Goal: reduce the number families in poverty and extreme poverty through continuous and sustainable growth of the agriculture sector

<u>Targets</u>	<u>Program contribution to targets</u>
<ul style="list-style-type: none"> ➤ A 10% contribution to the reduction in families in poverty – from 72% to 62% ➤ A 10% contribution to the reduction in families in extreme poverty – from 60 %to 50% ➤ Increase agricultural GDP from \$1,022 million to \$1,196 million – 4% increase per year 	<ul style="list-style-type: none"> ➤ 7% contribution ➤ 7% contribution ➤ 1% contribution

<u>Activities</u>	<u>Results</u>	<u>Investment Plan and Funding Gap</u>
<ul style="list-style-type: none"> ➤ Knowledge dissemination: increase knowledge and capacities of those in the sector with emphasis on production systems, productivity, marketing, competitiveness and food safety ➤ Production and productivity: increase production area and productivity per hectare through updated production techniques ➤ Technological innovation: increase agricultural research and technology application through agreements with local and international research institutions 	<ul style="list-style-type: none"> ➤ Incorporation of 100,000 rural poor households into market-led value chains (570,000 persons). ➤ Increased competitiveness of the sector, increasing Honduras' position worldwide to at least 5.5 from 3.86 (competitiveness index) ➤ Support through technology innovation and application to diversify and increase incomes 	<ul style="list-style-type: none"> ➤ Knowledge dissemination, production and productivity and market access <ul style="list-style-type: none"> ○ Cost: \$150.6 ○ Available Funds GOH: \$0.0 ○ Available Funds DP: \$6.9 ○ Investment Gap: \$143.7 ➤ Technological innovation <ul style="list-style-type: none"> ○ Cost: \$55.3 ○ Available Funds GOH: \$15.3 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$40.0

<u>Program Costs & Funding Gap Summary</u>	<u>Potential Funders</u>
Total Costs: \$205.9 Available Funds: \$22.2 Funding Gap: \$183.7	IBRD, IDB, FAO, IFAD, USAID, USDA, CIDA, JICA, Taiwan <u>Implementers</u> SAG, private service providers, NGOs

Previous Experience and Needs

- Integrated technical assistance programs in Honduras have been financed by USAID, MCC, World Bank, IDB and others. Implementation methodology has varied widely – as have results and impact.
- For this program to succeed as part of the strategy, focus is required on direct technical assistance and training that provides the beneficiaries with the knowledge and tools to increase their incomes – through commercially profitable and market-driven production operations, through ancillary input and service operations or through direct employment. While this approach is more expensive than the broader approach of financing business plans or infrastructure, the two should be complimentary rather than exclusive.

7. EXPANDED MARKET ACCESS

Expanded market access is expected to be a major contributor to the poverty reduction goals, with at least 3 percentage points of 10 percentage point reduction in families in poverty by 2014. This activity will also contribute 3 percent of the 4 percent increase in agricultural GDP.

Obtaining new markets for new or existing products and expanding existing markets and products will be necessary for both experienced and new producers. Expanded market access has to be an integral part of the strategy to increase sales and incomes, however it is recognized that it cannot be a stand-alone activity. New buyers or new markets can be opened, but if producers do not have the product type, quality, volume, consistency and competitive pricing that the buyers require, the opportunities cannot be taken and will be rapidly lost. This applies to all markets – local, regional and extra-regional. As a result, the expanded market access program is complimentary to the competitiveness and sector growth technical assistance program. Producers, processors and exporters need the updated technologies to be able to respond to market driven production, with the markets and buyers providing the information on what needs to be produced, when and in what volume.

7.1 Value Chain Development

Selected agricultural value chains are well developed in Honduras and several offer continued expansion with good market opportunities for which efficient and competitive small-scale producers are well positioned to take advantage. Those identified with most market potential and suitable for small-scale producers are:

- Horticulture crops – fruits and vegetables
- Coffee
- Basic grains – corn and beans
- Fish/aquaculture

The contribution of these value chains to the agricultural GDP and the participation of small- and medium-scale producers are as follows:

Value chain	Percent contribution		% involvement of small and medium scale producers
	Agricultural GDP ¹	Agricultural Exports ²	
Fruits and vegetables	24.0	23.4	Data not available.
Coffee and cocoa	20.4	37.3	95.0
Cattle (meat & dairy)	15.6	-	57.0
Basic grains	10.8	-	86.0
Fishing & aquaculture	9.0	11.9	42.0

¹ Data from 2010

² Sources: BCH and PRONAGRO

These five targeted value chains account for almost 80 percent of agricultural GDP and 73 percent of agriculture exports. Most involve predominantly small- and medium-scale operations and include raw materials, fresh produce and processed value-added products. Market opportunities exist for all of these value chains to enable further growth. With improvements in

competitiveness, fruit and vegetable exports will be a main driver, and will be augmented by increased consumption (both locally and regionally). Coffee and cocoa are currently experiencing market highs on the world market and with continued product differentiation and diversification, can continue to expand volumes and sales. The market expansion potential for meat and dairy markets are lower, but offer opportunities for value-added products both regionally and internationally. Local market opportunities exist for basic grain production to cover national demand and, with increased volume, regional markets are also available. A positive future is also envisaged for fishing and aquaculture products with improvements in the importing market economies. Other smaller value chains may also offer opportunities for growth and may be included in specific project designs, including honey production, arts and crafts, agro-tourism, African oil palm, biofuels, etc. Tourism itself is a major focus for the GOH – increased tourism will result in increased fresh produce demand and purchases. Perhaps more importantly over the long run, an increase in the number of international travellers will result in increased passenger flights and larger aircraft, which will enable more competitive freight rates for lower volume high value products, enabling smaller scale operators to enter the business or take advantage of market opportunities. With increasing oil prices, energy production with biofuels based on agricultural products, are becoming increasingly attractive for medium and large-scale operations.

Opportunities exist at all levels of the distribution channel for both the local and export markets. Locally, the supermarkets have seen major growth over the last five years with expansion in retail outlets coming from both local and international companies. This has resulted in increased purchases of higher quality product for which higher prices are normally paid, and formal, long term business relationships can be developed. Some of these chains are also purchasing fresh produce locally and exporting regionally to group operations in Central America. Local urban wholesale markets are also expanding, offering new products and increasing volumes due to increased consumer demand. All three offer potential for continued expansion – if quality, consistency, price and service meet market requirements. Local companies involved in processing and value-added food items are also major fresh produce buyers with the final products being sold both locally and internationally. Given the nature of the business, these companies require consistent supplies and stable pricing, and in the majority of cases are able to offer long-term formal business relationships with producers.

Honduras is already a leader in select export markets for fresh produce (melons, watermelons, oriental vegetables and cucumber in the USA; melons and sweet potato in Europe), semi and fully processed food products (plantain and jalapeño in the USA, shrimp (Europe), fresh tilapia (USA) and coffee (USA, Europe and Japan). New products have gained market acceptance in the last five years, including colored sweet peppers and okra (USA), melons and sweet potato (Canada), processed cassava (USA) and specialty coffee (USA, Europe and Japan).

Market opportunities exist. The challenge is for producers, processors and exporters to be able to compete, meet market requirements, maintain, expand, diversify and sustain profitable operations. Realistically, not all small-scale producers in poor regions with basic infrastructure will be able immediately to make the change from subsistence farming to formal production systems and programs for demanding buyers. This will be a gradual process for most producers. In most cases, the first step will involve sales near to the production zones, with

technical assistance and training needed to overcome irregular supplies, inadequate volumes, poor quality and lack of profitability. This also has the advantages of minimizing transportation rates (shorter distances from farm to market) and lower quality requirements, at least initially. As these producers evolve and technify their operations, an increasing number of them will have the capacity to eventually supply more demanding markets that pay higher premiums for quality, consistency and service. They will begin to move up the value chain and income ladder.

Throughout this CIP, emphasis is given to provide support to reduce the number of rural households in poverty, mainly through economic development. While all of these value chains will contribute to poverty reduction, the most important for this population group is the fruit and vegetable chain, not only in terms of production activities but also for income and employment generation. This value chain also offers the highest potential and the shortest time frame for income generation for the beneficiaries. Due to the existing technified production, logistics and marketing structures that already exist in the more developed regions of the country, the start-up time and producer incorporation into this value chains will be shorter.

Primary Investment Areas: Investments in this activity would be related to and coordinated with those being carried out under the competitiveness and sector growth activities. For example, market information provided by buyers on crop demands, new products, requirements and trends would be fed backwards to activities related to production and research. The activity would also be coordinated with cross-cutting themes relating to public and private sector strengthening and value chain development: technical assistance and training programs direct to the end beneficiaries and complemented with (a) small-scale equipment and infrastructure co-investments, and (b) public goods co-investments.

Target Population: Focus will be given nationally to small-scale producers in regions with high poverty levels. However, the beneficiaries of this activity would include the entire value chain, from larger scale producers and exporters, to local supermarket chains, equipment, input and service suppliers, transport companies, processors, and small- and medium-size producers.

Results Outputs: (1) 30,000 households lifted out of poverty and extreme poverty; and (2) \$145 million minimum total annual household income.

Activity Outputs: Integrate 100,000 producers into the main value chains.

Estimated Costs and Investment Gap: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Estimated costs are based on MCA-H/EDA experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$64.62	\$0.00	\$30.92	\$33.72

Previous Experience: MCA-H/EDA, USAID-RED, Pronaders, SAG, NGOs and others.

Implementers: Includes a range of implementation methodologies for donor financed programs including USAID, IDB, IBRD, FAO, UN-IFAD and others.

7.2 Plant and Animal Health and Food Safety

Strengthening the phytosanitary structures for plant and animal health is a high priority. Guaranteeing access for Honduran products in international markets and ensuring the quality and standards of food products and the production systems themselves is a high priority not only to increase sales and income, but also to protect the health of persons, animals and the environment. This activity aims to strengthen the processes of coordinating, regulating, monitoring, inspecting and supervising phytosanitary procedures, in addition to implementing campaigns to prevent pest and disease entry or dissemination. Existing markets can be maintained and new ones opened by ensuring that plant and animal health, production, and food safety systems meet international standards.

Primary Investment Areas: (1) traceability; (2) food safety; (3) strengthening and expanding certification of fruit fly-free zones; and (4) pest outbreak control.

Target Population: This activity is not directed at a specific target population. All players in the sector will benefit from an efficient and effective plant and animal phytosanitary system.

Results Outputs: This activity would not have specific economic targets, but is directly linked to and impacts on producers' ability to generate increased incomes through the knowledge dissemination, production and productivity program.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Estimated costs are based on SAG-SENASA experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$20.68	\$12.70	\$0.00	\$7.98

Implementers: SAG-SENASA, OIRSA, Ministry of Health.

7.3 Summary

Estimated costs, available GOH and development funding levels, and investment gaps for this program are summarized below in Table 5. Figure 5 also summarizes activities and expected results.

Table 5: Market Access Summary Costs, Available Funds & Investment Gap, 2011 to 2014 (US\$ millions)

Subprogram	Cost	% of total cost	GOH Funds	Development Partners	Investment Gap
2.1 Value Chain Development	\$64.62	75.75%	\$0.00	\$30.92	\$33.70
2.2 Plant and Animal Health and Food Safety	\$20.68	24.25%	\$12.70	\$0.00	\$7.98
Total	\$85.31	100.00%	\$12.70	\$30.92	\$41.68

Figure 5: Expanded Market Access

2014 Goal: reduce the number families in poverty and extreme poverty through continuous and sustainable growth of the agricultural sector

Targets	Program contribution to targets
<ul style="list-style-type: none"> ➤ A 10% contribution to the reduction in families in poverty – from 72% to 62% ➤ A 10% contribution to the reduction in families in extreme poverty – from 60% to 50% ➤ Increase agricultural GDP from \$1,022 million to \$1,196 million – 4% increase per year 	<ul style="list-style-type: none"> ➤ 3% contribution ➤ 3% contribution ➤ 3% contribution

Activities	Results	Investment Plan and Funding Gap
<ul style="list-style-type: none"> ➤ Market access: improve marketing processes through vertical integration of producers and increasing local and export market competitiveness through new market development, improved infrastructure, logistics and commercial strategies ➤ Value chain development: support to ensure the participation of small- and medium-scale productive operations in the value chains ➤ Plant health and food safety: improve safety of food products by applying international systems and standards 	<ul style="list-style-type: none"> ➤ Increased food product exports by 70% (from \$1.663 billion to \$2.827 billion) ➤ Increased fresh fruit and vegetable exports by 60% (from \$440 million to \$644 million) ➤ Increased coffee exports by 20% (from \$532 million to \$644 million) ➤ Increased participation in local market sales ➤ Plant health and food safety meets international systems and standards 	<ul style="list-style-type: none"> ➤ Value chain development <ul style="list-style-type: none"> ○ Cost: \$64.6 ○ Available Funds GOH: \$0.0 ○ Available Funds DP: \$30.9 ○ Investment Gap: \$33.7 ➤ Plant health and food safety: improving safety of food products by applying international systems and standards <ul style="list-style-type: none"> ○ Cost: \$20.7 ○ Available Funds GOH: \$12.7 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$8.0

Funding Gap	Potential Funders
Total Costs: \$85.3 Available Funds: \$43.6 Funding Gap: \$41.7	IBRD, IDB, FAO, IFAD, USAID, USDA, CIDA, JICA, Taiwan Implementers SAG, private service providers, NGOs

Previous Experience and Needs
<ul style="list-style-type: none"> ➤ Integrated technical assistance programs in Honduras have been financed by USAID, MCC, World Bank, IDB and others. Implementation methodology has varied widely – as have results and impact. ➤ For this activity to succeed as part of the strategy, the market access programs have to be complimentary to the direct technical assistance and training programs that provide the beneficiaries with the knowledge and tools to increase production, productivity and competitiveness.

8. SECTOR-WIDE SUPPORT

8.1 Microcredit

Credit for production operations is usually one of the main limitations to growth cited by producers. Financing through the formal banking sector is restricted to large or experienced production operations. Limited financing is available for technified and experienced small- and medium-size operations through NGOs, credit unions, cooperatives, input suppliers and buyers, but access is not widespread. Small, traditional producers do not normally have access to financing. In reality, it does not make commercial sense to provide finance to producers who are open to significant production and market risks associated with non-technified production systems who do not have links to markets. The producers' ability to repay the loan is limited, because few financial institutions have agricultural financial products, interest rates are higher than the market average and they require stringent Central Bank reserve deposits.

There are options available for short-term microcredit facilities, but these are usually inadequate for agricultural production, which costs of between \$500 and \$10,000 per hectare depending on the crop and production cycle. To help increase access to credit for small- and medium-size operations, support will be given to those facilities with mechanisms that already provide the service, to develop new alternatives. These include rural village banks ("cajas rurales"), input suppliers and buyers (developed through support programs by FUNDER, MCA-H/ACA and MCA-EDA). All provide short-term loans or extend credit to small-scale producers of basic grains, vegetables, fruit and other commercial crops. The village banks also work with small businesses. New credit products and sustainable lending programs will also be developed using the recent secured transactions law and moveable property register completed by MCA-Honduras under the MCC compact. This offers the opportunity to use non-traditional assets as collateral and open up small loan options for those without land titles or other traditional assets. Attention will also be given to programs for the securitization of remittances to make funds available to targeted borrowers to support production and food security-related activities.

This activity will focus on increasing access to credit for small commercial production operations through training, strengthening, financing and regulating rural village banks, expanding the finance product options through input and equipment suppliers, and developing partial buyer financing associated with loan triangulation between producers, banks and buyers and others.

Primary Investment Areas: (1) loan capital for village banks; (2) technical assistance for village banks and non-traditional finance providers; (3) technical assistance for new product development, including the moveable property register and securitization of remittances.

Target Population: Small- and medium-size production operations throughout the country, with focus on zones with high poverty levels, production potential and limited existing infrastructure.

Results Outputs: (1) 30,000 small-scale producers access credit; (2) total loans of \$64 million.

Activity Outputs: (1) 2,000 finance providers given technical assistance and training; (2) 50,000 producers receive training in financial management.

Estimated Costs and Investment GAP: Based on experience from SAG DICTA and SAG FONADERS the costs are projected at \$38.1 million: These estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$38.11	\$0.00	\$0.00	\$38.11

Previous Experience: NGOs with rural village banks; MCA-H/ACA with credit provided by input suppliers; MCA-H/ACA with triangulation between producers, banks and buyers; MCA-H/EDA with triangulation between producer groups, banks and buyers; AHIBA.

Implementers: NGOs, SAG-DICTA, SAG-FONADERS, and private service providers.

8.2 Rural Roads

Adequate rural roads are considered essential infrastructure for economic development to transport persons and goods between production zones and markets. The condition of rural roads either prevents access to markets or increases transportation costs and time, reducing quality and increasing postharvest losses. The lack of adequate rural roads limits market access, restricts product options and reduces competitiveness, negating activities that improve production practices, technical assistance, and technology transfer and expand market access. This activity is therefore directly related to the other programs. Road selection will be based on production zones and value chain logistics needs.

Primary Investment Areas: rural road maintenance and construction.

Target Population: This activity would benefit all who use the improved rural roads, including the rural poor. Selection of roads would be based on the poverty level, production potential, existing technical studies and municipality participation in construction and maintenance.

Results Outputs: Construct or rehabilitate 2,000 kilometers of rural roads. Which roads would be determined at a project implementation level, but would likely include those in the departments of Lempira, Ocotepeque, Santa Barbara, Intibucá, La Paz and Yoro.

Estimated Costs and Investment Gap: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Estimated costs are based on MCA-Honduras and SOPTRAVI experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$84.00	\$14.82	\$0.00	\$69.18

Previous Experience: MCA-Honduras, IHCAFE, FHIA, SAG, SOPTRAVI and AMHON all have experience with this activity.

Implementers: SAG and SOPTRAVI

8.3 Increased Area under Irrigation

Agriculture requires irrigation to be competitive. Rain-fed production systems result in low volumes, poor quality, higher production costs, and are more susceptible to pests, diseases, drought and losses. Competitive and profitable production requires regular irrigation. This program will consider diverse irrigation technologies, with specific emphasis on those that maximize water use and are environmentally and financially sustainable. This includes the construction, rehabilitation and modernization of existing irrigation, water harvesting and water conduction systems. It will also connect small production operations to drip and overhead irrigation systems. Increasing irrigation will require increased forestation of watersheds.

Water collection and water delivery systems are also related to GOH activities that provide potable water and energy production. Clean water in homes, schools and health centers is an essential component of health and nutrition. This irrigation activity will also be tied to small-scale investments in hydro-energy production through micro-turbines which may take place through private and donor investments. Where possible, activities will be coordinated with other GOH ministries to maximize water resources.

This activity must happen in conjunction with competitiveness and market access activities or with an integrated technical assistance component. Irrigation systems cannot be installed if beneficiaries are not trained in market-driven production and production technologies (of which irrigation is only one component), or the systems will be abandoned.

Primary Investment Areas: (1) rehabilitating and constructing new irrigation districts; (2) construction of water harvest and water delivery systems; (3) Installation of in-field irrigation.

Target Population: Small- and medium-size operations throughout the country, with focus on zones with high poverty, production potential and limited existing infrastructure. Preference will be given to those with the organizational capacity to execute and manage of the systems.

Results Output: (1) \$190 million in sales from production on newly irrigated areas; (2) \$94 million in net income from production on newly irrigated areas.

Activity Output: (1) Irrigate 27,000 hectares; (2) 9,300 producers benefiting directly.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Estimated costs are based on SAG-DGRD, USAID-RED, and MCC-Honduras experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$130.86	\$3.36	\$0.00	\$127.50

Previous Experience: SAG, MCA-Honduras, and USAID-RED with water harvesting, conduction and irrigation systems; MCA-Honduras/EDA with installation of 4,500 hectares of drip irrigation systems.

Implementers: SAG-PRONAGRI and donor-funded programs.

8.4 Land Tenure and Equal Access

Legal land tenure will promote investments in the agriculture sector and are necessary to increase production, generate income, foreign exchange and employment. The lack of land tenure is particularly a problem in high altitude mountainous regions where 80 percent of the population lives in poverty. Property titles are also necessary to develop the market for land purchases, for accessing credit and fomenting infrastructure and production investments.

To increase the legal security of land ownership and improve access and equality, focus will be given to developing a market for land which is efficient, transparent and ensures equal access. Alliances will be developed between the Government and the private sector banking system and technical assistance providers to consolidate alternative methods of land access and management. The provision of land titles to poor households will form part of this activity.

Primary Investment Areas: Land titling.

Target population: This activity would principally benefit small-scale production operations with particular emphasis on the poor and women-headed households.

Results Output: 30 percent increase in the number of land titles, from 3,000 to 4,000 per year.

Estimated Costs and Investment Gap: Estimated program costs, available GOH and development funding, and investment gap are summarized below. Estimated costs are based on INA and IP experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$19.77	\$15.58	\$0.00	\$4.19

Previous Experience: This activity is currently being carried out by INA and IP.

Implementers: This program will be carried out by INA (land titles and reconversion of “campesino” companies) and the Instituto de la Propiedad (through the Rural Land Administration).

8.5 Summary

Estimated program costs, available GOH and development funding levels, and investment gaps are summarized below in Table 6. Figure 6 summarizes activities and expected results.

Table 6: Program 3 (Sector-Wide Support) Summary Costs, Available Funds & Investment Gap, 2011 to 2014 (US\$ millions)

Sub-Program	Cost	% of total cost	GOH Funds	Development Partners	Investment Gap
3.1 Credit	\$38.11	13.97%	\$0.00	\$0.00	\$38.11
3.2 Rural Roads	\$84.00	30.80%	\$14.82	\$0.00	\$69.18
3.3 Increased Area Under Irrigation	\$130.86	47.98%	\$3.36	\$0.00	\$127.50
3.4 Land Tenure and Equal Access	\$19.77	7.25%	\$15.58	\$0.00	\$4.19
Total	\$272.73	100.00%	\$33.76	\$0.00	\$238.98

Figure 6: Sector-wide Support

2014 Goal: reduce the number families in poverty and extreme poverty through continuous and sustainable growth of the agricultural sector

Targets

- A 10% contribution to the reduction in families in poverty – from 72% to 62%
- A 10% contribution to the reduction in families in extreme poverty – from 60% to 50%
- Increase agricultural GDP from \$1,022 million to \$1,196 million – 4% increase per year

Program contribution to targets

These activities complement the competitiveness and market access activities, and on their own will contribute little to the targets.

Activities

- Access to microcredit and rural banks
- Increased production to market connectivity through improved rural roads
- Increased area under irrigation
- Land tenure and equal access

Results

- Provide access to microcredit to 30,000 production operations through 1,500 rural banks and other mechanisms; \$64 million in loans
- Build or repair 2,000 km of rural roads
- Increased area under irrigation by 27,000 hectares
- 30% increase in the number of land titles provided, from 3,000 to 4,000 per year

Investment Plan and Funding Gap

- Access to microcredit and rural banks
 - Cost: \$38.1
 - Available Funds GOH: \$0.0
 - Available Funds DP: \$0.0
 - Investment Gap: \$38.1
- Rural roads
 - Cost: \$139.9
 - Available Funds GOH: \$15.0
 - Available Funds DP: \$0.0
 - Investment Gap: \$124.9
- Increased area under irrigation
 - Cost: \$187.1
 - Available Funds GOH: \$3.4
 - Available Funds DP: \$0.0
 - Investment Gap: \$183.7
- Land tenure and equal land access
 - Cost: \$19.8
 - Available Funds GOH: \$15.6
 - Available Funds DP: \$0.0
 - Investment Gap: \$4.2

Funding Gap

Total Costs: \$272.7
Available Funds: \$33.8
Funding Gap: \$239.0

Potential Funders

IBRD, IDB, FAO, IFAD, USAID, USDA, CIDA, JICA, Taiwan

Implementers

SAG, private service providers, NGOs

9. AGRIBUSINESS ENABLING ENVIRONMENT

A strengthened agribusiness enabling environment is necessary to ensure economic growth and poverty reduction and requires support from both the public and private sectors. Each on their own will result in impact, but this can be more than doubled when both sectors work together with strong institutional operations. The public sector institutions are generally characterized as being weak, lacking long-term direction, management and implementation capacity, efficiency and funds. This negatively affects the execution, results, impact and sustainability of the public support programs.

The public sector's role in strengthening the agribusiness enabling environment includes strategy development, technical and financial support programs, public office coordination, public/private sector alliances, rural road improvements, policy development and other areas already outlined in this CIP.

Specific public sector activities include the provision of sector data and information to all potential users in the value chains to enable decision taking, including which products to plant and which markets to access, including:

- Agriculture sector census data;
- Export and import data; and
- Food sector information systems, including market and technical information.

Agricultural policy development activities will also strengthen the enabling environment.

Targeted activities include:

- Opening of new markets for Honduran agricultural products currently closed or limited by trade and/or phytosanitary restrictions;
- Working with other ministries on new free bilateral and multilateral trade agreements;
- The development and implementation of sanitary and phytosanitary policies and procedures that facilitate exports regionally and extra-regionally; and,
- Development of phytosanitary, security and customs inspection systems for regional trade which facilitates the movement of agricultural produce.

Private sector organizations also need strengthening to be able to ensure continued competitiveness and investment, increased production and expanded markets to increase sales, profits and employment generation. They can also expand their direct role in reducing poverty levels through outsourcing from rural small-scale production operations for raw materials and services, and by generating long-term employment opportunities. The mainstream financial services providers need to be fully incorporated into the value chain alongside other private sector players, including the producers and the buyers. An increased knowledge of the sector, the players, opportunities, functioning, profitability and risk reduction is necessary to increase their participation and role in sector growth.

The private sector also needs efficient services from the public sector, including certifications, permits, analysis and statistical information, both for day-to-day operations and for planning new investments. Public and private sector coordination is also needed for strengthening value

chains and the overall competitiveness of the sector and the country in general. They cannot work in isolation.

9.1 Agricultural Census

Agricultural census data is necessary for decision taking for both the public and private sectors for planning, program support decisions, policy development and private sector investment. The last national agricultural census was carried out in 1993, is now out of date, and reliable updated information is not available.

Primary Investment Areas: national agricultural census.

Target Population: national agricultural census at all levels of the sector.

Output: Updated detailed sector statistics.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Costs are based on INE experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$10.00	\$0.00	\$0.00	\$10.00

Previous Experience: INE

Implementers: INE

9.2 Private Sector Integration and Development

Private sector development and integration with the public sector will be essential in the implementation of this Country Plan. Focus will be given to two main areas including formalizing the value chain structures for negotiation and working with the public sector and others in the chain. This would include standard development, certification programs and support to trade agreement negotiations. Support would also be provided to strengthen trade and producer associations (including COHEP, FENAGH and FPX), agricultural schools, universities and research organizations, to enable improvements in the services provided to their members and for representation with the public sector. This activity will complement the Competitiveness Program on market access and value chain development.

Primary Investment Areas: (1) support to value chain structures, committees and organizations; (2) support to sector organizations in service development for members.

Target Population: A wide range of organizations and associations representing the agricultural private sector.

Activity Outputs: Strengthen capacities and expand services for value chain groups and organizations to provide effective services and coordination for producers and to support the Country Investment Plan activities and investments.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$28.58	\$0.00	\$0.00	\$28.58

Previous Experience: Seven value chain groups have already begun operations.

Implementers: SAG-PRONAGRO, private producer organizations and groups.

9.3 Public Sector Integration and Development

The activity is designed to reactivate and strengthen the organization and operation of the CODA (Consejo de Desarrollo Agroalimentario – Agribusiness Development Committee) to ensure and continue dialog and consensus building in the sector. CODA is coordinated by SAG (and includes BANADESA, INA and IHMA) and is responsible for the formulation, implementation, follow-up and evaluation of agribusiness sector strategy, work plans, and obtaining technical support and funding for programs. CODA reports directly to the President and to the Government cabinet committees. CODA forms the central part of the operational plans for the implementation of this Country Investment Plan.

This activity will also identify, prioritize and coordinate the implementation of public/policy reforms that are critical to maximizing returns on CIP investments. The private sector will be integrally involved in identification and prioritization, and through consultations during the CIP development process, they have already highlighted key policy areas that need attention (many have also been included as cross-cutting activities in other components of the CIP):

- Improving delivery, quality and accessibility of public-sector extension services (with the requisite technical staff skills and increased long-term operational funding commitment);
- Improving rural infrastructure, particularly farm-to-market roads (new constructions, repairs of existing roads, and long-term maintenance) and electricity/water access;
- Expanding access to finance (especially for small-scale producers and other rural MSMEs) through implementation of moveable property legislation, increasing the pace of land titling, introducing crop insurance mechanisms, and other related initiatives;
- Strengthening phytosanitary systems with focus on pre-clearance for exported fresh produce (including pest-free zones to expand US market opportunities to new products) and internationally-recognized food safety certifications;
- Improving availability and access to soil/water testing services (decentralized laboratories), as well as pest/disease forecasting (through expansion of crop weather stations);
- Increasing investment in agricultural research and development, prioritizing based on needs of the private sector (inclusive of small farmers), and expanding dissemination of

new technologies and varieties (including drought, flood, and pest/disease resistant varieties that will mitigate farmer impact from climate change); and

- Establishing national standards and codes of practice in agriculture that can be benchmarked against international standards (e.g. GLOBALGAP).

These are in addition to broader core cross-sectoral issues that are disincentives to investment and impediments to conducting business: crime, corruption, commercial dispute resolution, bankruptcy processes, business registration procedures, trade procedures (import and export), amongst others. Importantly, in terms of sustaining needed public goods and services (in both agriculture and other areas), the GOH will continue to increase national revenue streams (to replace donor funds over the medium-term) through improved tax system efficiencies, reduced corruption, improved collection, etc.

Many of the constraints listed here are already being addressed by the GOH and others, and various components of this CIP will ramp up activities in those that are more specific to the agricultural sector. Broader policy constraints will be addressed by the GOH with support by donors through other programs and initiatives. The GOH, however, is committed to improving the overall enabling environment for business and has established ambitious targets to do so in its national plan (República de Honduras, Visión de País 2010 – 2038 y Plan de Nación 2010-2022).

Primary Investment Areas: (1) financing of public sector technical and coordination secretariat; (2) training of public service employees; (3) developing a knowledge network system; (4) identification of policy barriers for agribusiness development; (5) investment and country promotion with follow-up support services.

Target Population: Agricultural related public sector entities.

Results Outputs: Contribution to the overall implementation of the CIP to achieve the 2014 targets.

Activity Outputs: Strengthening of the institutional capacity to carry out the management, implementation and tracking of the sector strategies and investment plans.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Costs are based on SAG experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$15.88	\$0.00	\$0.00	\$15.88

9.4 Strengthening Mainstream Financial Services

Many of the local mainstream financial service providers have traditionally not participated in the agricultural sector due to the high levels of perceived risks. Historical problems with loan repayment for selected crops and producer types have resulted in the widespread opinion that the sector is too high risk. This is to be expected as traditional production systems with

traditional crops and producers are higher risk than technified producers with market-driven crops. This CIP aims to increase the use of up-to date production technologies, foment market-driven production and strengthen value chains – all of which reduce the risk of losses, increase margins and enable repayment of loans. This is more attractive to the financial sector. The mainstream financial service providers need to be fully incorporated into the value chain alongside other private sector players, including the producers and the buyers. An increased knowledge of the sector, the players, opportunities, functioning, profitability and risk reduction is necessary to increase their participation and role in sector growth. Other services are also expected to increase, including savings, insurance, leasing, risk capital investments and loans against future sales of stored items.

Primary Investment Areas: (1) technical assistance to the mainstream financial service providers; (2) matchmaking services between borrowers and lenders.

Target Population: Banks and other financial institutions and credit recipients, including commercial producers, exporters and processors.

Results Outputs: \$120 million in new agricultural loans by mainstream financial service providers.

Activity Output: Full participation and integration of the financial service providers in the agriculture sector and value chains.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Costs are based on SAG experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$12.00	\$0.00	\$0.00	\$12.00

9.5 Summary

Estimated program costs, available GOH and development funding levels, and investment gaps are summarized below in Table 7. Figure 7 summarizes activities and expected results.

Table 7: Program 4 (Agribusiness Enabling Environment) Summary Costs, Available Funds & Investment Gap, 2011 to 2014 (US\$ millions)

Sub-Program	Cost	% of total cost	GOH Funds	Development Partners	Investment Gap
4.1 Agricultural Census	\$10.00	15.05%	\$0.00	\$0.00	\$10.00
4.2 Private Sector Integration and Development	\$28.58	43.00%	\$0.00	\$0.00	\$28.58
4.3 Public Sector Integration and Development	\$15.88	23.89%	\$0.00	\$0.00	\$15.88
4.4 Strengthening Mainstream Financial Services	\$12.00	18.06%	\$0.00	\$0.00	\$12.00
Total	\$66.46	100.00%	\$0.00	\$0.00	\$66.46

Figure 7: Program 4 (Strengthening the agribusiness enabling environment)

2014 Goal: reduce the number families in poverty and extreme poverty through continuous and sustainable growth of the agricultural sector		
<p style="text-align: center;"><u>Targets</u></p> <ul style="list-style-type: none"> ➤ A 10% contribution to the reduction in families in poverty – from 72% to 62% ➤ A 10% contribution to the reduction in families in extreme poverty – from 60% to 50% ➤ Increase agricultural GDP from \$1,022 million to \$1,196 million – 4% increase per year 		<p style="text-align: center;"><u>Program contribution to targets</u></p> <p>These activities complement the competitiveness and market access activities, and on their own will contribute little to the targets.</p>
<p style="text-align: center;"><u>Activities</u></p> <ul style="list-style-type: none"> ➤ Obtaining a detailed knowledge of the sector at present ➤ Management by results and public sector capacity development ➤ Private sector integration and development ➤ Public sector integration and development ➤ Strengthening mainstream financial systems 	<p style="text-align: center;"><u>Results</u></p> <ul style="list-style-type: none"> ➤ Agricultural census carried out and used in development of programs, policy and evaluations ➤ Ministry personnel provided training, given targets and evaluated on results ➤ 20 value chain groups developed with full participation of the private sector ➤ 100% of the public sector with mandate for the agricultural strategy incorporated into all activities and work plans ➤ \$120 million in new agricultural loans by mainstream financial service providers. 	<p style="text-align: center;"><u>Investment Plan and Funding Gap</u></p> <ul style="list-style-type: none"> ➤ Agricultural census <ul style="list-style-type: none"> ○ Cost: \$10.0 ○ Available Funds GOH: \$0.0 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$10.0 ➤ Private sector integration and development <ul style="list-style-type: none"> ○ Cost: \$28.6 ○ Available Funds GOH: \$0.0 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$28.6 ➤ Public sector integration and development <ul style="list-style-type: none"> ○ Cost: \$15.9 ○ Available Funds GOH: \$0.0 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$15.9 ➤ Strengthening mainstream financial systems <ul style="list-style-type: none"> ○ Cost: \$12.00 ○ Available Funds GOH: \$0.0 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$12.0
<p style="text-align: center;"><u>Funding Gap</u></p> <p>Total Costs: \$66.5 Available Funds: \$0.0 Funding Gap: \$66.5</p>		<p style="text-align: center;"><u>Potential Funders</u></p> <p>IBRD, IDB, FAO, IFAD, USAID, USDA, CIDA, JICA, Taiwan</p> <p style="text-align: center;"><u>Implementers</u></p> <p>SAG</p>

10. CROSS-CUTTING THEMES

While economic growth and income generation is the core component to reducing poverty levels within this plan, it is recognized that the beneficiaries of this growth have to be broad based. Unequal income distribution and access to food could continue, even under economic growth conditions, if specific attention is not given to the more vulnerable section of the population. This plan will also help address and reduce this possibility by providing specific focus on cross-cutting themes which address the potential problem from the onset of implementation. These include specific activities relating to food security, gender equality and youth participation, and employment generation.

10.1 Food Security

One of the main challenges is to achieve food and nutritional security for the overall population. The main focus of this plan is on increasing economic opportunities and incomes to ensure access to food sources (through production or purchase), but it will also be necessary to ensure the availability of food sources particularly for the population that is not yet able to participate directly in the economic growth activities. This will require ensuring production of basic grains for consumption, storage and, in some cases, for sale.

Assistance will be given through the Government's existing program with the Bono Solidario Productiva, which provides basic grain growers with seeds, fertilizer and finance. While this has been implemented as a subsidy in the past, under future activities it will be modified and monetized to be used as a revolving fund. In this way, the individual growers will receive the support on one occasion only and can then access credit in subsequent plantings. Support will also continue through the "Bono 10,000".

Primary Investment Areas: Financing and implementation of the "bonos".

Target Population: Rural households in regions and communities with the highest levels of extreme poverty and malnutrition.

Results Outputs: At least 750,000 of the rural population with access to the minimum food requirements.

Activity Outputs: (1) 180,000 "Bonos solidarios" provided per year; (2) 15,000 "Bonos 10,000" provided per year.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Costs are based on SAG experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$133.10	\$36.89	\$0.00	\$96.21

Previous Experience: Previous and current governments.

Implementers: SAG, municipalities.

10.2 Gender Equality, Youth and Employment Generation

It is generally recognized that women's participation in agriculture, under equal conditions, is necessary to increase production and reduce household malnutrition and poverty levels. This includes access to education, land, technology, finance and markets and will require a reduction in the social, economic, political and cultural gaps which exists between the sexes and the implementation of the guidelines of the national *Gender Equity Policy in Agriculture* and the *Equal Opportunities Law*.

Attention also needs to be given to youth in the rural areas, mainly in the area of education since the percentage in schooling is almost half the national average. Schooling is substituted by work, normally by necessity to help supplement household incomes. While the plan will increase household incomes, it also has to ensure that the youth in these households continue their formal schooling – necessary for the long-term benefit of the country. Jobs or other economic opportunities for these rural youth will be necessary to help develop local rural economies, reduce migration to the cities and illegal emigration, and the possibilities of entrance into illegal activities.

Specific support programs will be developed for both women and youth to ensure their insertion into economic activities, through production-related activities, small business or employment. This will involve training, technical assistance and support programs that will not only include agriculture, but any also other business opportunities and job training. These cross-cutting themes will complement activities carried out under the main programs of this plan, all of which will have disaggregated gender, youth and employment targets included.

While not specifically targeted in this strategy, indigenous populations will also be supported, including the Lencas, Tolupans and Garifunas. This may be through the broader CIP programs to facilitate their involvement in economic activities or specific targeted activities.

Primary Investment Areas: (1) employment generation programs; (2) worker skills training in both agricultural and non-agricultural areas; (3) support for microenterprise development.

Target Population: Rural women and youth with specific focus on zones with higher poverty and malnutrition levels. To maximize impact, activities will be carried out in zones where there are other economic development program activities and not be carried out in isolation.

Results Outputs: A 30 percent reduction in the gender inequality gap; ensure that at least 30 percent of rural youth is able to obtain incomes and improved opportunities.

Activity Outputs: (1) 40,000 women and youths receiving technical assistance and training; (2) 20,000 women and youths obtain full time employment; (3) 5,000 microenterprises initiated.

Estimated Costs and Investment GAP: Estimated program costs, available GOH and development funding, and investment gap are summarized below (in US\$ millions). Costs are based on SAG experience. Annual breakdowns by subprogram are provided in Annex A.

Cost	GOH Funds	Development Partners	Investment Gap
\$26.93	\$6.93	\$0.00	\$20.00

Implementers: SAG, Ministry of Youth and INAM.

10.3 Summary

Estimated program costs, available GOH and development funding levels, and investment gaps for Program 1 are summarized below (in US\$ millions) for Table 8. Figure 8 also summarizes activities and expected results.

Table 8: Program 5 (Cross-Cutting Themes) Summary Costs, Available Funds & Investment Gap, 2011 to 2014 (US\$ millions)

Sub-Program	Cost	% of total cost	GOH Funds	Development Partners	Investment Gap
5.1 Food Security	\$133.10	83.17%	\$36.89	\$0.00	\$96.21
5.2 Gender Equality, Youth and Employment Generation	\$26.93	16.83%	\$6.93	\$0.00	\$20.00
Total	\$160.03	100.00%	\$43.82	\$0.00	\$116.21

Figure 8: Program 5 (Cross-cutting themes)

Theme	Activity	Results	Investment
Food Security	<ul style="list-style-type: none"> ➤ Ensure that the rural population has access to nutritious food at all times to be able to carry out an active and healthy life 	<ul style="list-style-type: none"> ➤ At least 30% of the rural population with access to nutritious food at all times to be able to carry out an active and healthy life ➤ Increase strategic reserve of basic grains by 10% 	<ul style="list-style-type: none"> ○ Cost: \$133.1 ○ Available Funds GOH: \$36.9 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$96.2
Gender Equality	Implement systems that ensure equal opportunities -- economically, socially, politically	<ul style="list-style-type: none"> ➤ Reduce the gender inequality gap by at least 30% 	<ul style="list-style-type: none"> ○ Cost: \$26.9 ○ Available Funds GOH: \$6.9 ○ Available Funds DP: \$0.0 ○ Investment Gap: \$20.0
Rural Youth	Develop employment and/or production systems to enable fair incomes, job security and social coverage for rural youth (irrespective of gender)	<ul style="list-style-type: none"> ➤ At least 30% of rural youth achieve fair incomes and social coverage, with prospects for future personal development, irrespective of gender 	
Employment Generation	Develop employment and/or production systems to enable fair incomes, job security and social coverage for rural families (irrespective of gender and age)	<ul style="list-style-type: none"> ➤ At least 30% of rural families achieve fair incomes through production activities or employment allowing them to access basic needs and services 	

11. COORDINATION AMONGST AND BETWEEN THE PRIVATE SECTOR, CIVIL SOCIETY, GOH AGENCIES, AND THE DONOR COMMUNITY

This CIP has been developed with the full participation of various GOH agencies, the donor community, the private sector, and other members of civil society – and builds off the National Plan and other recent GOH strategies that did likewise.

While the development CIP was led by SAG, other GOH ministries and agencies have provided invaluable input into the initial conceptual design and subsequent refinements of the CIP. This has been done both with individual GOH agencies and through the La Unidad Técnica de Seguridad Alimentaria y Nutricional (UTSAN, Technical Unit for Food Security and Nutrition).³ During CIP implementation, UTSAN will continue to be a critical mechanism to ensure effective GOH inter-agency coordination. More intensive direct interaction between the Ministry of Agriculture and the Ministry of Health will also be critical to ensure nutrition interventions are coordinated and complementary, particularly in relation to existing health and nutrition programs planned through the GOH/donor common health fund covering decentralization, MCH/nutrition services and fortification. Joint activities will also be required with other GOH agencies including the Ministry of Public Works, Transportation and Housing (SOPTRAVI) on components relating to roads and infrastructure, with the Ministry of Labor and Social Security on employment generation, and the Ministry of Industry and Commerce (SIC) on business regulations, trade agreements and regulations.

Coordination and collaboration amongst GOH departments will be carried out through the regular Council of Ministers meetings chaired by the President. GOH collaboration with the private sector will be achieved through the reactivation and strengthening of the Consejo de Desarrollo Agroalimentario (CODA, Agribusiness Development Committee) which reports directly to the President. The private sector has and will continue to input through participation in eight existing public-private value agricultural chain committees (horticulture, potato, dairy/beef, basic grains, cocoa, coffee, apiculture, oil palm). The value chain committees meet at least once each month and are comprised of producers, processors, traders, input/service providers, associations, and relevant government representatives. Other value chain committees are in the process of being organized (covering tree fruits, poultry, aquaculture, and other agribusiness subsectors).

This final version of the CIP specifically incorporates feedback received from representatives of the private sector, civil society donors, and other government agencies through discussion that

³ UTSAN was created by Executive Decree September, 21 2010, to coordinate, supervise, monitor, evaluate and formulate methodologies related to the implementation of national food security and nutrition policy. It is the GOH's primary mechanism to facilitate coordination between the various GOH agencies and departments. In addition to coordination activities, UTSAN is also tasked with: advising the GOH Cabinet on food security and nutrition policies; assisting the different Secretaries of State to incorporate food security priorities and nutrition into their annual plans; conducting baseline studies required for monitoring and evaluation activities; conducting research on the impact of policy implementation; and adapting and integrate a monitoring and evaluation system.

ensued from two May 2011 events at which the previous CIP draft was presented by the Minister of Agriculture:

- The meeting with civil society, held on May 31, included representatives from farmer organizations (including campesino groups), local and international NGOs, municipal governments, various GOH agencies, regional agricultural research and development organizations, and bilateral and multilateral donors. Positive and constructive feedback was presented during the question and answer session. Campesino groups stressed that implementation should involve all actors to ensure that the benefits reach the primary targeted beneficiaries (small farmers/campesino growers). Other main points made by participants included: (a) implementing with decentralized approach that targets activities geographically and takes into account differences between each targeted region and local municipal-level development efforts; (b) ensuring private-sector participants and NGO participation; (c) fully involving other GOH entities (Health, Labor, Industry and Commerce, Natural Resources and the Environment, etc.); (d) ensuring focus on gender; and (e) including and highlighting coffee given its importance. Participating donor representatives commented that the CIP was a coherent document that could be used to plan their support programs in line with government targets and strategies. During implementation, regular civil society forums (at least one national and two regional forums annually) will be held to continue to obtain feedback from a wide cross-section of society.
- The Minister of Agriculture presented the CIP to the G-16 Donor Coordination Group's Sector-Level Agroforestry Working Group⁴ on May 26, 2011. The strategy received positive feedback from group members, who expressed their full support and are currently in the processing of making firm commitments. Recommendations were made to include the Rome Principles and to stress clarity in coordination amongst and between GOH agencies and donors for both implementation of activities and meeting common objectives as outlined in the CIP. The G-16 Agroforestry Working Group will continue to serve as the focal point of donor coordination for food security matters, including donor alignment with the host country strategy, and as a nexus for donors to share detailed information on their existing and planned food security programs, both with each other and with the GOH. The Agroforestry Working Group's comprehensive listing and mapping of current donor projects and potential new assistance will continue to be regularly updated and organized for easy collation with GOH objectives and resources. This coordination will result in an agreed-upon delineation of geographic regions, subject areas, and intervention methods among Honduras' donors, which

⁴ The G-16 Donor Coordination Group in Honduras is comprised of 16 members including multilateral donors (IDB, IBRD, UNDP, EU, BCIE, IMF) and bilateral donors (US, Sweden, Canada, Spain, Germany, Switzerland, Japan, Italy, France, the Netherlands). The G-16 Group consists of three tiers of coordination: a) a high-level committee of Ambassadors and multilateral Resident Representatives; b) a group of donor agency heads and multilateral donor organization chiefs; and c) a network of sector-level donor working groups. The G-16 mechanism has close linkages with the Ministries of Planning and Finance as well as with line ministries. All three G-16 tiers have been very active on food security, strongly supporting the GOH's development of its new food security strategy. The sector-level Agroforestry Working Group covers the forestry, food security and agriculture sectors and that has been integrally involved in supporting the GOH in developing the CIP, as well other national development plans.

eliminates duplication and overlap in donor response to the GOH-led food security strategy as outlined in this CIP.

12. PRIORITIES AND FINANCING OF THE COUNTRY INVESTMENT PLAN

The CIP has been developed following a resource constrained scenario and efforts have been made to balance the investments with their contribution to poverty reduction. Program 1 receives 26 percent of the total funds to ensure that producers have access to the technologies and are competitive, while Program 2 receives 11 percent of the funds to provide and maintain market access. Sector-wide support, including irrigation and road infrastructure necessary to ensure that Program 1 and 2 can be successfully implemented, accounts for 35 percent of the budget. Cross-cutting activities to ensure the incorporation of the most disadvantaged into these programs will require 20 percent of the budget, while strengthening the agribusiness enabling environment, including public and private sector support will account for 8 percent.

With implementation, the absolute priorities for SAG are the following:

- Achieving rural poverty reduction through increased production, productivity, competitiveness and growth of the agricultural sector with expanded market access;
- Rural poor access to improved infrastructure and services; and,
- Strengthening the agribusiness enabling environment

Implementation would then depend on the availability of funds from both the GOH and donor partners to cover the funding gap. The following activities would be carried out:

- Finalizing the donor partners' support programs currently under consideration or negotiation. In some cases these may require alignment to ensure that they form part of and are aligned with the activities in this CIP;
- At a minimum, ensure the availability of funds from the GOH from the central budget according to current projections;
- Ensure the leveraging of loan funds with donated funds to maximize impact; and,
- Where possible, account for and increase the contribution of counterpart beneficiaries, including municipalities and the private sector.

The various CIP programs are interrelated. When combined they contribute to overall program targets and individually they contribute to maximizing returns in other programs. Lower than expected funding levels for individual programs and activities under this CIP will impact on the overall expected impact as well as impact in other program areas to at least some extent. For example, improved roads (Program 3.2) will improve market access (Program 2.1), reduce postharvest losses (Program 6.1), and lower transport costs – all contributing to overall program goals of increased incomes for program beneficiaries and a reduction of the number of households in poverty. Irrigation investments (under Program 3 – Sector-Wide Support) are needed to maximize productivity and household income returns from activities in knowledge dissemination, production, and productivity (under Program 1 – Competitiveness & Sector Growth). Additional funds (above the CIP level) would enable increased impact, and by a

greater percentage than the increased percentage in funding due to economies of scale. Alternatively, funding at levels lower than budgeted would have a disproportionately greater impact on hoped for results.

It is recognized that the timeframe of this CIP is during a difficult financial environment, in terms of GOH revenue resources as well as more constrained donor resources due to overall budget cuts by many donor countries (of which international assistance is not immune). Therefore, difficult trade-offs will need to be made to limit the effect on primary CIP objectives if funding commitments are less than expected. Table 11 categorizes subprograms by priority area of investment depending on funding availability. Lower funding levels for those subprograms categorized at the highest priority level would have the greatest impact (negative) on higher-level poverty reduction, productivity, and income objectives.

Table 9: Prioritization of CIP Subprograms to Maximize Impact on Higher-Level Objectives

Program/Subprogram	CIP Estimated Cost	Priority Level
1. Competitiveness and Sector Growth	\$205.86	
1.1 Knowledge Dissemination, Production and Productivity	\$150.60	①
1.2 Technological Innovation	\$55.26	①
2. Market Access	\$85.31	
2.1 Value Chain Development	\$64.62	①
2.2 Plant and Animal Health and Food Safety	\$20.68	②
3. Sector-Wide Support	\$272.73	
3.1 Credit	\$38.11	②
3.2 Rural Roads	\$84.00	②
3.3 Increased Area Under Irrigation	\$130.86	①
3.4 Land Tenure and Equal Access	\$19.77	③
4. Agribusiness Enabling Environment	\$66.46	
4.1 Agricultural Census	\$10.00	③
4.2 Private Sector Integration and Development	\$28.58	③
4.3 Public Sector Integration and Development	\$15.88	②
4.4 Strengthening Mainstream Financial Services	\$12.00	③
5. Cross-Cutting (Food Security, Gender/Youth)	\$160.03	
5.1 Food Security	\$133.10	①
5.2 Gender Equality, Youth and Employment Generation	\$26.93	①

Priority Levels: ① (Highest), ② (Medium), ③ (Lower)

13. MONITORING AND EVALUATION OF THE COUNTRY INVESTMENT PLAN

Monitoring and evaluation (M&E) of programs and activities under the CIP will be coordinated by a dedicated M&E unit within SAG that will be responsible for establishing final component-, activity-, and program-level indicators and collecting, aggregating and validating reporting from implementing partners on their specific activities. Funding for central monitoring and evaluation activities under this CIP are included under Sub-program 4.3 (Public Sector Integration and Development), with additional project-level funding included within program and subprogram estimates.

CIP top-level goal indicators will be reported on at least an annual basis, and are available from existing data sources (see Table 10). Methodologies will be developed to estimate attribution levels from CIP activities.

Table 10: Top-Level CIP Goal Indicators

Indicator	Frequency	Source	Comments
Contribute to reduction in households living in extreme poverty (10% point reduction)	Annual	Instituto Nacional de Estadísticas (INE)	INE household surveys. Activity/project-level reporting on #s of HHs brought out of extreme poverty will help validate data, assign attribution to the CIP, and assess relative contribution (impact) amongst individual activities/projects to determine effectiveness. Gender disaggregated. Relates directly to MDG Goal 1a.
Contribute to reduction in households living in poverty (10% point reduction)	Annual	Instituto Nacional de Estadísticas (INE)	INE household surveys. Activity/project-level reporting on #s of HHs brought out of poverty will help validate data, assign attribution to the CIP, and assess relative contribution (impact) amongst individual activities/projects to determine effectiveness. Gender disaggregated. Relates directly to MDG Goal 1a.
Increase agriculture GDP (4% per year)	Annual	Banco Central de Honduras	Regular GDP reporting that includes breakdown by economic activity. CIP attribution methodology to be determined.
Increase the agriculture sector's contribution to the national GDP (target to be determined)	Annual	Banco Central de Honduras	Regular GDP reporting that includes breakdown by economic activity. CIP attribution methodology to be determined.

While this CIP focuses on the main high level results indicators, more detailed and specific indicators will be developed and tracked at implementation of individual components. Table 11 provides a summary of likely component- and activity-level indicators. Given the number of implementing partners and subprograms, it is imperative that there is agreement amongst implementing partners on relevant results, outcome, and deliverable indicators for each component and subcomponent. Specific indicators, with common definitions/units, frequency of reporting and collection methodologies, will be developed and agreed upon within the first six months of plan implementation.

Table 11: Likely Common Component- and Activity-Level Indicators

Indicator	Preliminary Target	Type	Frequency	Source	Comments
# HHs lifted out of poverty and extreme poverty	70,000	Result Output	Annual	Implementing partners regular reporting & validated sampling; INE household surveys	Gender disaggregated.
Minimum total annual HH income for assisted HHs	\$340 million	Result Output	Annual	Implementing partners regular reporting & validated sampling; INE household surveys	Gender disaggregated.
# rural poor households incorporated into market-led value chains	100,000	Result Output	Quarterly	Implementing partners regular reporting & validated sampling	Gender disaggregated.
Increased value of food product exports	+70%	Result Output	Annual	Banco Central de Honduras	Includes fresh and value added agricultural products.
Increased value of fresh fruit and vegetable exports	+60%	Result Output	Annual	Banco Central de Honduras	
Increased value of coffee exports	+20%	Result Output	Annual	Banco Central de Honduras	
# producers receive technical assistance and training	100,000	Activity Output	Monthly	Implementing partner reporting on technical assistance and training participants	Gender disaggregated.
# women and youths receiving technical assistance and training	40,000	Activity Output	Monthly	Implementing partner reporting on technical assistance and training participants	Disaggregated.
# applied research programs implemented	100	Activity Output	Monthly	Implementing partners regular reporting	Includes research and commercial trials.
# demonstration farms implemented	20	Activity Output	Monthly	Implementing partners regular reporting	
# of farmers adopting new technologies	20,000	Activity Output	Monthly	Implementing partners regular reporting; validated by sampling	Includes new varieties, cultivars, and improved agricultural practices. Gender disaggregated.
# farmers and other agribusinesses implementing GAPs & GMPs	TBD	Activity Output	Monthly	Implementing partners regular reporting	Includes processors implementing HACCP systems

Table 11: Likely Common Component- and Activity-Level Indicators

Indicator	Preliminary Target	Type	Frequency	Source	Comments
# farmers and other agribusinesses obtaining certification	TBD	Result Output	Monthly	Implementing partners regular reporting	e.g. GLOBALGAP, organic, Fair Trade, ISO
# small-scale producers accessing credit	30,000	Result Output	Monthly	Implementing partners regular reporting	Includes loans from "cajas rurales," MFIs, banks, input/buyer credit providers
Value of loans made to small-scale producers	\$64 million	Result Output	Monthly	Implementing partners regular reporting	Includes loans from "cajas rurales," MFIs, banks, input/buyer credit providers
Value of new agricultural loans from mainstream financial providers (banks)	\$160 million	Result Output	Monthly	Implementing partners regular reporting; participating banks	Lending by banks to all sizes of agribusinesses, including commercial growers, exporters, and processors
# of finance providers provided technical assistance and training	2,000	Activity Output	Monthly	Implementing partners regular reporting	Includes "cajas rurales," MFIs, banks, input/buyer credit providers
# producers provided training in financial management	50,000	Activity Output	Monthly	Implementing partners regular reporting	Includes "cajas rurales," MFIs, banks, input/buyer credit providers
Kms of rural roads constructed or rehabilitated	2,000	Activity Output	Monthly	Implementing partners regular reporting	
Increased area under irrigation	27,000 ha	Activity Output	Monthly	Implementing partners regular reporting	
# producers benefiting directly from irrigation system investments	9,300	Activity Output	Monthly	Implementing partners regular reporting	Gender disaggregated.
Increased productivity of selected targeted crops	TBD (% over baseline)	Result Output	Annual	Implementing partners regular reporting; sampling	Disaggregated by crops (crops to be determined); kgs/ha
Value of sales from production on newly irrigated areas	\$190 million	Result Output	Annual	Implementing partners regular reporting & sampling	

Table 11: Likely Common Component- and Activity-Level Indicators

Indicator	Preliminary Target	Type	Frequency	Source	Comments
Value of net income from production on newly irrigated areas	\$94 million	Result Output	Annual	Implementing partners regular reporting & sampling	
Increased # of poor HHs obtaining land titles	+25% over annual baseline	Activity Output	Monthly	Instituto Nacional Agrario & Instituto de Propiedad (validated by implementing partners reporting)	Disaggregated by gender of head of household.
National agricultural census completed	1	Activity Output	N/A	Instituto Nacional de Estadísticas	
# organizations providing new or improved business development services to producers	TBD	Activity Output	Quarterly	Implementing partners regular reporting	Includes public, NGO, and private sector (including embedded services)
# of producers accessing improved business development services	TBD	Activity Output	Quarterly	Implementing partners regular reporting	Includes from public, NGO, and private sector (including embedded services)
# "Bonos Solidarios" provided per year	180,000	Activity Output	Quarterly	SAG	
# "Bonos 10,000" provider per year	10,000	Activity Output	Quarterly	SAG	
Reduction in gender inequality gap	-30%	Result Output	Annual	TBD (likely special surveys)	
# microenterprises started	5,000	Result Output	Quarterly	Implementing partners regular reporting; registration authorities	Disaggregated by gender of owner.
# women and youths obtaining full-time employment	20,000	Result Output	Annual	Implementing partners regular reporting; validated by sampling & INE household surveys	Disaggregated

Table 11: Likely Common Component- and Activity-Level Indicators

Indicator	Preliminary Target	Type	Frequency	Source	Comments
Reduction in the prevalence of underweight children under five years of age	TBD	Result Output	Annual	Ministry of Health community health center statistics and other surveys in targeted regions; random HH sampling by implementing partners and SAG M&E Unit	Reports on both prevalence and estimated reduction in absolute number of underweight children in geographic areas targeted by CIP activities. Related directly to MDG Goal 1c.
Reduction in proportion of population below minimum level of dietary energy consumption	Proportion TBD / 750,000 individuals	Result Output	Annual	Ministry of Health community health center statistics and other surveys in targeted regions; random HH sampling by implementing partners and SAG M&E Unit	Reports on both reduced proportion and estimated reduction in absolute number of individuals below minimum level of dietary energy consumption underweight children in geographic areas targeted by CIP activities. Related directly to MDG Goal 1c.

By having SAG, donor-funded, and other implementing partner programs report against the same indicators, it will enable SAG and the GOH to focus on “management by results,” ensuring accountability, transparency, and best practices not only for the projects themselves but also for those implementing them.

Final indicator selection will be predicated on serving two main purposes: (1) to accurately measure impact on end-beneficiaries, and (2) to effectively guide management in making timely and informed decisions/adjustments on implementation strategy. Important criteria that will guide the selection process are that indicators must be:

- Direct: a direct measure of the intended result and directly attributable to activity, component, and CIP-wide interventions;
- Objective: a transparent and standard measure of the intended result;
- Quantitative: easily represented and conveyed in numerical terms;
- Practical: collected and analyzed timely and accurately, yet cost effectively; and
- Reliable: consistently high quality based on reliable sources and sound data collection techniques.

The M&E Unit will also be responsible for designing and implementing program- and component-level impact evaluations using various methodologies that take into account cost,

utility, and timeliness (e.g. random stratified sampling, randomized controlled trials, modified control trial for applicable indicators that incorporates the control groups in CIP program activities at a later stage, reflexive comparison, Lot Quality Assurance Sampling, project participatory focus groups, etc). A variety of procedures will be employed to analyze data collected through various sampling methods, including, but not limited to:

- **Difference in Differences Estimator:** the difference between control and treatment groups before technical assistance is compared, at specified reporting intervals, to the difference between control and treatment groups after the treatment group has received technical assistance. The result of this comparison reveals the impact of interventions on the treatment group.
- **Inferential Methods (i.e. Regression Analysis):** to determine correlation of output and impact indicator results (i.e. which interventions have the greatest impact on increased incomes and food security).
- **Calculation of Multipliers:** to determine the effect of interventions beyond the direct beneficiary households including analysis of both upstream (production input suppliers, financial service providers, etc) and downstream (processors, buyers, etc) participants in the value chain.

14. SUSTAINABILITY AND RISKS

Sustainability is a critical concern for the GOH and the donor community for both Agricultural Sector Strategy and this CIP. In order to meet the long-term country targets, continued implementation of activities will extend beyond the term of the current government and will require both technical and financial commitments after 2014. Sustainability and replication of program impact and results will also be required to meet long-term poverty eradication objectives.

The agriculture sector strategy and the CIP are directly aligned with the long-term Country Vision and the Country Plan. These will continue to be carried out by successor governments of different political parties; legislation has been enacted by the Honduran Congress to ensure continuation. In terms of the projects, sustainability of the new economic activities of the producers will be sustained and supported post-projects through the capacity building of the public and private sector, the organization of producers and the value chains, and the involvement of local government in selected activities. It is recognized that this CIP does not cover all of the population at risk and future support will be required to include the other marginalized segments. This is envisaged to be carried out in 2015 as part of the Country Plan, using the experience, skills, technical knowledge, value chain and infrastructure developed through this CIP.

It is recognized that there are several risks implicit with the implementation of this CIP and the achievement of program targets. Some of these can be controlled by the GOH, while others are global macroeconomic in nature and others are climatic factors. They include:

- Lack of sufficient resources to implement the CIP both from the GOH and donor partners, including post-CIP financial commitments (particularly by the GOH) to sustain and expand on CIP investments (e.g. road maintenance, effective extension services, etc.);
- Climatic conditions, including impact from global climate change, that have a direct negative effect on agricultural production, including drought, floods and hurricanes, or indirectly through damage to roads and infrastructure;
- Price volatility of the world market for agricultural commodities, particularly for corn, oil palm and coffee;
- Slow economic recovery from the world recession in the main import markets and a resulting reduction in demand and investment; and,
- Increasing world oil prices directly increasing production costs and reducing margins (through increased transport and input costs).

These risks will always exist, now and in the future. This CIP will help producers and the sector diversify, adapt and mitigate risks while placing the end beneficiaries in a better position to recover from future economic and climatic shocks.

ANNEX A: COUNTRY INVESTMENT PLAN SUBPROGRAM FINANCING DETAILS

Table A-1: Agricultural Country Investment Plan Summary Costs, Available Funds & Investment Gap by Major Program Area, 2011 to 2014 (US\$ millions), by Year

	Year				TOTAL
	2011	2012	2013	2014	
Program Costs	\$126.08	\$214.98	\$219.80	\$229.53	\$790.39
1. Competitiveness and Sector Growth	\$28.16	\$58.66	\$59.16	\$59.88	\$205.86
2. Market Access	\$17.42	\$22.64	\$22.53	\$22.72	\$85.31
3. Sector-Wide Support	\$35.39	\$79.13	\$79.10	\$79.11	\$272.73
4. Agribusiness Enabling Environment	\$4.59	\$15.70	\$19.29	\$26.88	\$66.46
5. Cross-Cutting (Food Security, Gender/Youth)	\$40.52	\$38.84	\$39.73	\$40.94	\$160.03
Available Funds - Government of Honduras	\$26.01	\$25.02	\$26.26	\$28.23	\$105.52
1. Competitiveness and Sector Growth	\$3.01	\$3.51	\$4.01	\$4.73	\$15.26
2. Market Access	\$3.11	\$3.26	\$3.14	\$3.17	\$12.68
3. Sector-Wide Support	\$8.42	\$8.46	\$8.43	\$8.44	\$33.76
4. Agribusiness Enabling Environment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Cross-Cutting (Food Security, Gender/Youth)	\$11.47	\$9.79	\$10.67	\$11.89	\$43.82
Available Funds - Development Partners	\$10.63	\$9.04	\$8.98	\$9.16	\$37.82
1. Competitiveness and Sector Growth	\$1.69	\$1.77	\$1.71	\$1.72	\$6.89
2. Market Access	\$8.95	\$7.27	\$7.27	\$7.44	\$30.92
3. Sector-Wide Support	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Agribusiness Enabling Environment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Cross-Cutting (Food Security, Gender/Youth)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Investment Gap	\$89.44	\$180.92	\$184.56	\$192.14	\$647.05
1. Competitiveness and Sector Growth	\$23.46	\$53.38	\$53.44	\$53.43	\$183.71
2. Market Access	\$5.37	\$12.11	\$12.11	\$12.11	\$41.70
3. Sector-Wide Support	\$26.97	\$70.67	\$70.67	\$70.67	\$238.98
4. Agribusiness Enabling Environment	\$4.59	\$15.70	\$19.29	\$26.88	\$66.46
5. Cross-Cutting (Food Security, Gender/Youth)	\$29.05	\$29.05	\$29.05	\$29.05	\$116.21

Table A-2: Program 1 (Competitiveness and Sector Growth) Costs, Available Funds, and Investment Gap by Sub-Program

	Year				TOTAL
	2011	2012	2013	2014	
1.1 Knowledge Dissemination, Production and Productivity					
Sub-Program Costs	\$15.1	\$45.2	\$45.1	\$45.2	\$150.6
From "Estrategia del Sector Agroalimentario y Plan de Implementacion 2011-2014"	\$0.1	\$0.2	\$0.1	\$0.2	\$0.6
Production Technical Assistance & Training (Extension)	\$15.0	\$45.0	\$45.0	\$45.0	\$150.0
Available Funds	\$1.7	\$1.8	\$1.7	\$1.7	\$6.9
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$1.7	\$1.8	\$1.7	\$1.7	\$6.9
Subprogram Investment Gap	\$13.5	\$43.4	\$43.4	\$43.4	\$143.7
1.2 Technological Innovation					
Sub-Program Costs	\$13.0	\$13.5	\$14.0	\$14.7	\$55.3
From "Estrategia del Sector Agroalimentario y Plan de Implementacion 2011-2014"	\$3.0	\$3.5	\$4.0	\$4.7	\$15.3
Supplemental Activities/Investments	\$10.0	\$10.0	\$10.0	\$10.0	\$40.0
Available Funds	\$3.0	\$3.5	\$4.0	\$4.7	\$15.3
Available Funds - GOH	\$3.0	\$3.5	\$4.0	\$4.7	\$15.3
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$10.0	\$10.0	\$10.0	\$10.0	\$40.0
TOTAL PROGRAM 1 (Competitiveness and Sector Growth)					
Program Costs	\$28.2	\$58.7	\$59.2	\$59.9	\$205.9
Available Funds	\$4.7	\$5.3	\$5.7	\$6.5	\$22.2
Available Funds - GOH	\$3.0	\$3.5	\$4.0	\$4.7	\$15.3
Available Funds - Development Partners	\$1.7	\$1.8	\$1.7	\$1.7	\$6.9
Program Investment Gap	\$23.5	\$53.4	\$53.4	\$53.4	\$183.7

Table A-3: Program 2 (Market Access) Costs, Available Funds, and Investment Gap by Sub-Program

	Year				TOTAL
	2011	2012	2013	2014	
2.1 Value Chain Development					
Sub-Program Costs	\$12.3	\$17.4	\$17.4	\$17.5	\$64.6
From "Estrategia del Sector Agroalimentario y Plan de Implementacion 2011-2014"	\$8.9	\$7.3	\$7.3	\$7.4	\$30.9
Emprendedur (proposed southern region program, possible IFAD funding)	\$3.4	\$10.1	\$10.1	\$10.1	\$33.7
Available Funds	\$8.9	\$7.3	\$7.3	\$7.4	\$30.9
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$8.9	\$7.3	\$7.3	\$7.4	\$30.9
Subprogram Investment Gap	\$3.4	\$10.1	\$10.1	\$10.1	\$33.7
2.2 Plant and Animal Health and Food Safety					
Sub-Program Costs	\$5.1	\$5.3	\$5.1	\$5.2	\$20.7
From "Estrategia del Sector Agroalimentario y Plan de Implementacion 2011-2014"	\$3.1	\$3.3	\$3.1	\$3.2	\$12.7
Supplemental Activities/Investments	\$2.0	\$2.0	\$2.0	\$2.0	\$8.0
Available Funds	\$3.1	\$3.3	\$3.1	\$3.2	\$12.7
Available Funds - GOH	\$3.1	\$3.3	\$3.1	\$3.2	\$12.7
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$2.0	\$2.0	\$2.0	\$2.0	\$8.0
TOTAL PROGRAM 2 (Market Access)					
Program Costs	\$17.4	\$22.6	\$22.5	\$22.7	\$85.3
Available Funds	\$12.1	\$10.5	\$10.4	\$10.6	\$43.6
Available Funds - GOH	\$3.1	\$3.3	\$3.1	\$3.2	\$12.7
Available Funds - Development Partners	\$8.9	\$7.3	\$7.3	\$7.4	\$30.9
Program Investment Gap	\$5.4	\$12.1	\$12.1	\$12.1	\$41.7

Table A-4: Program 3 (Sector-Wide Support) Costs, Available Funds, and Investment Gap by Sub-Program

	Year				TOTAL
	2011	2012	2013	2014	
3.1 Credit					
Sub-Program Costs	\$9.5	\$9.5	\$9.5	\$9.5	\$38.1
Access to alternative financing (cajas rurales)	\$9.5	\$9.5	\$9.5	\$9.5	\$38.1
Available Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$9.5	\$9.5	\$9.5	\$9.5	\$38.1
3.2 Rural Roads					
Sub-Program Costs	\$8.4	\$25.2	\$25.2	\$25.2	\$84.0
Construction & rehabilitation of rural roads (secondary, paved)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Construction & rehabilitation of rural roads (farm-to-market, unpaved)	\$8.4	\$25.2	\$25.2	\$25.2	\$84.0
Available Funds	\$3.7	\$3.7	\$3.7	\$3.7	\$14.8
Available Funds - GOH	\$3.7	\$3.7	\$3.7	\$3.7	\$14.8
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$4.7	\$21.5	\$21.5	\$21.5	\$69.2
3.3 Increased Area Under Irrigation					
Sub-Program Costs	\$13.6	\$39.1	\$39.1	\$39.1	\$130.9
SENINFRA operational/management costs (from "ESA 2011-2014")	\$0.8	\$0.9	\$0.8	\$0.8	\$3.4
Irrigation infrastructure & systems	\$12.8	\$38.3	\$38.3	\$38.3	\$127.5
Available Funds	\$0.8	\$0.9	\$0.8	\$0.8	\$3.4
Available Funds - GOH	\$0.8	\$0.9	\$0.8	\$0.8	\$3.4
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$12.8	\$38.3	\$38.3	\$38.3	\$127.5
3.4 Land Tenure and Equal Access					
Sub-Program Costs	\$3.9	\$5.3	\$5.3	\$5.3	\$19.8
Programa de administración de tierras (Fase 2)	\$3.9	\$5.3	\$5.3	\$5.3	\$19.8
Supplemental Activities/Investments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds	\$3.9	\$3.9	\$3.9	\$3.9	\$15.6
Available Funds - GOH	\$3.9	\$3.9	\$3.9	\$3.9	\$15.6
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$0.0	\$1.4	\$1.4	\$1.4	\$4.2
TOTAL PROGRAM 3 (Sector-Wide Support)					
Program Costs	\$35.4	\$79.1	\$79.1	\$79.1	\$272.7
Available Funds	\$8.4	\$8.5	\$8.4	\$8.4	\$33.8
Available Funds - GOH	\$8.4	\$8.5	\$8.4	\$8.4	\$33.8
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Program Investment Gap	\$27.0	\$70.7	\$70.7	\$70.7	\$239.0

Table A-5: Program 4 (Agribusiness Enabling Environment) Costs, Available Funds, and Investment Gap by Sub-Program

	Year				TOTAL
	2011	2012	2013	2014	
4.1 Agricultural Census					
Sub-Program Costs	\$0.0	\$0.0	\$2.0	\$8.0	\$10.0
Censo Nacional Agropecuario (National Agriculture Census, INE)	\$0.0	\$0.0	\$2.0	\$8.0	\$10.0
Available Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$0.0	\$0.0	\$2.0	\$8.0	\$10.0
4.2 Private Sector Integration and Development					
Sub-Program Costs	\$0.0	\$9.5	\$9.5	\$9.5	\$28.6
Institutional strengthening of SAG	\$0.0	\$9.5	\$9.5	\$9.5	\$28.6
Available Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$0.0	\$9.5	\$9.5	\$9.5	\$28.6
4.3 Public Sector Integration and Development					
Sub-Program Costs	\$1.6	\$3.2	\$4.8	\$6.4	\$15.9
Institutional strengthening of the Private Sector	\$1.6	\$3.2	\$4.8	\$6.4	\$15.9
Available Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$1.6	\$3.2	\$4.8	\$6.4	\$15.9
4.4 Strengthening Mainstream Financial Services					
Sub-Program Costs	\$3.0	\$3.0	\$3.0	\$3.0	\$12.0
Strengthening Mainstream Financial Services	\$3.0	\$3.0	\$3.0	\$3.0	\$12.0
Available Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$3.0	\$3.0	\$3.0	\$3.0	\$12.0
TOTAL PROGRAM 4 (Agribusiness Enabling Environment)					
Program Costs	\$4.6	\$15.7	\$19.3	\$26.9	\$66.5
Available Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - GOH	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Program Investment Gap	\$4.6	\$15.7	\$19.3	\$26.9	\$66.5

Table A-6: Program 5 (Cross-Cutting Themes) Costs, Available Funds, and Investment Gap by Sub-Program

	Year				TOTAL
	2011	2012	2013	2014	
5.1 Food Security					
Sub-Program Costs	\$33.3	\$32.3	\$33.2	\$34.3	\$133.1
Bono de solidaridad productiva (DICTA existing budget)	\$4.2	\$4.9	\$5.7	\$6.7	\$21.5
Seguridad alimentaria EXTENSA (Dirección Nacional de Desarrollo Rural Sostenible existing budget)	\$0.6	\$0.4	\$0.4	\$0.4	\$1.9
Reducción de perdidas post cosecha (Dirección Nacional de Desarrollo Rural Sostenible existing budget)	\$0.4	\$0.3	\$0.3	\$0.3	\$1.2
Seguridad alimentaria PESA (Dirección Nacional de Desarrollo Rural Sostenible existing budget)	\$4.0	\$2.7	\$2.7	\$2.8	\$12.2
Supplemental Activities/Investments	\$24.1	\$24.1	\$24.1	\$24.1	\$96.2
Available Funds	\$9.2	\$8.3	\$9.1	\$10.3	\$36.9
Available Funds - GOH	\$9.2	\$8.3	\$9.1	\$10.3	\$36.9
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$24.1	\$24.1	\$24.1	\$24.1	\$96.2
5.2 Gender Equality, Youth and Employment Generation					
Sub-Program Costs	\$7.2	\$6.5	\$6.6	\$6.6	\$26.9
Apoyo a los Pequeños Campesinos de Olancho (Dirección Nacional de Desarrollo Rural Sostenible)	\$0.4	\$0.3	\$0.3	\$0.3	\$1.2
Proyecto de generación de empleo (Dirección Nacional de Desarrollo Rural Sostenible)	\$1.9	\$1.2	\$1.3	\$1.3	\$5.7
Supplemental Activities/Investments	\$5.0	\$5.0	\$5.0	\$5.0	\$20.0
Available Funds	\$2.2	\$1.5	\$1.6	\$1.6	\$6.9
Available Funds - GOH	\$2.2	\$1.5	\$1.6	\$1.6	\$6.9
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subprogram Investment Gap	\$5.0	\$5.0	\$5.0	\$5.0	\$20.0
TOTAL PROGRAM 5 (Cross-Cutting Themes)					
Program Costs	\$40.5	\$38.8	\$39.7	\$40.9	\$160.0
Available Funds	\$11.5	\$9.8	\$10.7	\$11.9	\$43.8
Available Funds - GOH	\$11.5	\$9.8	\$10.7	\$11.9	\$36.9
Available Funds - Development Partners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Program Investment Gap	\$29.1	\$29.1	\$29.1	\$29.1	\$116.2

ANNEX B: CURRENT OR PLANNED RELATED PROGRAMS

Programs related to activities provided in this CIP are already being implemented to a limited extent. Future activities are also being determined. Table B-1 provides additional details of the main programs funded from the GOH central budget.

This portfolio totals \$126.8 million in on-going projects, \$33.5 million in approved projects awaiting start-up, \$120.0 million in projects without defined financing and \$21.1 million in other smaller, geographically-focused projects. In broad based terms, the on-going projects are categorized into competitiveness (\$81.6 million), production and productivity (\$27.3 million) and food security (\$18.0 million). Many of these current on-going projects are due to end in 2011 or 2012.

These do not include projects funded through bilateral agreements, NGOs and others.

Table B-1. Actual and Projected Projects, Funded from GOH central budget

Status	Project	Dates	Fund Source	Implementer	Cost (US\$ million)
On-going	PROMECON (Yoro) – rural economic competitiveness	2008-2013	IFAD/BCIE	SAG	\$16.5
On-going	PRONEGOCIOS (Central/Eastern regions)	2009-2012	IDB	DINADERS	\$28.0
On-going	COMRURAL (western regions)	2008-2015	IBRD	SAG	\$30.2
On-going	PATH II – land administration	2010-2013	IBRD	IP	\$3.0
On-going	PACTA	2010-2012	GOH	INA	\$4.0
On-going	PROPALMA African oil palm	2006-2011	BCIE	SEFIN	\$8.0
On-going	Small business development for poor and indigenous populations	2009-2013	WB-IDA	SDP	\$1.5
On-going	Irrigation rehabilitation (Comayagua)	2006-2011	Kuwait	SERNA	\$8.5
On-going	PROLANCHO (small growers, Olancho)	1997-2011	GOH	DINADERS	\$2.3
On-going	Basic grain postharvest	1995-2011	GOH	DINADERS	\$1.7
On-going	Maintenance of watersheds	1992-2011	GOH	SANAA	\$5.3
On-going	PESA (food security)	2008-2012	Spain	DINADERS	\$10.5
On-going	EXTENSA (food security)	2009-2011	Buffet Foundation	DINADERS	\$7.5
Approved	ENPRENDESUR (Southern regions)	2011-2016	IFAD, OPEC, BCIE	SAG	\$33.5
No finance	Irrigation - Nacaome		Italy	SAG	\$30.9
No finance	Irrigation – Jesus de Otoro		-	SAG	\$24.7
No finance	Irrigation - Oloman		-	SAG	\$10.2
No finance	Agribusiness development – Yarula & Santa Elena		-	SAG	\$8.5
No finance	Irrigation – Erandique, Lempira		-	SAG	\$3.3
No finance	Irrigation – Corquin, Copán		-	SAG	\$7.9
No finance	Basic grain storage		-	IHMA	\$4.7
No finance	Agricultural development – Jamastran, Santa Barbara		Taiwan	SAG	\$29.8

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Honduras Agriculture Sector Country Investment Plan

2011-2014