



# HISTORIC IMPACT CAPITALISATION OF SDC'S BILATERAL COOPERATION IN LATIN AMERICA AND THE CARIBBEAN

## HONDURAS

### DEEP-DIVE REPORT | SECTOR ECONOMIC DEVELOPMENT

PREPARED BY: JAN PROTHMANN & SERGIO RAMIREZ

**PRESENTED TO**

FEDERAL DEPARTMENT OF FOREIGN AFFAIRS FDFA  
SWISS AGENCY FOR DEVELOPMENT AND COOPERATION SDC  
ASIA AND LATIN AMERICA AND THE CARIBBEAN DIVISION  
FREIBURGSTRASSE 130  
3003 BERN

**JULY 2023**

**Your contact person**  
within GFA Consulting Group GmbH is  
Nadia Kovalcikova

## Historic Impact Capitalisation of SDC's bilateral cooperation in Latin America and the Caribbean

### **Honduras**

#### **A d d r e s s**

GFA Consulting Group GmbH  
Eulenkrugstraße 82  
22359 Hamburg  
Germany

Phone      +49 40 6 03 06 – 117  
Fax         +49 40 6 03 06 – 199  
E-Mail      nadia.kovalcikova@gfa-group.de

## TABLE OF CONTENTS

<b>1 INTRODUCTION .....</b>	<b>1</b>
<b>2 METHODOLOGY OF THE DEEP-DIVE .....</b>	<b>2</b>
<b>3 OVERVIEW OF SDC'S COOPERATION WITH HONDURAS IN THE FIELD OF ECONOMIC DEVELOPMENT SINCE 2000 .....</b>	<b>3</b>
3.1 SUMMARY OF RELEVANT SDC PROJECT IN THE SECTOR .....	3
3.2 STAKEHOLDER MAPPING .....	6
3.3 THEMATIC THEORY OF CHANGE & HISTORIC POLITICAL TIMELINE .....	6
<b>4 PRESENTATION OF RESULTS .....</b>	<b>10</b>
4.1 MAIN ACHIEVEMENTS OF SDC'S COOPERATION WITH HONDURAS IN THE FIELD OF ECONOMIC DEVELOPMENT .....	10
4.1.1 RELEVANCE .....	10
4.1.2 COHERENCE .....	11
4.1.3 EFFECTIVENESS .....	12
4.1.4 IMPACT .....	15
4.1.5 SUSTAINABILITY .....	17
4.2 MAIN LESSONS LEARNED .....	20
4.2.1 SECTORAL LESSONS LEARNED .....	21
4.2.2 INSTITUTIONAL LESSONS LEARNED .....	23
<b>5 RECOMMENDATIONS AND CONCLUSIONS .....</b>	<b>26</b>
<b>ANNEX 1: LIST OF INTERVIEWEES .....</b>	<b>27</b>
<b>ANNEX 2: BIBLIOGRAPHY .....</b>	<b>29</b>
<b>ANNEX 3: EVALUATION &amp; CAPITALIZATION MATRIX .....</b>	<b>31</b>

## LIST OF FIGURES

Figure 1: Main stakeholders .....	6
Figure 2: Historical political timeline   Economic Development in Honduras .....	8
Figure 3: Thematic Theory of Change   Economic Development in Honduras   last 20 years .....	9

## LIST OF TABLES

Table 1: Deep-dive Honduras   Basic data .....	1
Table 2: Information of projects not included in the deep-dive .....	3
Table 3: List of projects in the thematic field .....	4

## LIST OF ACRONYMS

<b>CAFTA-DR</b>	Dominican Republic-Central America Free Trade Agreement
<b>CANATURH</b>	National Chamber of Tourism of Honduras <i>Cámara Nacional de Turismo de Honduras</i>
<b>CCIS</b>	Southern Chamber of Commerce and Industry <i>Cámara de Comercio e Industrias del Sur</i>
<b>CURC</b>	Centro Universitario Regional del Centro
<b>ICF</b>	Forest Conservation Institute <i>Instituto Nacional de Conservación Forestal</i>
<b>CHH</b>	Chocolats Halba
<b>CHICO</b>	Honduran Chamber of the Construction Industry <i>Cámara Hondureña de la Industria de la Construcción</i>
<b>CONEANFO</b>	National Commission for the Development of Alternative Non-Formal Education <i>Comisión Nacional Para el Desarrollo de la Educación Alternativa No Formal</i>
<b>DICTA</b>	Directorate of Agricultural Science and Technology <i>Dirección de Ciencia y Tecnología Agropecuaria</i>
<b>DIGEPESCA</b>	General Directorate of Fisheries and Aquaculture <i>Dirección General de Pesca y Acuicultura</i>
<b>FHIA</b>	Honduran Agricultural Research Foundation <i>Fundación Hondureña de Investigación Agrícola</i>
<b>FTA</b>	Free trade agreement
<b>IEG</b>	Independent Evaluation Group (World Bank)
<b>IMF</b>	International Monetary Fund
<b>INA</b>	National Agrarian Institute <i>Instituto Nacional Agrario</i>
<b>INFOP</b>	Vocational Training Institute <i>Instituto de Formación Profesional</i>
<b>LED</b>	Local Economic Development
<b>MASTA</b>	Organización Miskitía Asla Takanka
<b>MDBA</b>	Market-based development approaches
<b>MiAmbiente</b>	Secretaría de Recursos Naturales y Ambiente
<b>MIMAT</b>	Mairin Indian Miskitu Asla Takanka
<b>MSME</b>	Micro, small and medium-sized enterprises
<b>RRMS</b>	Southern Regional Women's Network <i>Red Regional de Mujeres del Sur</i>
<b>SAG</b>	Secretariat of Agriculture and Livestock of Honduras <i>Secretaría de Agricultura y Ganadería de Honduras</i>
<b>SEPLAN</b>	Planning and External Cooperation Secretariat <i>Secretaría de Planificación y Cooperación Externa</i>
<b>SME</b>	Small and medium enterprises
<b>ToC</b>	Theory of Change
<b>TVET</b>	Technical, vocational and educational training
<b>UNA</b>	National Agricultural University (UNA)
<b>UTH</b>	Technical University of Honduras

	<i>Universidad Tecnológica de Honduras</i>
<b>UTPR</b>	Regional Permanent Technical Unit <i>Unidad Técnica Permanente Regional</i>
<b>VCD</b>	Value chain development
<b>WTO</b>	World Trade Organization

# 1 INTRODUCTION

The Historic Impact Capitalisation (HIC) project is embedded in a comprehensive **institutional knowledge management initiative** accompanying the gradual phasing out of the bilateral cooperation activities of the Swiss Agency for Development and Cooperation (SDC) from Latin America and the Caribbean (LAC) until 2024. The HIC project has three main components: 1) a meta-analysis covering Nicaragua, Honduras, El Salvador, Peru, Bolivia, Ecuador, Cuba and Haiti, 2) five **sectoral/thematic deep-dives** in Nicaragua, Honduras, Bolivia, Cuba and Haiti, and based on that, 3) the development of communication material showcasing the key results and lessons learned identified in the framework of the project.

In line with SDC's HIC Approach Paper, the **deep-dives** serve to analyse SDC's engagement in selected sectors in the current five priority countries along the OECD DAC evaluation criteria (all except for efficiency) and to identify relevant **sectoral and institutional lessons learned**. The analysis focuses on the **last two decades** in order to ensure continued relevancy and data availability. The deep-dives build on the results of the preceding meta-analysis. Although the deep-dives have a specific thematic focus, it is expected that further overall insights on SDC's engagement will be gained, which will then be taken up in the final summary meta-analysis and capitalisation report. It must be stressed that **the deep-dives are not an evaluation**; rather, they are a reflection on information received from the concerned actors in the field, triangulated with literature review.

**In Honduras**, the sectoral deep-dive focused on **“Economic Development”**, as decided by SDC Bern and the SDC country office in Honduras, given SDC's strategic engagement in this sector for more than 20 years. The table below provides the basic data of the deep-dive's in-country mission.

**Table 1: Deep-dive Honduras | Basic data**

GFA TEAM	MISSION DATES	PROJECTS INCLUDED IN THE DEEP-DIVE	SOURCES
Jan Prothmann Sergio Ramirez	12th – 24th March 2023	(1) Inclusive Economic Development Program Territorial Region 13 Gulf of Fonseca (DEIT Sur) (2) Territorial Inclusive Economic Development in the Mosquitia region (PRAWANKA) (3) Cocoa value chain (ProCacaho) (4) Vocational training for young people at risk of exclusion (ProJoven) (5) Local Economic Development in the Gulf of Fonseca Region (SURCOMPITE) (6) Micro, Small and Medium Enterprise Development in Rural Areas (PYMERURAL) (7) Rural Competitiveness Project (COMRURAL)	33 interviews (including 2 focus group discussions)  60+ documents reviewed (including ProDocs, interim and final reports, technical reports, internal and external evaluations, etc.)

## 2 METHODOLOGY OF THE DEEP-DIVE

In the context of **deep-dive planning**, already at the beginning of the meta-analysis phase, SDC together with the HIC team examined whether the deep-dive sectors initially selected in the approach paper were still reasonable, or whether they had to be adapted in order to guarantee current and future relevance of the topics for SDC. In the case of **Honduras**, the deep-dive topic was changed by SDC from the initially foreseen “Water Governance” to “Economic Development”. Based on the sector selection, and in consultation with the SDC country office, the projects to be included in the deep-dive were selected, and interviews were arranged with government representatives, development partners, private sector, civil society organisations, implementers and beneficiary groups. A joined kick-off meeting with SDC Bern, SDC country office, SDC technical focal point and the HIC Team was organized.

During **deep-dive implementation**, the relevant (project) literature was analysed, and structured, semi-structured or open interviews with implementing and partner institutions, beneficiaries, independent experts and other stakeholders were undertaken, in addition to focus group discussions, workshops and debriefing sessions. Some of the deep-dive interviews were conducted as online interviews before or after the field trip. The major part was, however, carried out as in-person interviews in the countries. For those projects that were still ongoing, selected project visits were organized.

As was the case in the meta-analysis, the HIC Team used an **evaluation and capitalisation matrix** including guiding questions (categorized by the OECD DAC criteria plus lessons learned), assessment criteria, and methods of data collection and data sources. All collected data including relevant documents, interview protocols etc. were analysed applying elements of **qualitative content analysis**, a method for deductive systematic text analysis. The coding of the text material was done using the software MAXQDA.

Based on the literature review and interviews a **thematic theory of change** and **historic political timeline** was per country and sector was developed, showing the assumed impact logic and important political framework conditions. On the basis of the models, elements of **contribution analysis** were applied, meaning that through the collection of empirical evidence it was sought to gauge whether and to what extent contributions to observed changes can be attributed to SDC’s engagement in the respective sector.

### 3 OVERVIEW OF SDC'S COOPERATION WITH HONDURAS IN THE FIELD OF ECONOMIC DEVELOPMENT SINCE 2000

#### 3.1 SUMMARY OF RELEVANT SDC PROJECT IN THE SECTOR

The below table provides the basic information of the **projects that were included in the deep-dive**. As indicated above, the selection was made jointly by the SDC Country Office and the HIC Team, based on the projects' proximity to the sector "Economic Development".

In theory, additional projects could have been included in the selection, but for various reasons did not make the final cut, as the below table shows.

**Table 2: Information of projects not included in the deep-dive**

PROJECT	OBJECTIVE	REASON FOR EXCLUSION
Government-Private Sector Network ( <b>GPN</b> )	To develop and implement a Regional Pilot GPN for Central America, focused initially on the tourism sector, that will be relevant and available to other regional governmental organizations devoted to regional integration.	GPN was a regional project mainly managed from the Nicaraguan Office.
Promotion of financial services for low-income segments of the population ( <b>PROMIFIN</b> )	Promote the development of finance institutions that satisfy the needs of small businesses and low-income households, especially in rural areas.	PROMIFIN was a regional project mainly managed from the Nicaraguan Office. It focused on improving the capacities of microfinance institutions (MFIs). Given that the productive sector was not directly targeted, it was excluded.
Strengthening Systems to Combat Corruption and Impunity in Central America	To contribute to strengthening the capacities of national public institutions and civil society for combating corruption and impunity in the Northern Triangle of Central America.	This was a regional project focused on strengthening public prosecutors and civil society organizations. While corruption is evidently linked to "Economic Development", the nature of this project is too far away from the productive sector.

While it is true that projects such as "*Rural Competitiveness Project*" (COMRURAL) and "*Local Economic Development in the Gulf of Fonseca Region*" (SURCOMPITE) were only co-financed by SDC, rather than SDC being the sole project owner, these projects are included in this deep-dive given their immediate thematic relevance, SDC's overall influence even as "*Junior Partner*", as well as the possibly interesting modality reflection they can lead to.



Table 3: List of projects in the thematic field

PROJECT TITLE	PERIOD	BUDGET SDC	IMPLEMENTER	MAIN PARTNERS (SELECTION)	GEOGRAPHICAL FOCUS
Inclusive Territorial Economic Development Program Region 13 Gulf of Fonseca (DEIT Sur)	Phase 1: 08/2017 – 07/2022 Extension: 08/2022 – 03/2023	CHF 8.35 mio	Ayuda en Accion (Lead), Techno-serve	Private sector: CANATURGF, CCIS, sectoral associations, etc. Public sector: NASMAR, MANBOCAURE, MANORCHO, SAG, etc. Others: UNA, etc.	Gulf of Fonseca region
<b>Objective:</b> Support vulnerable families in Region 13 Gulf of Fonseca participate in sustainable livestock, cashew nut and ecotourism value chains to increase their income, obtain employment based on the enjoyment of their economic, social and cultural rights, and reduce the impact on the environment					
Inclusive territorial economic development in the Mosquitia region of the department of Gracias a Dios (PRAWANKA)	Phase 1: 03/2016 – 08/2021 Phase 2: 08/2021 – 06/2024	Phase 1: CHF 7.2 mio Phase 2: CHF 4.6 mio	Phase 1: Ayuda en Acción, LWR, Act Alliance Phase 2: Ayuda en Acción, Act Alliance	Indigenous organizations: MASTA, CIT, MIMAT, etc. Private sector: Chocolats Halba, Maruko, etc. Public sector: SAG, DIGEPESCA, Mayor's offices, Gobernación, etc.	Department Gracias a Dios / Mosquitia
<b>Objective:</b> Support the indigenous peoples of 6 territories of La Mosquitia to strengthen their resilient productive, organizational and entrepreneurial capacities that reinforce food security and the generation of employment and income, in harmony with good living.					
Cocoa Value Chain (PROCACAOH)	Phase 1: 05/2013 – 01/2018 Phase 2: 01/2018 – 06/2024	Phase 1: CHF 5.9 mio Phase 2: CHF 7.1 mio	Phase 1: FUNDER, FHIA, APROCACAOH Phase 2: FUNDER, FENAPROCACAOH, CCH	Private sector: Chocolats Halba, Cocoa cooperatives, etc. Public sector: SAG, ICF, INA, etc.	Departments of Cortes, Santa Bárbara, Atlántida, Yoro, Comayagua, Colón
<b>Objective phase 1:</b> To contribute to the reduction of poverty among the rural population and the strengthening of food security through the sustainable production of quality cocoa. <b>Objective phase 2:</b> To sustainably improve family incomes and generate employment along the different levels of the cocoa value chain.					
Vocational training for young people at risk of exclusion (PROJOVEN)	Phase 1: 10/2013 – 12/2017 Phase 2: 01/2018 – 02/2023	Phase 1: CHF 5.8 mio Phase 2: CHF 7.2 mio	Swisscontact	Private sector: CHICO, CANATURH, TVET operators, etc. Public sector: INFOP, CONEANFO, Mayor's Offices, etc. Others: NGOs, etc.	Central District and the Gulf of Fonseca and Mosquitia / Atlantic regions
<b>Objective Phase 1:</b> Facilitate the insertion into the labour market and self-employment and generate income opportunities for young men and women at risk of social exclusion <b>Objective Phase 2:</b> Contributes to the socio-economic insertion of young people at risk, improving their living conditions and strengthening the vocational training/labour insertion system					
Micro, Small and Medium Enterprise Development in Rural Areas (PYMERURAL)	Phase 1: 09/2008 – 12/2012 Phase 2: 05/2013 – 08/2015	Phase 1: CHF 5.0 mio Phase 2: CHF 3.3 mio	Swisscontact	Private sector: Banks, SMEs Public sector: SAG, CANATURH, Mayor's Offices, IHT, DIGEPESCA, etc. Others: UTH, UNAH, CURC, etc.	Departments of Choluteca, Comayagua, El Paraiso and partly nationwide
<b>Objective:</b> Contribute to employment and income generation for poor men and women in Honduras and Nicaragua by ensuring sustainability of MSMEs in food and non-food agroindustrial chains and rural tourism clusters in selected sectors and regions in Honduras and Nicaragua.					

PROJECT TITLE	PERIOD	BUDGET SDC	IMPLEMENTER	MAIN PARTNERS (SELECTION)	GEOGRAPHICAL FOCUS
Local Economic Development in the Gulf of Fonseca Region ( <b>SURCOMPITE</b> )	Phase 1: 11/2013 – 12/2016 Phase 2: 01/2017 – 06/2021	Phase 1: CHF 3.1 Mio Phase 2: CHF 1.5 Mio	Phase 1: Swisscontact Phase 2: Funder	Private sector: CCIS, financial intermediaries, etc. Public sector: SEPLAN, SAG, NASMAR, Mayor's Offices etc. Others: Regional Development Council of the Gulf of Fonseca Region, etc.	Gulf of Fonseca region
SDC co-financing to BID project	<b>Objective:</b> The project aims at promoting inclusive economic development in the Gulf of Fonseca Region through promoting local economic development in the environmentally vulnerable Gulf of Fonseca Region and generating income and employment along selected value chains in a pro-poor manner involving small producers and businesses.				
Rural Competitiveness Project ( <b>COMRURAL</b> )	Phase 1: 09/2007 – 11/2015  Still ongoing in its 3rd phase, but without SDC financing	Phase 1: CHF 4 mio	SAG / INVEST-H	Private sector: 38 services providers, banks, etc. Public sector: SAG, Ministry of Finance, etc.	Nationwide except Olancho and Yoro
SDC co-financing to World Bank project	<b>Objective:</b> Contribute to increased productivity and competitiveness among organized rural small-scale producers through their participation in productive alliances (and as of 2017: to enable the Government to respond promptly and effectively to an eligible emergency).				

### 3.2 STAKEHOLDER MAPPING

Over the past two decades, SDC projects have been engaging a **considerable range of stakeholders** in the sector “Economic Development” in Honduras. The below figure provides a very abbreviated and condensed snapshot of them. It can be noted that no fundamental change regarding the type of stakeholder occurred in the past two decades.

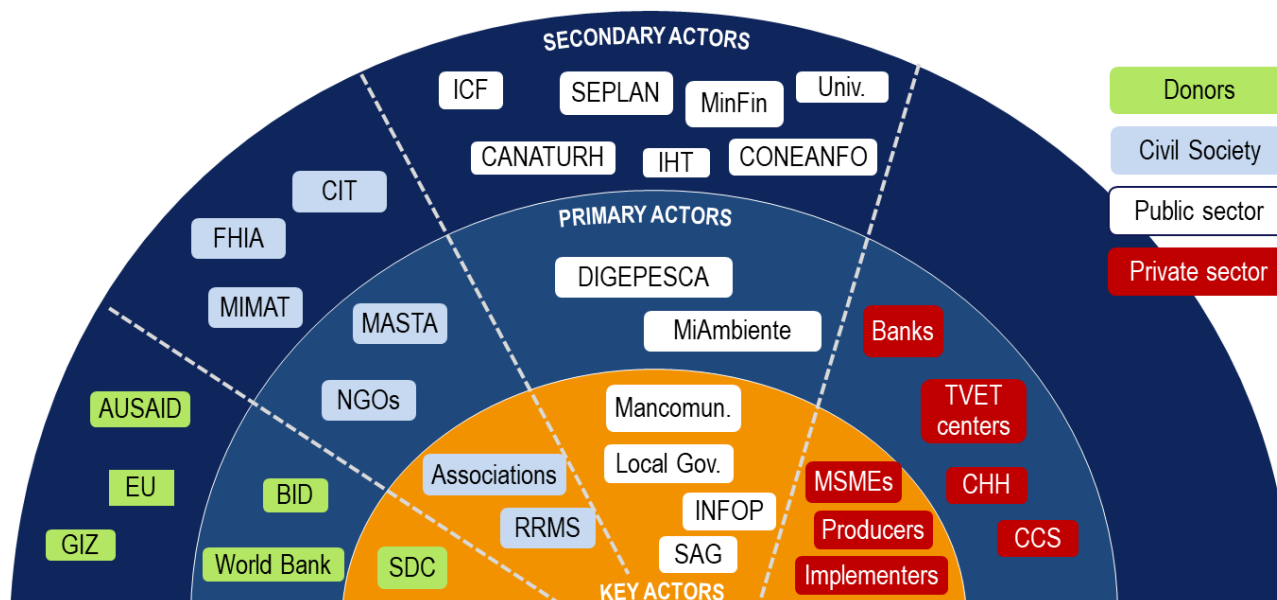


Figure 1: Main stakeholders

The **project partners and their role** did not noticeably change over time. Honduran national public sector institutions, local governments, private sector actors, non-state partners, foundations and associations were involved in all of the projects from the start, albeit to varying degrees. In some projects, e.g. COMRURAL and PROJOVEN, the number of implementing partners was 50+.

With regards to **implementing organizations**, only in one case was this a national government institutions (SAG in COMRURAL). In all other cases, implementers were (well known) private sector actors, NGOs or foundations such as Swisscontact, FUNDER, Ayuda en Acción, Tecnoserve, etc.

In general, the **target group** in this sector, according to the project documents, were (young) men and women, micro, small and medium-sized enterprises (MSMEs), small scale producers, household economic units or extended families, usually in rural areas. Over time, the selection criteria became ever more pronounced so as to explicitly include social and economic vulnerability. Whereas the target group selection in e.g. COMRURAL followed a strict competitive process in 2007 and subsequent years, this notion of competitiveness was not the case in subsequent projects.

### 3.3 THEMATIC THEORY OF CHANGE & HISTORIC POLITICAL TIMELINE

The below historical political timeline (Figure 2) presents a selection of **context factors** that have been relevant to the sector “Economic Development” in Honduras over the past 20 years. It also indicates the implementation periods of the SDC projects included in this deep-dive, and show the key objectives for the sector, the main partners and target group as indicated in the respective SDC’s Regional Strategy for Central America. Adding to this, the below narrative provides further contextualization.

Honduras has been a member of the WTO since 1995. Its **economy is considered to be relatively open**, though there has been some decline in the degree of openness since the world economic crisis of

2008/09. According to the [2023 Index of Economic Freedom](https://www.heritage.org/index/country/honduras)<sup>1</sup>, the country ranks 94th worldwide with regards to economic freedom; this rank has not noticeably changed since 1995.

Honduras continues to be **one of the poorest and most unequal countries** in the Western hemisphere. According to the latest [UNDP Human Development Index](https://hdr.undp.org/data-center/country-insights#/ranks)<sup>2</sup>, Honduras score in 2021 was 0.621, with a rank of 137 worldwide, which has remained almost unchanged throughout the last two decades (0.556 in 2000). Inequality in the country is structural and impacts on every area of society. Honduras's [Gini index](https://data.worldbank.org/indicator/SI.POV.GINI?name_desc=false)<sup>3</sup> was 48.2 in 2019, the fourth worst in the region. The overall loss in HDI due to inequality was 25.6%, only ahead of Guatemala (27.5%) and Haiti (40.6%) among Latin American and the Caribbean countries.

The country continues to face **obstacles in developing a market economy** that works for the majority of its citizens. The above mentioned inequality is stark, and endemic corruption (in 2022 rank 157 out of 180, according to [Transparency International](https://www.transparency.org/en/countries/honduras)<sup>4</sup>) led and leads to market distortions and the development of criminal structures, which straddle the economic and political spheres. While this problem has been recognized, recent moves by the political elite have made corruption harder to punish and mean that further market distortions are almost certain to follow. Critical observers suggest that given the intricate connections between parts of the state and the criminal underworld, policies to increase the effectiveness of the state are as half-hearted as they are ineffective. Furthermore, the critics would say, its one consistent priority has been the consolidation of power, and the preservation of the political and economic status quo. Politically, this lack of state capacity has been very skilfully used for years by the political elite to justify the centralization of power. These factors have a direct impact on the sector "economic development", not only in terms of general efficiency losses, but also concretely with regard to access to land, credit and markets.

**Competition policy** in Honduras follows a familiar pattern, which is visible in virtually all areas of regulatory policy. On paper, the country has a relatively well-defined framework, which would allow for fair economic competition. However, in practice, the country suffers from poor enforcement due to a mixture of structural bureaucratic and administrative weaknesses, corruption, and a lack of political will.

Honduras' **main export market** continues to be the United States, which accounted for 54% of the Honduran exports and 38% of its imports in 2019. Honduras's main exports are textiles, which represented 40% of total exports in 2019, and agricultural products, which represented a 21% share in 2019. Its imports are more evenly spread, with machinery and equipment representing 16%, closely followed by textiles (15%), and mineral (12%) and chemical products (11%). Honduras continues to pursue trade liberalization, having signed the Dominican Republic-Central America FTA (CAFTA-DR) in 2006, as well as trade agreements with the European Union in 2012 and a separate agreement with the United Kingdom in January 2021.

The **economic crisis** brought on by the **COVID-19 pandemic** has made the task of maintaining monetary stability harder for the government, which declared the maintenance of monetary and fiscal stability its overriding policy goal as a way of attracting external investment. As part of this exercise, the government entered into an agreement with the International Monetary Fund (IMF) in 2019 that required further structural reforms of the economy and the public sector. According to the IMF, the government is pursuing these reforms within the agreed timescales.

The general level of **insecurity** and **high levels of violence** are a severe problem for Honduras' economic development. While the country's homicide rate has declined considerably from its peak in 2014, it still remains above 40 homicides per 100,000 people, according to [InSight Crime](https://insightcrime.org/tag/honduras/)<sup>5</sup>. According to the World Bank and several risk consultancies, this deters foreign investment. Although drug trafficking and gang activity, which includes local micro-trafficking of narcotics and extortion, are the main causes of

<sup>1</sup> <https://www.heritage.org/index/country/honduras>

<sup>2</sup> <https://hdr.undp.org/data-center/country-insights#/ranks>

<sup>3</sup> [https://data.worldbank.org/indicator/SI.POV.GINI?name\\_desc=false](https://data.worldbank.org/indicator/SI.POV.GINI?name_desc=false)

<sup>4</sup> <https://www.transparency.org/en/countries/honduras>

<sup>5</sup> <https://insightcrime.org/tag/honduras/>

violent crime in Honduras, a combination of socio-economic and governance conditions have enabled and amplified the impact of this violence. Risk factors, such as deep social inequalities, lack of opportunities, and lack of access to quality services, as well as, the lack of protective factors at multiple levels in society contribute to the prevalence of violence in Honduran society.

**Emigration** from Honduras has been driven by various factors for many years, including poverty, unemployment, violence, and political instability. Many Hondurans have migrated to the United States, both legally and illegally, in search of work and better living conditions. In recent years, the country has also seen an increase in migration to other countries in the region, such as Mexico and Costa Rica. Migration remains a complex and pressing issue in Honduras, with significant impacts on the country's social, economic, and political development.

**Remittances** to Honduras have been an important source of income for the country's economy over the period of 2000 to 2023. According to the World Bank, remittances to Honduras increased significantly during this period, from approximately \$1.2 billion in 2000 to \$5.7 billion in 2020. In fact, in recent years, remittances have become the largest source of foreign currency earnings for Honduras, surpassing exports of goods and services.

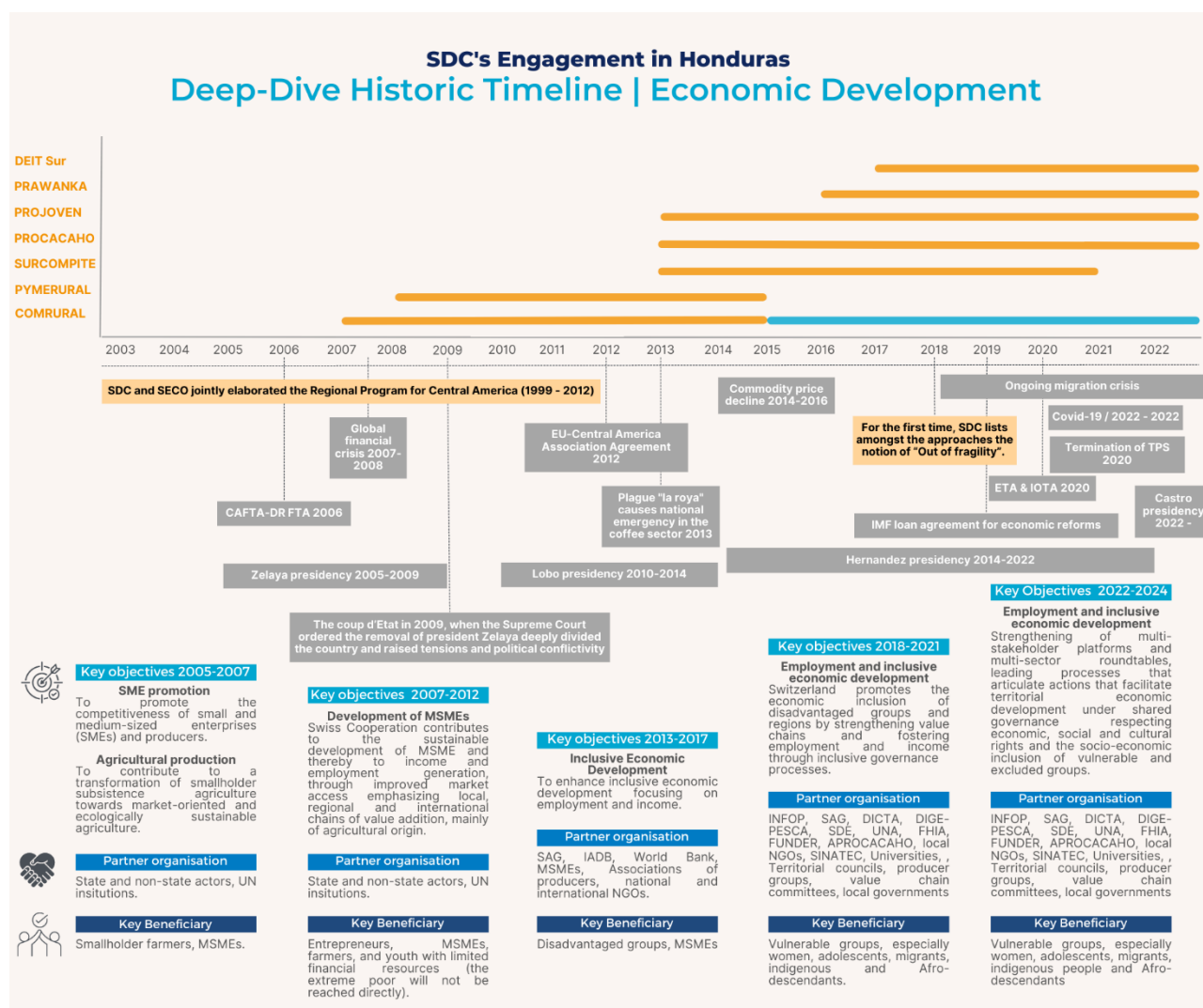


Figure 2: Historical political timeline | Economic Development in Honduras

The **Thematic Theory of Change (ToC)** for SDC's engagement in the sector "*Economic Development*" in Honduras is shown in Figure 3. It is based on the respective intervention logics of the projects included in the deep-dive. The logical frameworks were first extracted individually with the aim to then identify commonalities and build coherent clusters of outputs, outcomes and impacts. In the HIC Team's opinion, the projects' internal logic was coherent enough to permit clustering without having to worry about losing essential particularities. The above suggests that, at least in terms of wording at logical framework level, SDC's activities in the sector have been quite stable over time.

The only project that has elements that are in parts diverting from the "general logic" is PRAWANKA. Those parts that are particular to this project, namely the aspect of food security, are therefore visually differentiated from the rest.

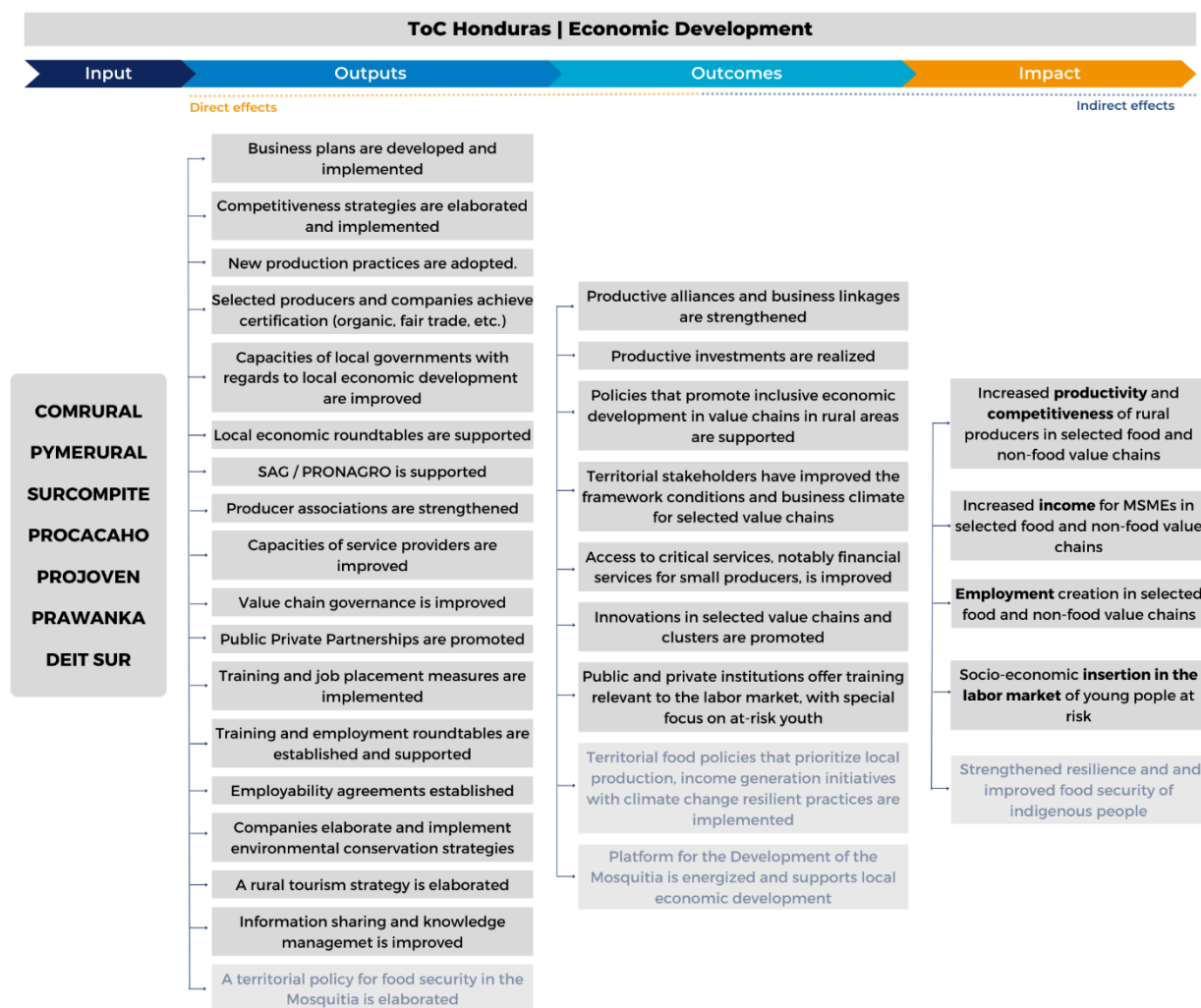


Figure 3: Thematic Theory of Change | Economic Development in Honduras | last 20 years



## 4 PRESENTATION OF RESULTS

### 4.1 MAIN ACHIEVEMENTS OF SDC'S COOPERATION WITH HONDURAS IN THE FIELD OF ECONOMIC DEVELOPMENT

#### 4.1.1 RELEVANCE

Interview partners, project documents and (external) evaluations confirm that SDC's engagement in the sector "*Economic Development*" in Honduras **was and still is relevant**. The projects' objectives and design responded to beneficiaries', partners' and country's needs, policies, and priorities, and continued to do so when circumstances changed. Selected Honduran strategies relevant over the respective time period include the following:

- **Política de Estado para el Sector Agroalimentario y el Medio Rural de Honduras 2004-2021** with the overall goal to a) achieve the transformation of the agrifood sector, in order to significantly increase its contribution to economic growth, raising its competitiveness and its capacity to successfully insert itself into the international economy and to competitively supply the domestic market, through a sustainable use of resources, and b) contribute to reducing the poverty in which a large part of the rural population lives and provide food security to the country.
- **Visión de País 2010–2038 y Plan de Nación 2010-2022 de Honduras** with objective 1 a Honduras without extreme poverty [...], objective 3 a productive Honduras that generates opportunities and decent employment [...] and strategic guidelines including "Competitiveness, Country Image and Development of Productive Sectors".
- **Estrategia Nacional de Competitividad 2012-2022** with the objective to facilitate the necessary conditions to achieve accelerated, sustainable and equitable economic growth, which translates into social welfare for all regions of the country.

The projects selected for this deep-dive furthermore are in line with overall Swiss development cooperation priorities in Honduras as specified in SDC'S Regional Strategies (see also the historical timeline in Figure 3 above). The sector has been catered to by the Swiss Cooperation in one form or another for more than 20 years, be it through the explicit focus on business promotion and TVET (Multiannual Regional Program Central America 1993-1998), MSME promotion and development (Regional Program Central America 1999-2012), or inclusive economic development focusing on employment and income for disadvantaged groups (Swiss Cooperation Strategy for Central America 2013-2024). The importance of "*inclusive governance processes*" was explicitly added to the contextualization of the strategic focus area "*Economic Development*" as of 2018 (while it had of course already been a cross-cutting issue for many year in SDC's programming). The focus areas were always convincingly linked to the overall development goal of poverty reduction and sustainable and equitable development. Selected project examples include the following (see also Table 3 above):

- Vocational training for young people at risk of exclusion (**PROJOVEN**): In its first phase, the project worked on the components 1) Improve the quality and coverage of the offer and the linkage with the labour market of the "Talleres Populares" and other similar efforts aimed at at-risk youth and 2) Increasing the (double) relevance of the offer of vocational training centres, both for at-risk youth as well as for two dynamic economic sectors (tourism and construction).
- Cocoa Value Chain (**PROCACAO**): In its second phase, the project was structured in the components 1) The actors in the cocoa chain promote changes in the political economy, business climate, regulatory framework conditions and facilitate inclusive public-private investments, while respecting the chain's governance system and 2) Cocoa companies in the departments of Cortes, Santa Bárbara, Atlántida, Yoro and Colón integrate young people into the workforce, improve their competitive capacities, respect ILO Convention 169, protect the environment and respect the economic, social and cultural rights of their employees and partners.

One interview partner argued that in **DEIT Sur** the livestock value chain should not have been part of the supported value chains because there was no cohesion in this chain and the institutional organization did not bring together the most vulnerable families. Fruit and tourism had more potential from the start (and were therefore more pertinent), according to the interviewee.

It is noteworthy that the Swiss Cooperation's Regional Programs for the periods 1999-2005 and 2007-2012 were elaborated jointly between SDC and SECO. It seems reasonable to assume that this impacted program design with regards to the topics business environment, access to financing, integration in value chains, market-oriented skills, etc., as these are topics traditionally more associated with SECO's business lines.

**In summary, according to the HIC Team:** The objectives and design of SDC-Honduras' interventions in the area of *"Economic Development"* over the past 20 years have responded to the needs, policies and priorities of beneficiaries, partners and Honduran institutions, and have continued to do so when circumstances have changed over time.

#### 4.1.2 COHERENCE

Interview partners, project documents and (external) evaluations confirm that the compatibility of SDC's engagement in the sector *"Economic Development"* with other interventions in the same sector in Honduras showed and still **shows strong coherence**.

Selected examples from the available **(external) evaluations** include the following:

- Inclusive territorial economic development in the Mosquitia region of the department of Gracias a Dios (**PRAWANKA**): *"The alliances established by the program with multiple organizations consisted of coordinating training and technical assistance efforts for the target groups (Empoderat: strengthened the management and conflict management capacity of Mimat leaders; Projovent/In-fop contributed to the training of indigenous youth in the implementation of new fishery products ; and the Regional Coastal Biodiversity Project in the training of young scientists) and institutional support, as identified in the roles of actors."*
- Cocoa Value Chain (**PROCACAO**): *"The high level of internal and external coherence is reinforced in the program by its strategic governance component, which supports the articulation of public and private actors at the country and Central American regional levels, being the best scenario for building coherence between the sector's demands and public policies, knowledge management for lessons learned for all actors in the chain and international cooperation, and a space for reinforcing the articulation of actors in joint businesses."*
- Inclusive Territorial Economic Development Program Region 13 Gulf of Fonseca (**DEIT Sur**): *"The Program has generated spaces and actions of complementarity and coordination with other SDC projects and other donor projects such as "Oportunidades Rurales" of the Canadian Cooperation, with which there are many similarities in terms of objectives and results."*

Project documents (interim & final reports, technical reports, etc.) also confirm the synergies and inter-linkages with other SDC projects, as well as harmonisation and co-ordination efforts with interventions carried out by other donors, adding value and avoiding duplications. **PYMERURAL**, for instance, is said to have liaised with missions of project formulation teams for interventions such as COMRURAL, PROMECOM and PRONEGOCIOS in Honduras and PROCAVAL in Nicaragua. **COMRURAL** reports likewise mention that the project had initiated alliances with various initiatives supported by PYMERURAL, such as market information systems, technical information mechanisms via SMS and others. **PROCACAO** is linked to the National Agrifood Program (PRONAGRO) of Honduras, an agency of the Ministry of Agriculture and Livestock, which is responsible, amongst others, for organizing public and private actors in the different links of the value chain, as well as the regulatory framework for agrifood and value chains.

Based on interviews with the implementers and project teams of the ongoing projects in situ, it can be ascertained that they are all fully aware of predecessor projects, both financed by SDC and others, and



ongoing interventions that bear synergy potentials with their own projects. While fully joint actions are usually difficult to reach due to the respective program-specific programmatic limitations, the interviewees credibly described occasions in which one action by one project fitted neatly to another action by another project, e.g. PRAWANKA and **ProJoven** in the Mosquitia, PRAWANKA and SDC's Seguridad Ciudadana, DEIT Sur and SDC's Gobernanza Hídrica and SDC's Nuestra Cuenca Goascorán in Choluteca, etc.

Interviewees mentioned that only in very rare occasions new structures were created that competed with existing structures, as in the case of FEGASURH (DEIT Sur) and several cocoa companies (PROCACAO) in the same municipality.

The SDC country office is offering various **formats to support internal coherence**, such as the “*Concertación Sur*”, systematic coordination meetings between the SDC office and the project implementing partners, as well as with development partners (e.g. in the Mosquitia), and also takes part in different donor roundtables, for instance in the context of the USAID organized “*Education roundtable*” (relevant for ProJoven). It has to be mentioned, however, that while the “*Concertación Sur*” is regarded by the interviewees (both in the projects and SDC's Country Office) as a coherence-enhancing format *in principle*, it might be the case that recent years have brought rather mixed results in terms of synergies and accrued coherence; the exercise is said to have become somewhat mechanic and over-structured, resulting rather in a burdensome “must-do” than a “let's do”. Also, some criticized that spaces such as the “*Concertación Sur*” did not involve external actors (only SDC program implementers), possibly limiting the diversity of opinions and contributions.

Given the regional (or at least bi-national) nature of some of the projects included in this deep-dive (PYMERURAL, PROCACAO), regional exchanges were part of project implementation.

The HIC Team furthermore believes that the rather long implementation periods (up to 12 years) can be beneficial for above average coherence, given that a) the long duration increases the possibility of various intervention going on at the same time, albeit having started at different times, and b) the long duration possibly offers more time to engage in inter-programatic activities than if the intervention had a shorter timeframe of say 3 years.

**In summary, according to the HIC Team:** It can be said that SDC-Honduras projects in the area of “*Economic Development*” in the last 20 years show an important internal coherence (synergies and interrelationships with other SDC projects) and external coherence (complementarity and coordination with others).

#### 4.1.3 EFFECTIVENESS

With regards to whether SDC's interventions in the sector “*Economic Development*” in Honduras over the past 20 years have achieved their objectives the answer is **not as straightforward** as for the criteria Relevance and Coherence. The available **external evaluations** state the following:

- Rural Competitiveness Project (**COMRURAL**): The review of the implementation completion report by the World Bank-internal Independent Evaluation Group (IEG) reached the conclusion that the “*project piloted an innovative and agile approach in a complex environment and fragile governance framework to substantially achieve the project outcomes of increased productivity and competitiveness*”. As an example, the percentage increase in land productivity by rural producers participating in the project was overachieved (20% target, 23.5% actual), as was the percentage increase in value of gross sales of rural producer organizations, based on implementation of business plan (10% target; 25.5% actual). Interviews conducted by the HIC Team with former COMRURAL project staff and external consultants do not give reason to believe that the initially set targets were too low.
- Inclusive Territorial Economic Development Program Region 13 Gulf of Fonseca (**DEIT Sur**): The independent mid-term evaluation arrives at the conclusion that although actions have been developed that contribute to improving the business climate and competitiveness of some links in the three value chains, the demonstrable achievement of the expected outcome at the time of the

evaluation was low. In relation to the business climate, DEIT Sur has supported the development/updating of strategic instruments of mancomunidades and municipalities, has strengthened some instances to promote competitive development such as UDELs and one-stop shops in some municipalities. However, the evaluation states, the dynamisation of public-private investments and financial mechanisms for credits adapted to inclusive development reports little progress. With regard to improving the competitiveness of value chain actors, support has been provided to companies and producer associations with technical assistance, organizational support, capacity building and productive investments. Yet, it seems unclear whether this had an effect on improving productivity and competitiveness. The external evaluation sees the reasons for the low effectiveness in the following: a) weaknesses in the Program's design; b) a complex territorial organizational context, with weak institutional support, coupled with the lack of a shared vision of inclusive territorial development; c) cyclical events such as the pandemic and climate events; d) limitations on efficiency in execution, due to high staff turnover, as well as a difficult path between the Program's facilitator and implementer roles.

- **Local Economic Development in the Gulf of Fonseca Region (SURCOMPITE):** The external evaluation states that SURCOMPITE *“has contributed to the generation of income and employment in the Gulf of Fonseca region, with aggregate sales directly linked to the project for almost USD 35 million and a total of 5,600 families directly benefiting from the project. [...] In terms of production, the project provided technical and financial assistance to 1,962 hectares of crops, generating 7,878 jobs (2,076 direct and 5,802 indirect) in the different activities.”* It remains unclear to the HIC Team how the *“direct link”* between project intervention and sales or jobs could be shown, as this usually requires substantial econometric analysis.
- **Cocoa Value Chain (PROCACAO):** The external mid-term evaluation from 2022 opines that while most of the planned activities have been carried out and 95% of the budget has been executed, the expected results have not been achieved, especially the increase in production and productivity, which has meant that the expected income has not been generated for the producer families. However, the evaluation also recognizes that there is some evidence of processes in the development of the cocoa value chain in Honduras that are noteworthy and attributable to the support of SDC, e.g. producers' families have achieved additional income from cocoa (which is not yet significant, but is expected to grow), companies and cooperatives collect, process and market larger volumes of cocoa (significant volumes still pending), there is an offer of business development services and some financial services for the chain.
- **Inclusive territorial economic development in the Mosquitia region of the department of Gracias a Dios (PRAWANKA):** The external evaluation of the first phase affirms that PRAWANKA has contributed to income increase and job creation for the indigenous and Garifuna peoples in the Mosquitia (additional income of ~ CHF 490.000 | additional jobs 2,832) from the operation of the fishing, food and cocoa value chains. Evidence for changes in production yields and in the adoption of productive technologies are visible. Based on their beneficiary survey, 41% women and youth state that their economic situation has improved.

Relevant external evaluations for the other projects are not available, in part because some of the projects are still ongoing. Final project reports for ProJoven and PYMERURAL generally affirm good results with regards to goal achievement. In the case of **ProJoven**, 4.831 of the young participants (52% women, 48% men) in vocational training achieved employment in jobs of at least 6 months duration (target for phase 2: 6.000 young participants, achievement 81%). **PYMERURAL** claims to have directly generated 9.529 full-time job equivalents and CHF 7.8 million of additional net income for 10.039 SMEs (of which 24% were led by women) in the horticultural, beekeeping, cattle, coffee, cocoa and tourism value chains, in addition to competitiveness and productivity improvement through the introduction and adoption of new technologies.

While many interviewees (especially the implementers) generally state that the expected results have been achieved (albeit not without difficulties), the report will focus in what follows on the critical responses of interviewees and link this HIC Team reflections.

The interviews often circled around the question whether projects such as PRAWANKA, DEIT Sur and to a certain extent also PROCACAO were (out of necessity) **more focused on working on governance than on private sector development**. The interview partners stressed that, particularly in the Mosquitia region, the level of organization of the actors in any given value chain was between low and non-existent, so any intervention wanting to support production, income and job creation first needed to work on the governance-related basics. Forcibly, considerable time and resources had to be spend on supporting the creation of an organization level of the selected value chains that could possibly have the potential to sustain any meaningful work in the areas of profitability increases. If to this reflection the requirement is added that the target group (the producers) should ideally be *“poor, vulnerable and marginalized”* (which could be translated as *“as far away from structured market operations as possible”*), one may wonder how likely it can be to reach the private sector development-related goals of the projects (i.e. income increase and job creation).

This situation was markedly different in COMRURAL, according to the COMRURAL-related interviews and project documents. On the one hand, the target group was selected on a highly competitive basis, due to the project’s belief that in order to reach the foreseen targets a sufficiently high qualification of the producers needed to be ensured. On the other hand, because of the competitive target group selection process and the focus on business plan development, combined with an explicit and strong involvement of commercial and financial allies right from the start, COMRURAL was in a position to focus a lot less on governance and a lot more on the increased productivity and competitiveness among organized rural small-scale producers through their participation in productive alliances. According to interviewees, this is also mirrored in SURCOMPITE.

To the HIC Team, this poses the question of whether the private sector focus is generally realisable to a higher degree in projects led by development banks, World Bank and BID in the case of COMRURAL and SURCOMPITE, than in projects formulated by SDC. Could it be the case that key words such as *“productivity”* and *“profitability”*, while used both by the development banks and SDC, are more coherently integrated conceptually into development banks approaches (e.g. competitive approach to target group selection, stronger involvement of private sector actors, etc.) than in SDC approaches (nowadays: inclusiveness, shared governance, vulnerable and excluded groups), and therewith lead to improved effectiveness? Or to phrase it differently, are the same words used in both approaches, but with very different connotations? Or yet again another way of phrasing this: could it be the case that development banks are much closer to the business logic (they are banks, after all), than the Swiss Cooperation (which primarily wants to help the poor)?

Another question that was regularly discussed in the interviews was **whether the projects had sufficiently involved private sector actors** (chambers, banks, buyers, etc.) and whether the respective project had **approached the value chain from the right side** (producer’s point of view vs. buyer’s point of view). Those interviewees that were critical towards the results of the projects usually argued that the limited effectiveness was due to an insufficient or even lack of involvement of the private sector. While interview partners across the spectrum agreed that it is crucial to involve and build trust with public institutions (mancomunidades, communities, deconcentrated offices of Ministries, etc.), those that criticised the results were of the opinion that in the end it is not the public institutions that will lead to increased income and more jobs, but rather a functioning value chain in which buyers find the quantity of goods they need at high quality and a competitive price point. If this is not the case, buyers will turn away, and the value chain will not work. Also, to cite one specific example from a PROCACAO interview, while it might be true that *“in 2013 there were 3 chocolate bars in Swiss Supermarkets, now there are 6”*, it was often questioned why Chocolats Halba is the only (major) buyer that was involved in this project.

The HIC Team's opinion on this is in line with the above reflections on *"development bank vs. SDC"*, in the sense that it might be true that on paper the relevant private sector actors were foreseen to be involved in the projects, but the focus during implementation was laid elsewhere (governance). In the effort to combine the two different logics of *"inclusion"* and *"profit"*, SDC has clearly leant towards the *"inclusion"* side. This seems natural against the backdrop of SDC's overall strategy and goal in Honduras, the region and globally. The question then is whether in these potentially non-overlapping magisteria (inclusion vs. profit), the tendency to go for inclusion can lead to the expected effects (which are more often than not formulated in the *"profit"* logic).

One last point that was mentioned a number of times in the interviews: in some cases there was the feeling that the mandated implementers, their expert team and subcontractors were **not really subject matter experts** in their designated fields (DEIT Sur was often mentioned in this context). If that was true then this had of course consequences for the effectiveness of the intervention.

In terms of the approach used in all of the projects included in this deep-dive – it is a **value chain development** (VCD) approach. VCD can be understood as a more recent manifestation of market-based development approaches (MDBA) that have existed since the 1980s, such as non-traditional agricultural exports and SME development. Around the year 2000, VCD started to figure prominently among MDBAs propelled by an accentuated donor focus on poverty reduction in rural and urban settings and the promise of opportunities in international markets created through the advance of free trade agreements. VCD-related concepts and terminology continue to evolve, as reflected, for example, in the growing relevance of *"inclusive business models"* and *"market systems"* in practitioner discussions (also clearly visible in SDC subject matter guides). A basic assumption of VCD programming in the agrifood industry was and still is that large-scale private companies have the means and incentives to support market access opportunities for smallholders, or new employment options. The role of development programming, therefore, was to help identify these opportunities and to support smallholders and SMEs to respond to the demands of largescale buyers. In the HIC Team's opinion, this logic has not been fully adhered to in the SDC's *"Economic Development"* portfolio of the past 20 years in Honduras.

**In summary, according to the HIC Team:** SDC-Honduras projects in the area of *"Economic Development"* over the past 20 years show mixed results in terms of achieving their objectives and outcomes.

#### 4.1.4 IMPACT

As was already the case in the Meta-Analysis of the Historic Impact Capitalisation, the **available information does not lend itself to ascertain much** about SDC's potential impact in Honduras. This also holds for this sectoral deep-dive. This is no surprise, given that impact addresses the ultimate significance and potentially transformative effects of the projects, seeking to identify and measure social, environmental and economic effects that are longer term or broader in scope than those already captured under the effectiveness criterion, and ultimately, pronounce itself on whether an effect on poverty reduction and sustainable and equitable development is discernible. A difficult task if ever there was one.

The available **external evaluation** state the following regarding the (potential) impact of the projects:

- Rural Competitiveness Project (**COMRURAL**): The external evaluation commissioned after the first phase of the project states that *"the evaluation team was unable to find evidence of the pro-poor approach and the principles of social inclusion of women, youth and indigenous people described in COMRURAL documents."* Of course, the project is currently still running in its third phase, so final conclusions are not possible. The review of the implementation completion report by the World Bank-internal Independent Evaluation Group (IEG) states that after the second phase the project provided evidence of promoting poverty reduction and making some tangible contributions in a challenging context.
- Local Economic Development in the Gulf of Fonseca Region (**SURCOMPITE**): The external final evaluation does not explicitly include an impact-level analysis, but rather stops at effectiveness level. Reading between the lines, it could be said that given the very good effectiveness ratings, the assumption of the evaluators would probably be that longer term effects that are broader in



scope than those already captured on results level are likely in the case of SURCOMPITE. However, the report also mentions that due to the rotation of decision-makers in the public administration limited the project contribution to the generation of public policies and therewith reduced impact potential.

- Inclusive territorial economic development in the Mosquitia region of the department of Gracias a Dios (**PRAWANKA**): As is the case for SURCOMPITE, the external evaluation for PRAWANKA does not precisely (or possibly, correctly) address the question of the project's impact, since effectiveness and impact seem to be used equivalently. Closest to impact is probably the evaluators' assertion that the supported "*unidades domésticas familiares*" (domestic family units) generate social benefits, which are essential because of what they represent in the realm of poverty reduction. Based on their survey, 51% of the women / young people consider that they have "*quality of life*".
- Cocoa Value Chain (**PROCACHO**): At the time of the external mid-term evaluation, the impact is rated as unsatisfactory, but shows potential to be significant in the medium term after the program is over. A condition for this, according to the evaluation, is to increase efforts with view to leaving value chain models with larger volume potential, and companies / cooperatives that have the capacity and commitment to consolidate and function as reference points for other actors in the chain. An unexpected negative impact may be the culture of subsidies (that already existed before SDC's support) in the project. The evaluators see a challenge for the remainder of the program to reverse it and recommend that more sustainable alternatives for accessing funds should be sought, more oriented to results and market mechanisms such as payment for results or products. However, the report does not deny the fact that ten years ago the cocoa chain was practically non-existent in Honduras, and stresses PROCACHO's contribution in changing this.

While an external mid-term evaluation for **DEIT Sur** is available, the authors of the evaluation prefer not to venture assertions regarding the potential impact, given the short execution time of the intervention and the impossibility to delimit the attribution of impacts to the specific intervention of the project (without a Baseline, a control group and, etc.).

In the case of **PYMERURAL**, the available project documents (including an ex-post results publication) also seem to speak of effectiveness and impact interchangeably. According to the HIC Team, one (real) unintended impact was, however, that the local institutions, with PYMERURAL's support, were able to leverage additional resources from the European Union, World Vision Honduras (for MSME clusters), the Inter-American Development Bank (in the rosquillas value chain), the Spanish Agency for International Cooperation (in the Workshop School) and the United States Department of Agriculture (in the MSMEs processing vegetables and coffee).

**PROJOVEN** stops explicit reporting at outcome level, according to the available project documentation. However, it is the opinion of the HIC Team that given the sheer number of trained instructors and youth, and the number of youth inserted into the labour market as described under effectiveness, in addition to the self-employed youth, a longer term positive effect of the project's intervention must surely be the case.

The opinion of interviewees was diverse with regards to the project's impact and SDC's impact in general in the sector. In the case of PROCACHO, one interview partner ascertained that "*ya no hay productores de cacao que vivan con USD 1.25 diarios*" (there are no more cocoa producers living on USD 1.25 a day). In DEIT Sur, some interviewees opined that the **gender dimension** is now even incorporated to some extent in the livestock value chain (admittedly not only due to project work, but also because migration-related labour shortage). Other DEIT Sur interviewees suggested that the project-supported sustainability strategy for the Southern Women's Network helped to put the network in a position where they can sell advisory services to organizations and companies. With regards to PROJOVEN, interview partners generally concur in that the project has left and will leave a noticeable trace in people's lives (young people emerged from vulnerability, not only because of technical training, but also psycho-social support), however some add that "*se forma migrantes*" (migrants are trained). When asking some long-term SDC

affiliates in which sectors SDC had major impact over the past 20 years, “*Economic Development*” only once made it into the top three sectors. Usually, water and sanitation, natural resource management, human rights and governance take the top spots.

Leaving aside the usual questions such as how to improve the evidence base of project reports and evaluations, the HIC Team’s reflected on a stylized case description that, if generally affirmed, could be used as proxy evidence for impact. The case goes as follows:

*Value chain development emerged as a critical element of government and donor strategies to spur economic growth and reduce poverty. Agrifood and tourism value chains connect smallholders to markets through traders, transporters, processors and retailers, many of them are SMEs. Making these chains more efficient and effective promises to raise returns to producers, create decent jobs and deliver more value to consumers. However, **getting value chain development (VCD) right**, which includes consideration of environmental and social outcomes, the dynamic nature of markets and intrinsic business relations, as well as the necessary trust between actors, is challenging. In many cases, assets held by smallholders and MSMEs fall below the levels required for achieving step changes in productive capacities. These shortcomings, combined with the stringent demands of downstream buyers and end-consumers and uncondusive political-legal frameworks for MSME development, can imply the need for systemic approaches, multi-faceted capacity building and adaptive management. In particular, the capacity of the private sector to leverage networks, investments and other resources needs to be well utilized. Combining this capacity with that of public sector entities, for example through public-private partnerships (as difficult as that may be) can further strengthen the respective chain. Undoubtedly, supporting the emergence and further development of value chains is an important catalyst in development processes that address multiple development goals and has strong potential to make significant contributions to the SDGs at large, and poverty reduction in particular.*

The question is, has SDC gotten it right? If so, a case could be made that even with a less-than-ideal evidence base a relevant impact through SDC’s project in the sector is very likely. Interview partners would surely respond that the SDC projects have gotten it partly right, a notion that could also be supported on the basis of the available literature. Areas in which not all projects might have gotten everything right, according to some interviewees, include: supporting innovations, further transformation of products, sufficient market focus, sufficient involvement of private sector actors and expertise, too much handholding, subsidies too high / too little own contributions, and sufficient focus on profitability.

The HIC Team would add to the above that it might be worth rethinking SDC’S territorial approach followed in Honduras, i.e. working mostly on sub-national level, and reflect on how policy level work at national level might be feasible for SDC. One such entry point could be co-financing bigger donors (as was done in the case of COMRURAL and SURCOMPITE) that might have bigger absolute weight and are used to working at national level.

**In summary, according to the HIC Team:** SDC-Honduras projects in the field of “*Economic Development*” over the last 20 years show the potential to generate significant high-level, transformative and long-term effects. In principle, lasting changes in systems or norms, as well as potential effects on people’s well-being, human rights, gender equality and the environment are possible. However, the empirical basis for convincingly claiming high (or low) impact is limited.

#### 4.1.5 SUSTAINABILITY

With regards to the sustainability of SDC’s engagement in Honduras, the HIC Team concluded in the Meta-Analysis that while it is very difficult to ascertain based on the available documentation, it is surely not true that SDC’s efforts did not have an influence that continues to this day, particularly in the water, water governance and sanitation sector. The deep-dive in “*Economic Development*” must remain similarly **vague**, yet the HIC Team tries to extrapolate as much as possible based on the information available and feedback from interviewees.

The **external evaluations** state the following in this respect:

- **Rural Competitiveness Project (COMRURAL):** The review of the implementation completion report by the World Bank-internal Independent Evaluation Group (IEG) affirms that there is *“promising scaling-up and sustainability of project benefits, as evidenced by the rural producer organisations’ continued contracts with commercial partners, ongoing relationship with private financial institutions, and the ongoing implementation of COMRURAL Phases II and III, which are further reinforcing this scaling-up and sustainability of COMRURAL Phase 1.”* The HIC Team must add to this, however, that the prospect of sustainability seems for the time being still premature, given that the project is indeed still ongoing with massive donor financing. Also, the main implementer INVEST-H (Millennium Challenge Account) left Honduras at the end of 2022, leaving COMRURAL now in the sole hands of the SAG. Interview partners state that this has led to massive delays and staff turnover during the transition phase.
- **Inclusive Territorial Economic Development Program Region 13 Gulf of Fonseca (DEIT Sur):** The external mid-term evaluation suggests that DEIT Sur *“has based its sustainability on Public-Private Partnerships, a shared governance model in the field, inclusion in the territory, territorial inclusive economic development, markets for the poor approach, as well as other strategic principles such as land use planning with a watershed approach and value chains. From these elements, it has been evidenced that in some of them few steps have been taken and in others they have not yet been addressed or socialized with the stakeholders. From this it can be concluded that the road to sustainability is very incipient, and if we consider the 8-year cut in its execution, it can be thought that it will be impossible to achieve it.”*
- **Local Economic Development in the Gulf of Fonseca Region (SURCOMPITE):** In terms of sustainability, the external final evaluation argues, *“in order to promote sustainability, it is critical [...] to give institutional continuity to the following two initiatives: the generation of a financial platform for local productive actors and the creation of a nucleus / centre of public and private services with territorial coverage and specialization. Both initiatives were able to advance to the design and consensus-building stage with selected institutions. At the end of the project, two agreements were signed to lay the foundations for the installation process and the design of a start-up in successive stages.”* The HIC Team can confirm, based on interviews conducted in situ, that both the financial platform and the service centre still exist today, the latter heavily supported by the Camara del Comercio del Sur, the former by FUNDER.
- **Inclusive territorial economic development in the Mosquitia region of the department of Gracias a Dios (PRAWANKA):** According to the external evaluation of phase 1, the project *“invested efforts and resources to strengthen [...] with the support of government agencies and private sector companies; however, government presence is dependent on the project financing.”* The idea how to achieve sustainability in the value chains is outlined, but it is difficult to see it come to fruition, according to the evaluation, because the financial resources that sustain most of the operations are from the project. Commercial conditions have been created in indigenous enterprises, but legalization and business organization are still incipient in indigenous enterprises. Also, *“there is no commercial stability because it depends on the external market and the control it exerts”*.
- **Cocoa Value Chain (PROCACAO):** The external mid-term evaluation from 2022 rates the possibility of sustainability unlikely in some areas and possible in principle in others. On the one hand, the effects achieved with PROCACAO’s intervention are unlikely to be sustained over time because *“the subsidy culture has created a false reality of the companies’ capacity”*. The results achieved at the environmental and social level may have more sustainability after the end of the project because the SAF-DAF plots (dynamic agroforestry successional cropping system) will show higher yields and contribute to the food security of the families. The evaluation opines that, for the time being, the financial margin that the income from the cocoa value chain leaves is not yet sufficient to cover the basic needs for a decent life for the families of producers.

**PROJOVEN's** Project Document (ProDoc) for the closing phase starting in 2022 indicated that *“in terms of institutional anchoring and sustainability of the intervention at the system level, there is still work to be done”* and it will depend on the willingness of INFOP, the involved private training centre and private sector partners whether this can be realized. PROJOVEN worked towards this by means of an immense systematization and communication effort (as stated in the final report) designed to improve the effectiveness and coverage of the national training system for vulnerable youth, transferring methodologies and tools that respond to the needs of the labour market and employability. Up to which point this institutionalization has happened or will happen is left open by the final report. The opinion of the majority of PROJOVEN-related interviewees is that the project has had and will continue to have a lasting institutional impact within training institutions and municipalities. Also, other bilateral donors such as GIZ and USAID have requested to use the systematized experiences to support their operations and knowledge management portals.

Interviews conducted by the HIC Team confirm the general picture that longer lasting effects are difficult to identify and in any case sparse. With regards to PROCACAO, however, it can be added that the municipality of Puerto Cortés opted the model of *cajas rurales* and has multiplied them with its own resources.

Based on the above, the HIC Team reflected amongst others on the following points:

Should it be noted positively with regards to sustainability when a **former implementer continues to support the program with own / other funds**? One of the leading implementers of DEIT Sur and PRAWANKA indicated that even after SDC's withdrawal they will continue working in the territory and with the partners, both with their own funds (DEIT Sur / Choluteca) and in the context of a World Bank financed project (PRAWANKA / Mosquitia). This seems only possible if the implementer has a physical structure in the respective territories, has been working there for many years, can draw on other financing sources (be it institutional grants or other project finance), and has an institutional vision in place that defines a continuous engagement in the respective region. This, in turn, appears only to be possible in the case of NGOs or foundations, not private sector consultancies (whether NGOs are the most indicated actor to implement technical assistance projects in the area of *“Economic Development”* is a separate question). In the HIC Team's opinion, this form of *“sustainability”* is on a par with the idea to hand over projects from SDC to other donors, as SDC is trying as part of their exit strategy in Honduras. Both is contingent on funding being available to continue the support. One crucial difference could be that, in theory, handing projects over to, say, USAID, has the added benefit that the realm of influence on institutional level is much larger than, say, of and actor such as Ayuda en Accion.

Another reflection concerned the question whether a **more pronounced work at national political level** is needed (and possible) to increase the chances of sustainability of results. The reasoning would be that work on changing framework conditions (especially in the context of the projects that have amongst their goals to improve the investment climate), could potentially stand better chances of perdurance over time, including further-reaching impacts. This is not to say that the projects included in this deep-dive did not work at national level at all: PROCACAO is linked to the National Agrifood Program (SAG-PRONAGRO) of Honduras, which is responsible, amongst others, for the regulatory framework for agrifood and value chains (which was supported by the project); PROJOVEN worked in very close conjunction with INFOP, orienting vocational training according to market demand and strengthening INFOP to improve the quality and relevance of their activities; COMRURAL was always hosted at national level, and as of 2017 (after SDC's co-financing) had a dedicated component for *“Institutional Strengthening to enable the Government to respond promptly and effectively to an eligible emergency”* (and is indeed still being implemented by SAG). In the case of SURCOMPITE, a coordinated effort was undertaken with the General Coordination Secretariat of the Government, however the focus was clearly on local and regional level. DEIT-SUR and PRAWANKA had a clear focus on the local and regional level, with the latter trying to mobilize national government support in the context of the *“Alliance for the Mosquitia”*. However, the importance of and earmarked resources for national level and framework-setting work in all of these projects seemed



always very minor in comparison to the local and regional level work, according to the available documentation.

The majority of the interviewees recognised the theoretical importance of working on framework conditions at the national level, however also saw severe challenges, particularly in the current institutional environment in Honduras, characterized by a weak and corrupt state with strong patronage systems, elite capture, and high degrees of public and legal insecurity. Many interview partners indicated difficulties when trying to involve and mobilize national level actors, particularly with regards to interventions in the Mosquitia region, e.g. in the context of PRAWANKA and PROCACAO. Others stated that cooperation with national level entities, e.g. INFOP, went well during project implementation, but once the project leaves it is very much questionable to what extent the developed materials will be used, and processes and alliances will be continued. Even the potential success story COMRURAL that has been working with SAG for more than 15 years by now has interviewees worried, because after the withdrawal of INVEST-H it is unclear whether SAG will have the capacity to successfully continue and build on past efforts. And yet, the HIC Team would like to venture the suggestion that, in similar settings in the future, it might be worthwhile for SDC to think of possibilities to influence national policies, for instance through co-financing of other donors working primarily on macro level (e.g. EU, Development Banks, etc.).

A third area of reflection links to what has been discussed under Effectiveness and Impact, namely whether for a project to be legitimately anchored in the sector "*Economic Development*" it is necessary to work a lot more on **markets, profitability, and competitiveness**, rather than on **governance** aspects. The argument for this would be that in order to ensure the continuation of projects in the area of "*Economic Development*", strategies must focus on the market and economic actors. **The only way to achieve sustainability of income and decent employment is when profitability is ensured.** Interviewees agreed that, with the exception of COMRURAL and SURCOMPITE, governance aspects (bringing actors together, organizing a value chain inclusively, etc.) stood very much at the forefront. Also, one could argue, as in fact did two interview partners, that in the design of the projects the notion of "**competitiveness**" did not always receive much attention (with the exception of COMRURAL). The competitiveness aspect, however, is integral to activities in the "*Economic Development*" sector.

Lastly, on the basis of the interviews the HIC Team noted that at present there are no signs that other cooperating partners (with the exception of PROJOVEN and partly PROCACAO) are taking over actions developed by SDC programs.

**In summary, according to the HIC Team:** The extent to which the net benefits of SDC-Honduras' intervention in the area of "*Economic Development*" over the past 20 years have continued or are likely to continue appears limited due to the lack of financial, economic, social, and institutional capacities of the systems needed to sustain the net benefits over time.

## 4.2 MAIN LESSONS LEARNED

Based on the above elaboration and feedback round during the debriefing with SDC's Honduras office, the HIC Team suggests a number of lessons learned, both sectoral and institutional, that can provide guidance to partner governments and national and international partners who may potentially take-over some of SDC's projects or approaches in the sector "*Economic Development*" in Honduras. Ideally, the lessons are also relevant for SDC's current and future work in other contexts.

It is obvious that not every lesson is a revolutionary new insight. However, also those lessons that are a bit more common place in the sector are included here, a) because these were things that were included in reports and / or came up during interviews, and were therefore regarded as important by the interviewee or the author in one way or another, and b) because it also makes sense to reiterate the importance of lessons already learned elsewhere.

### 4.2.1 SECTORAL LESSONS LEARNED

**Lesson 1:** A profound context analysis is necessary to determine whether the value chain approach is the most appropriate for the context in the intervention area, or whether the focus should be mainly on governance.

This is a lesson already well known and incorporated in practitioner guides and handbooks, amongst other also in SDC's Guidance paper for SDC head office and cooperation office staff *"Managing LED Projects"* (2022). The guide suggests that a Local Economic Development (LED) project can either be phrased more as an economic development project or a local governance project. Both choices have pros and cons and consequences regarding the results that are expected from the project. LED projects often find themselves in the space between more qualitative local governance results and the harder economic development results. At the beginning, the focus of a project is likely to be on establishing the processes and policies, capacitate the actors and test ideas, and over time economic results should start to become more prominent.

The above was certainly the approach (on paper) in e.g. DEIT Sur and PRAWANKA and partly also in PROCACAO. However, one might question whether in PRAWANKA the economic side of things should have been stressed at all, and whether in DEIT Sur and PROCACAO the governance side was too present or at least maintained for too long. If it is necessary to keep the governance focus for too long, one might in general question whether economic development-related results should figure prominently in the project's logframe.

**Lesson 2:** If income increase and job creation is the main goal in the SDC's *"Economic Development"* sector projects, then the point of entry should be the market's (demand) point of view, not the producer's point of view.

This lesson is linked to a possible dilemma that SDC finds itself in: the difficulty of wanting to work with the poor and marginalized producers on the one hand, and at the same time wanting to score relevant income effects through selling high-quality products to national and international markets. While it can make sense to start with the direct beneficiaries in long-term development projects (i.e. the producer of primary products or services, in the Honduran case), it seems somewhat incoherent to then expect the same level of income gains that would be possible if the starting point had been the market requirements and potentialities (followed then by the selection of the producer that have the capacities in principle to deliver accordingly).

In order to dive further into this topic, it is surely worthwhile to a) rethink whether based on the selected target group and products it is at all possible to reach the expected income and employment goals, and b) to consult the Market System Approach (MSA) literature available in SDC's *"Employment and Income Network"* and contrast this with the (possibly a bit more narrow) value chain development approach.

**Lesson 3:** For projects in the sector *"Economic Development"* it is crucial to involve private sector actors (chambers of commerce, formal banks, buyers, etc.) as much as possible.

This very much reads like a lesson that is not necessary to be written down, given that it should be self-understood. However, the issue of apparently not having sufficiently engaged private sector actors in the sectoral projects related to *"Economic Development"* came up frequently in interviews and was also mentioned as a challenge in many project documents and evaluations. What is not meant by this is that too few SMEs, cooperatives, domestic family units or entrepreneurs were supported in the projects. Rather, it is closer to *"Private Sector Engagement"* as defined in SDC's *"Information Package on Inclusive Economic Development"* (2022), a working modality in which SDC partners up with private sector actors to co-initiate, co-fund and co-steer projects. It is meant to involve businesses as a source of investment, driver of innovation and technological development, and engine for economic growth and employment.

For example, while “*cajas rurales*” are surely relevant, the involvement of commercial banks is crucial (but, of course, difficult to achieve).

**Lesson 4:** It is worth reconsidering whether more pronounced work on innovation, differentiation and refinement to increase the value added and therewith the generation of income and employment is possible in a project context such as in Honduras.

**Lesson 5:** It is worth reconsidering whether it is possible not only to work not only on primary production, but also on transformation of the products, in order to increase margins of the target group.

Lessons 4 & 5 are interlinked and came up regularly in interviews. On the one hand interviewees mentioned that it was difficult to move the target group out of their “*comfort zone*” and try new things, and on the other hand it was not the case that the relevant tools and resources were available for those that did want to innovate – so certainly two very different perceptions.

Here again it seems that more pronounced private sector engagement has a role to play, both as innovation driver and risk-sharer (in case of co-financing).

**Lesson 6:** When designing projects in the area of “*Economic Development*”, close attention needs to be paid not to over-subsidize the beneficiary.

For implementers, it can sometimes be a temptation to look for “*easy ways*” to disburse funds, something that is at times aided by fund-disbursement-pressure from the donor side. While the latter was not explicitly mentioned in the Honduras deep-dive as such, two related issues came up: 1) the support to beneficiaries was by some interviewees regarded as somewhat “*asistencialista*”, and 2) the sustainability of the business model of targeted SMEs and cooperatives was hampered due to distorting project subsidies.

With regards to 1) it seems natural that when focusing on the poor and marginalized, as the majority of the projects did, the support provided to the beneficiaries needed to be of a much different nature than if the beneficiaries were mainly functioning business units. This can potentially appear as a “*hand-holding approach*”. Also, some interviewees mentioned that the target group has somewhat grown accustomed to the project “*providing and doing everything*”. As to 2), this is linked to the general question that is visible throughout this deep-dive, namely whether in SDC’s engagement in “*Economic Development*” in the past 20 years in Honduras, the private sector logic was sufficiently represented.

**Lesson 7:** Existing structures should be supported as much as possible, creating new structures should not be more than strictly necessary.

In some instances interviewees suggested that with the help of certain projects (e.g. DEIT Sur) structures were created to fulfil a role that was already being fulfilled by an existing structure, or e.g. associations were created with very little survival chance once the project finalizes (e.g. FEGASUR). The HIC Team is not in a position to judge to which extent this was indeed unnecessary, but since this lesson was mentioned a number of times it is listed here.

**Lesson 8:** It has to be ensured that the implementers have the necessary competencies and capacities with regards to “*Economic Development*”.

While this lesson is not really sector specific for “*Economic Development*” – it is valid for any sector that SDC works in – numerous interviewees (not the implementers themselves, of course, but partners, beneficiaries and independent experts) indicated that sometimes they felt as if both the implementer or sub-contractors / hired individual consultants did not have the experience and capacities necessary to take the project further. In brief: In order to work on economic development, projects need to hire people who know how to do business, read market needs, sell, buy and negotiate, know how to develop products and services, thus effectively strengthening local capacities and contributing to sustainability.

This criticism did not only concern the business side of things, but also the technical work in the value chains. To paraphrase one interviewee: *“Field schools are a good strategy for implementing technical assistance to producers, but local facilitators must be technically accompanied by agronomic specialists to prevent them (the facilitators) from learning by trial and error, so that the effect on improving production and productivity is achieved in the shortest possible time. The field school strategy should be led by an institution with technical expertise in the value chain.”*

**Lesson 9:** Linking business development and employment creation with environmental and fair trade considerations is both possible and can be profitable.

Agroforestry systems improve the environmental conditions of the area and, with good management, reduce the damage caused by climatic change. A structure that can guarantee organic and fair trade certification (e.g. in PROCACAO) can improve profitability and open international market access.

#### 4.2.2 INSTITUTIONAL LESSONS LEARNED

**Lesson 10:** It is worth rethinking the territorial approach with respect to the question of whether it is the best way to ensure institutionalization of results.

SDC has been implementing a territorial approach in Honduras, i.e. working mostly with sub-national level actors, focusing on the Gulf of Fonseca and the Mosquitia region, for about 10 years. This is surely for good reason, given the overall political and institutional landscape in the country as mentioned above (weak and corrupt state with strong patronage systems, elite capture, deteriorated security situation, high degrees of legal insecurity). As a reminder, this used to be different - the independent evaluation of the Regional Cooperation Program for Central America 1999-2005 (November 2005) made a point of positively mentioning that *“most of the projects intervene on all three the micro, meso (main focus!) and macro level, which guarantees that local needs are considered at policy level and vice versa.”*

The present lesson is linked to the question whether a palpable institutionalization of results can be expected to the same degree when framework conditions at national policy level are left largely untouched (as seems to be the case for most of the projects in the sector *“Economic Development”*). To clarify: the HIC Team is using the term *“institutionalization”* not as synonymy for *“sustainability”*, while of course it has considerable overlap. Some change can be institutionalised but not be sustainable (e.g. severe subsidies) and vice versa. As has been suggested throughout this deep-dive, sustainability in this sector only comes with profitability. However, working on framework conditions at a national institutional level can aid the chances of perdurance of the effects over time.

Of course, quite prominent voices will argue that for cases like Honduras, control over aid money needs to be taken out of the hands of the central government and be localized. But working on national level does not automatically mean channelling financial resources through government institutions.

**Lesson 11:** An institutional exit-strategy should translate into clear requirements for projects with regards to planning and organizing hand-overs.

SDC's Regional Cooperation Program 2022-2024 had foreseen three possible variants as exit strategy:

- Phasing-out: closure because targets have been or cannot be achieved.
- Phasing-down: gradually winding down a programme's activities, giving priority to strengthening local organisations in order to sustain benefits.
- Phasing-over: transferring some activities to another organisation for it to achieve its objectives and reinforce sustainability.

At the time of this deep-dive, there is, with the exception of PROJOVEN and partly PROCACAO, no sign of any take-over of SDC actions by other cooperating partners (to the HIC Team's knowledge). If this was because the respective efforts in the sector *“Economic Development”* have led to results that

made take-over unnecessary this would of course be a great success. Based on the deep-dive mission, however, it could be argued that additional efforts to find chaperons to continue SDC's efforts would be very welcome. This would also be in line with SDC's goal to draft a transfer and exit plan for each project, as mentioned in the Regional Cooperation Program 2022-2024.

**Lesson 12:** At institutional level, further reflection can be worthwhile in order to scrutinize how to square the necessary ingredients for *"Economic Development"* (market, profitability, competitiveness) with SDC's core motivation of helping the poor and marginalized.

This theme has been stressed many times in this deep-dive, to the point of probably doing injustice to the theory and previous lessons learned that went into SDC's current overall approach. The latter is detailed in the numerous documents available on SDC's *"employment and income Network"* (or, as its now called, *"economy and education"*).

The theme is so present, because interviewees regularly mentioned it, external evaluations did as well, and, notably, because the *"early project"* PYMERURAL and especially those projects where SDC co-financed (COMRURAL and SURCOMPITE) were much more oriented towards the keywords market, profitability, and competitiveness than the later projects. Given that the chapters on effectiveness, impact and sustainability, and of course the sectoral lessons learned, have already talked about this at length no further additions are made at this point, except a paraphrased quote from one of the interviews: *"Once you have to supply supermarket chains, you don't disappear so quickly."*

**Lesson 13:** Co-financing is an interesting option for expanding leverage and achieving economies of scale, especially for a donor with comparatively few financial resources.

Back in 2014, an independent consultant was tasked by the SDC Honduras Office to summarize *"20 years of lessons in co-financing"* in a brief PPT presentation, focusing mainly on co-financing of World Bank projects. This was a cross-sectoral task, looking at examples from India, Nicaragua and Honduras (COMRURAL). The two most relevant findings for this deep-dive are the following:

- One of the motivation of Swiss co-financing in the selected examples was to gain more weight, especially in terms of policy dialogue, which SDC would not have been able to achieve so easily on its own.
- In relative terms, SDC's share of the total budgets of co-financed projects ranged from 8%-15%. In reality, the effective weight of the Swiss Cooperation was and still is up to a multiple of its financial participation since partners were willing to integrate Swiss strategic views into the design of the projects.

According to the HIC Team, co-financing can be an interesting option in contexts similar to Honduras, since in principle it can allow SDC to work on levels which are not its core strength or interest (e.g. national policy level / macro-conditions), while at the same time staying true to their current micro/meso logic with regards to their own projects.

**Lesson 14:** SDC formats such as the *"Concertación Sur"* have high potential *in principle* to foster joint/inter-programmatic implementation, however whether this can actually be realized depends on the methodology applied.

This is a feedback given by implementers and at least in parts shared by some SDC representatives. Depending on what the goal of such an exchange is (e.g. team building, knowledge exchange in general, sectoral knowledge exchange, joint activity planning, etc.), it can be worthwhile to rethink the current methodology when wanting to implement this in other settings in the future.

**Lesson 15:** Long-running projects and flexibility during implementation are regarded a highly valuable property of SDC.

This lessons is self-explanatory, has already been stated during the Meta-Analysis, and is also confirmed by the deep-dives in the other countries (and has surely been confirmed by similar capitalization exercises in the past). Amongst the bilateral cooperation agencies, SDC seems to have somewhat of a “unique selling proposition” with regards to project duration and handling flexibility.



## 5 RECOMMENDATIONS AND CONCLUSIONS

This deep-dive has summarized SDC's bilateral cooperation with Honduras in the sector "*Economic Development*" over the past 20 years. It has done so in the context of SDC's learning and knowledge management initiative accompanying the gradual phasing out of the bilateral cooperation activities in Honduras and other LAC countries. Methodologically, the deep-dive triangulated interviews and literature review, made use of an evaluation and capitalisation matrix categorized by the OECD DAC criteria plus lessons learned, and applied elements of qualitative content analysis and contribution analysis. It was not an evaluation, but a collection of lessons-learned and capitalization effort.

Based on the reflections presented in this report, the HIC Team recommends the following with view to potential next steps of SDC's learning exercise:

### Recommendation for SDC's legacy in Honduras

- **Intensify the search for hand-over possibilities** of SDC efforts, either as complete projects, or as concepts and approaches. While other bilateral partners like GIZ will also withdraw from the country in the near future, the multilateral (and financially potent) partners will stay. Possibly, any partner that takes over parts of former SDC projects will likely rebrand them, which is either a small or a large price to pay for the Swiss Cooperation, depending on the viewpoint.

### Recommendations for SDC's future work in "*Economic Development*" elsewhere

- **Re-discuss SDC's approach in the economic development sector**, particularly in the light of "*governance vs. income and employment*" and "*poor and marginalized vs. organized economic actors*". A wealth of very helpful and technically well-founded concept papers and guides have already been elaborated by SDC and have constantly been adapted, feeding new knowledge and (political) considerations into them. Yet, sometimes it seems like we are trying to fit a square peg in a round hole – how to make the poor and marginalized compete profitably with already well-established market actors?
- **Make sure to maximize "*Private Sector Engagement*"** in economic development projects, following SDC's ideas in the "*Information Package on Inclusive Economic Development*" (2022).
- **Critically reflect on whether national level policy work can complement sub-national project activities** in other country contexts. It might be the case that SDC's conclusion for Honduras was that, given the political realities, norm-setting work at national policy level was not feasible. However, this should not be the default position when working on economic development in other countries. Modalities should be found to engage on all levels of the sector, micro, meso and macro; one idea for realizing this could be partnering with other donors.
- **Leverage the potential of joint SDC and SECO actions** (in those countries where they are both active) in the sector of "*Economic Development*", as the latter tends to be geared more towards working on framework conditions rather than working primarily on sub-national level.
- **Stick to long-running multi-phase projects and maintain your flexible nature**, as this is likely have the best chances of success for the type of development cooperation and engagement that SDC is favouring. This also seems to be part of why SDC is well respected and appreciated by partners and implementers alike.

Poverty reduction and sustainable development are the *raison d'être* of Swiss international cooperation, as stipulated in the IZA Strategy 2021-2024, and it will surely remain this way also for the next IZA cycle. The current IZA strategy further stipulates as one of its four goals to "*contribute to sustainable economic growth, market development and the creation of decent jobs (economic development)*", with thematic priorities in employment creation and private sector engagement. Whether this will continue in the same formulation or to the same extent is evidently unknown to the HIC Team; however, the sector is without question instrumental for reaching SDC's overall development goals.

## ANNEX 1: LIST OF INTERVIEWEES

The following persons were consulted by the HIC team as part of the Deep-dive in Honduras.

FIRST NAME	LAST NAME	(FORMER) ROLE OR INSTITUTION
Heeney	Aguilar Jerezano	M&E FENAPROCACAO
Raúl	Alemán	Former M&E officer COMRURAL
Hortensio	Alvarenga	Cocoa producer
Marco Antonio	Arita	Administrator Cacao company "Cacaotera San Fernando"
Aníbal	Ayala	Executive Director FENAPROCACAO
Lars	Büchler	Technical focal point SDC Bern
Javier	Díaz	FHIA Project Manager
Mayra	Espinosa	Program Officer SDC Honduras
Rafael	Espinosa	Team Leader SDC Citizen Security
Melvin	Fajardo	Theme Leader Economic Development
Laura	Flores	M&E Officer PRAWANKA
Luis	Gradiz	Team Leader PRAWANKA
Lenin	Gudiel	La Sureñita Regional Cooperative of Agricultural Production
Blanca	Guevara	Director of the Southern Regional Women's Network
Gunhild	Hansen-Rojas	GIZ Advisor FOPRONH
Moisés	Izaguirre	Beneficiary ProJoven
Iris	Láinez	Swisscontact
Denis	Láinez	Beneficiary ProJoven
Cruz	López	Cajas Rurales, Municipality of Puerto Cortés
Dilmer	Maradiaga	National Project Manager Ayuda en Acción
Manuel	Martínez	Former Team Leader ProJoven, Swisscontact
Kenya	Mejía	Destination Management Manager IHT
Gastón	Mendez	Independent Consultant
Angel	Meza	Agribusiness Manager FUNDER
José	Modesto Meza	M&E DEIT Sur
Samir	Munguía	Interim Director of Cacao company "Cacaotera San Fernando"
Santiago	Oviedo	Member of the supervisory board of Cacao company "Cacaotera San Fernando"
Gissel	Padilla	Beneficiary ProJoven
Ramón Turcios	Ramón Turcios	Regional Director DICTA/SAG (DEIT Sur & SURCOMPITE)
Anja	Reder	GIZ Director FOPRONH
Walter	Reithebuch	Country Director SDC Honduras
Claudina	Riera	Popular Workshops Unit Coordinator INFOP



FIRST NAME	LAST NAME	(FORMER) ROLE OR INSTITUTION
Edwin	Rodríguez	Team leader ProCacaho
Lesly	Salgado	Cocoa Chain Facilitator / Secretariat of Agriculture and Livestock
Ernst	Schaltegger	Independent Consultant
Ivana	Sierra	Interim Coordinator DEIT Sur
Luis Armando	Solano	Former President of FEGASURGH
Jorge Octavio	Solano	Livestock farmer
Sohrab	Tawackoli	Team Leader SDC Water Governance
Carlos	Vásquez	Local Economic Development Unit, Municipality of Puerto Cortés
Luis	Velex	Director Chocolat Halba
Carlos	Zelaya	Director Chamber of Commerce and Industries of the South

## ANNEX 2: BIBLIOGRAPHY

### Rural Competitiveness Project (COMRURAL)

- 2008\_Project Appraisal Document, World Bank
- 2010\_Ayuda memoria, World Bank
- 2011\_Ayuda memoria World Bank
- 2012\_Ayuda memoria, World Bank
- 2013\_Ayuda memoria, World Bank
- 2014\_Ayuda memoria, World Bank
- 2014\_Misión de supervisión de Febrero de 2014 Informe complementario del consultor de la Cooperación Suiza
- 2014\_Misión de supervisión de septiembre 2014 Informe complementario del consultor de la Cooperación Suiza
- 2014\_Cooperación Suiza – juntado manos con el Banco Mundial y donantes bilaterales - Lecciones de veinte años de cofinanciamientos
- 2015\_Ayuda memoria, World Bank
- 2016\_Evaluación Externa del Proyecto de Competitividad Rural en Honduras
- 2022\_Implementation Completion Report (ICR) Review, World Bank
- 2022\_Implementation Completion and Results Report, World Bank

### Inclusive Territorial Economic Development Program Region 13 Gulf of Fonseca (DEIT Sur)

- 2018\_ProDoc, Fundación Ayuda en Acción – Technoserve Inc.
- 2019\_Informe anual, Fundación Ayuda en Acción – Technoserve Inc.
- 2020\_Informe anual, Fundación Ayuda en Acción – Technoserve Inc.
- 2020\_Evaluación medio término externo, Simbiosis
- 2021\_Informe anual, Fundación Ayuda en Acción – Technoserve Inc.
- 2022\_Agenda de competitividad de desarrollo económico local, Municipalidad de San Antonio del Norte Departamento De La Paz
- 2022\_Acuerdo marco marañón, SAG
- 2022\_Análisis financiero, Fundación Ayuda en Acción – Technoserve Inc.
- 2023\_Concertación sur, logros y Lecciones, Fundación Ayuda en Acción – Technoserve Inc.

### Micro, Small and Medium Enterprise Development in Rural Areas (PYMERURAL)

- 2008\_Informe PYMERURAL Honduras
- 2009\_Informe PYMERURAL Honduras
- 2011\_Informe semestral PYMERURAL Honduras
- 2012\_Experiences developing sector & territorial Strategic Frameworks for Promoting Private Sector Development, Swisscontact
- 2014\_Resultados de la Facilitación Público-Privada del Programa PYMERURAL en Honduras a favor de la pequeña y mediana empresa rural

### Local Economic Development in the Gulf of Fonseca Region (SURCOMPITE)

- 2013\_Credit proposal, SDC
- 2015\_Informe de evaluación proyecto “MINIFOMIN” para el desarrollo competitivo del Gulf of Fonseca, Honduras” y valoración de la estrategia de intervención del proyecto “SUR COMPITE”
- 2020\_Informe de Evaluación Final del Proyecto, Claudio E. Maggi

### Inclusive territorial economic development in the Mosquitia Region of the Department of Gracias a Dios (PRAWANKA)

- 2017\_ProDoc phase 1\_Ayuda en Acción, Act Alliance, Lutheran World Relief
- 2017\_Informe anual 2017, Ayuda en Acción, Act Alliance, Lutheran World Relief
- 2018\_Informe anual 2018, Ayuda en Acción, Act Alliance
- 2019\_Informe anual 2019, Ayuda en Acción, Act Alliance

- 2021\_Estudio costo beneficio de PRAWANKA, external consultants
- 2021\_ProDoc phase 2, Ayuda en Acción, Act Alliance
- 2021\_Informe de fin de fase, Ayuda en Acción, Act Alliance
- 2022\_Informe evaluación externa\_PRAWANKA
- 2022\_Informe Semestral (enero-junio 2022), Ayuda en Acción, Act Alliance

### **Vocational training for young people at risk of exclusion (PROJOVEN)**

- 2013\_ProDoc phase 1\_INBAS
- 2016\_Primerá evaluación - evaluación participativa de actores - beneficiary assessment (BA), Melisa Fanconi y Pamela Ramos
- 2017\_Informe de Costo-efectividad 2013- 2017, Swisscontact
- 2018\_ProDoc Phase 2\_Swisscontact
- 2018\_Informe de Fin de Fase 2014-2017, Swisscontact
- 2022\_Memoria del Programa PROJOVEN 2014-2022, Swisscontact
- 2022\_ProDoc Etapa de Cierre (2022 – 2023), Swisscontact
- 2022\_Informe de Fin de Contrato 2018-2022, Swisscontact
- 2023\_Informe fin de fase II consolidado 2018-2023, Swisscontact

### **Cocoa Value Chain (PROCACAO)**

- 2014\_Documento de Proyecto Proyecto de mejoramiento de ingresos y empleo para productores y productoras de cacao (PROCACAO) Componente Honduras 2014 – 2017
- 2017\_Credit Proposal phase 2\_SDC
- 2018\_Additional Credit\_SDC
- 2018\_Informe fin de fase I ago. 2014 – ene. 2018, FUNDER
- 2018\_Proyecto de mejoramiento de ingresos y empleo para productores y productoras de cacao (segunda fase 2018-2021) PROCACAO fase 2 - Honduras
- 2021\_Análisis Costo Beneficio, FUNDER, FENAPROCACAO, CCH
- 2021\_Sistematización de la gestión del programa “PROCACAO” Fase II 2018-2021, FUNDER, FENAPROCACAO, CCH
- 2022\_Programa de mejoramiento de ingresos y empleos para familias productoras de cacao de Honduras – PROCACAO Fase II ampliada (2018 – 2024)
- 2022\_Informe fondo de fomento para la cadena de cacao, FUNDER, FENAPROCACAO, CCH
- 2022\_Evaluación de medio término del Programa “Mejoramiento de las capacidades productivas y organizativas de los productores y productoras de cacao en Nicaragua y Honduras PROCACAO II” y elaboración de documento de proyecto; Nicaragua, Honduras, Guatemala y El Salvador, Como Consult
- 2022\_Informe Final de Fase 2, FUNDER, FENAPROCACAO, CCH

### **Other documents**

- 2006\_[Plan Estrategico Operativo del Sector Agroalimentario en la Visión Del Poder Ciudadano \(2006--2009\)](#), Gobierno de la Republica de Honduras, Secretaría de Agricultura y Ganadería
- 2004\_[Política de Estado para el Sector Agroalimentario y el Medio Rural de Honduras 2004-2021](#), Secretaría de Agricultura y Ganadería
- 2010\_[República de Honduras Visión de País 2010 – 2038 y Plan de Nación 2010- 2022](#)
- 2021\_[Honduras: evolución del contexto social y económico 2000 – 2020](#), UNDP
- 2022\_Managing LED Projects Guidance, SDC

## ANNEX 3: EVALUATION & CAPITALIZATION MATRIX

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
<b>1) Relevance</b>		
1.1 How and to what extent did SDC's aid thought the project X <b>respond</b> to pressing <b>multidimensional development needs</b> ? Were the investments done <b>coherently</b> and <b>proportionate</b> in relation to the <b>development priorities in the countries</b> at specific periods of time?	<p>1.1.1 Strategic documents and formulated objectives therein clearly refer to development needs of the target group.</p> <p>1.1.2 Strategic documents and formulated objectives therein are in line with development priorities of the countries according to national development plans and/or sector strategies as well as to specific needs and requests of relevant stakeholders and beneficiaries.</p> <p>1.1.3 Instruments, methods and chosen thematic focusses of projects are in line with defined overarching objectives.</p>	<p><u>Selected examples from external evaluations:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2020_Evaluacion medio termino externo_DEIT SUR:</b> The Program has a HIGH RELEVANCE to the context of the Gulf of Fonseca Region and before the challenges and opportunities of a change of central and local governments. The interventions - strategic actions are consistent with the Country Vision (2010-2038) and the National Plan (2010-2022) [...]</li> <li>▪ <b>2022_External evaluation phase 1_PRAWANKA:</b> This program is relevant and strategic for the country and the needs of the indigenous communities linked to the CTIs.</li> <li>▪ <b>2016_External evaluation_PROJOVEN:</b> The perceptions of the stakeholders confirm the relevance of the project's focus and its results chain, so that the key elements addressed by the project directly address the problems experienced by the people in the communities and intervention groups.</li> <li>▪ <b>2022_External mid-term evaluation_PROCACAO:</b> The cocoa value chain is undoubtedly part of the fight against poverty in the countries and the Central American region, because of the opportunities it represents for farmers with small properties with diversified production models, because of the intensity of the use of available labor and because it generates economic inclusion for men, women and children through the generation of income and employment. The program is pertinent and relevant because of the responses to the needs of the various stakeholders, to the decisions of the states to develop the cocoa value chain for the benefit of poor rural families to increase their income and employment, as well as a strategy against climate change with cocoa as an agroforestry crop. It has had adequate decisions to adapt to adverse context conditions such as COVID 19, the effects of political decisions, Eta and Iota storms.</li> </ul> <p><u>Selected examples from project documents:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2008_PROJECT APPRAISAL DOCUMENT_COMRURAL:</b> While the 2008 launching of Dominican Republic and Central America Free Trade Agreement (DR-CAFTA) will increase access to foreign markets, it will also expose the rural producers to a more competitive environment. The immediate challenge for the Government of Honduras (GOH) is to create the conditions needed to boost productivity and foster competitiveness in order to tap Honduras' natural advantages (e.g., proximity to major regional and international markets, favorable climate conditions for agriculture) so that large numbers of rural producers can benefit from DR-CAFTA and other national, regional and international trade prospects.</li> <li>▪ <b>2013_Credit proposal_SURCOMPITE:</b> This initiative is linked with the following strategic frameworks: SDC objectives under the new cooperation strategy for Central America; the "Plan de Nación 2011-2022" and its focus on regional development [...].</li> <li>▪ <b>2008_Informe Anual_PYMERURAL:</b> PYMERURAL is a program of the Government of Honduras and SDC that is part of the country's development strategy (ERP), sectoral policies (PESA, PEO and PACA) and SDC's Regional Program for Central America 2007-2012.</li> </ul> <p><u>Selected examples from other documents:</u></p> <ul style="list-style-type: none"> <li>▪ <b>Política de Estado para el Sector Agroalimentario y el Medio Rural de Honduras 2004-2021:</b> the overall goal to a) achieve the transformation of the agrifood sector, in order to significantly increase its contribution to economic growth, raising its competitiveness and its capacity to successfully insert itself into the international economy and to competitively supply the domestic market, through a sustainable use of resources, and b) contribute to reducing the poverty in which a large part of the rural population lives and provide food security to the country.</li> </ul>

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<ul style="list-style-type: none"> <li>▪ <b>Visión de País 2010–2038 y Plan de Nación 2010-2022 de Honduras:</b> objective 1 a Honduras without extreme poverty [...], objective 3 a productive Honduras that generates opportunities and decent employment [...] and strategic guidelines including “Competitiveness, Country Image and Development of Productive Sectors”.</li> <li>▪ <b>Estrategia Nacional de Competitividad 2012-2022:</b> objective to facilitate the necessary conditions to achieve accelerated, sustainable and equitable economic growth, which translates into social welfare for all regions of the country.</li> </ul> <p><u>Selected examples from interviews:</u></p> <ul style="list-style-type: none"> <li>▪ <b>INT1 DEIT Sur:</b> In DEIT Sur the livestock value chain should not have been part of the supported value chains because there was no cohesion in this chain and the institutional organization did not bring together the most vulnerable families. Fruit and and tourism had more potential from the start (and were therefore more pertinent), according to the interviewee</li> </ul>
1.2 In how far was SDC's engagement through the project X <b>in line with overall Swiss development cooperation priorities?</b>	<p>1.2.1 Strategic documents at country or LAC level and formulated objectives therein refer to overall Swiss development cooperation strategies.</p> <p>1.2.2 Strategic documents and formulated objectives therein at country or LAC level are in line with Swiss development priorities according to Swiss IZA strategies.</p>	<p><u>Selected examples from project documents:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2013_Credit proposal_SURCOMPITE:</b> This initiative is linked with the following strategic frameworks: SDC objectives under the new cooperation strategy for Central America; the “Plan de Nación 2011-2022” and its focus on regional development [...].</li> <li>▪ <b>2008_Informe Anual_PYMERURAL:</b> PYMERURAL is a program of the Government of Honduras and SDC that is part of the country's development strategy (ERP), sectoral policies (PESA, PEO and PACA) and SDC's Regional Program for Central America 2007-2012.</li> </ul> <p><u>Selected examples from SDC Regional Strategies:</u></p> <ul style="list-style-type: none"> <li>▪ <b>SDC Regional Strategy 2005-2007,</b> key objectives: SME promotion (To promote the competitiveness of small and medium-sized enterprises (SMEs) and producers) and Agricultural production (to contribute to a transformation of smallholder subsistence agriculture towards market-oriented and ecologically sustainable agriculture).</li> <li>▪ <b>SDC Regional Strategy 2007-2012,</b> key objectives: Development of MSMEs (Swiss Cooperation contributes to the sustainable development of MSME and thereby to income and employment generation, through improved market access emphasizing local, regional and international chains of value addition, mainly of agricultural origin).</li> <li>▪ <b>SDC Regional Strategy 2013-2017,</b> key objectives: Inclusive Economic Development (to enhance inclusive economic development focusing on employment and income).</li> <li>▪ <b>SDC Regional Strategy 2018-2021,</b> key objectives: Employment and inclusive economic development (Switzerland promotes the economic inclusion of disadvantaged groups and regions by strengthening value chains and fostering employment and income through inclusive governance processes).</li> <li>▪ <b>SDC Regional Strategy 2022-2024,</b> key objectives: Employment and inclusive economic development (strengthening of multi-stakeholder platforms and multi-sector roundtables, leading processes that articulate actions that facilitate territorial economic development under shared governance respecting economic, social and cultural rights and the socio-economic inclusion of vulnerable and excluded groups).</li> </ul> <p><u>HIC Team comments:</u></p> <ul style="list-style-type: none"> <li>▪ In the HIC Team's opinion, the objectives as formulated in Honduran or Regional Strategies are in line with Swiss development priorities as described in Swiss IZA strategies.</li> <li>▪ Interview partners confirm that SDC's engagement in Honduras was in line with overall Swiss development cooperation priorities.</li> </ul>

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
<b>2) Coherence</b>		
2.1 Was the project <b>coherent</b> and <b>complementary</b> to other <b>SDC activities</b> (humanitarian aid, engagement in the field of peace and security, global programmes) as well as with the engagement of <b>other Swiss development actors</b> ?	2.1.1 Strategy and project documents illustrate coherence/ complementarity with other SDC/SECO activities. 2.1.2 Synergy potentials were used and duplication was avoided during project implementation.	<p><u>Selected examples from external evaluations:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2022_External evaluation phase 1_PRAWANKA:</b> The alliances established by the program with multiple organizations consisted of coordinating training and technical assistance efforts for the target groups (Empoderat: strengthened the management and conflict management capacity of Mimat leaders; Projoven/Infop contributed to the training of young people from indigenous enterprises in the implementation of new fishing products; and the Regional Coastal Biodiversity Project in the training of young scientists) and institutional support identified in the roles of actors.</li> <li>▪ <b>2022_External mid-term evaluation_PROCACAHO:</b> The high level of internal and external coherence is reinforced in the program by its strategic governance component, which supports the articulation of public and private actors at the country and Central American regional levels, being the best scenario for building coherence between the sector's demands and public policies, knowledge management for lessons learned for all the actors in the chain and international cooperation, a space for reinforcing the articulation of actors in joint businesses.</li> <li>▪ <b>2020_Evaluación medio termino externo_DEIT SUR:</b> The Program has generated spaces and actions of complementarity and coordination with other SDC projects and other projects such as "Oportunidades Rurales" of the Canadian Cooperation, with which there are many similarities in terms of objectives and results.</li> </ul>
2.2 Was the project <b>coherent</b> and <b>complementary</b> to the engagement of <b>other international development actors</b> in the sector?	2.2.1 Strategy and project documents illustrate coherence/ complementarity with activities of other international donors. 2.2.2 Synergy potentials were used and duplication was avoided during project implementation.	<p><u>Selected examples from project documents:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2009_Informe Anual_PYMERURAL:</b> Attention to missions and socialization of best practices with macroproject formulation teams (COMRURAL, PROMECOM, PRONEGOCIOS in Honduras and PROCAVAL in Nicaragua).</li> <li>▪ <b>2013_Ayuda memoria_COMRURAL:</b> COMRURAL has already initiated partnerships with several initiatives supported by PYMERURAL, such as the use of information systems for market intelligence, dissemination of technical information via SMS [...].</li> </ul> <p><u>HIC Team comments:</u></p> <ul style="list-style-type: none"> <li>▪ In general, project documents (interim &amp; final reports, technical reports, etc.) also confirm the synergies and interlinkages with other SDC projects, as well as harmonisation and co-ordination efforts with interventions carried out by other donors, adding value and avoiding duplications.</li> <li>▪ Based on interviews with the implementers and project teams of the ongoing projects in situ, it can be ascertained that they are all fully aware of predecessor projects, both financed by SDC and others, and ongoing interventions that bear synergy potentials with their own project.</li> </ul>
<b>3) Effectiveness</b>		
3.1 What concrete development <b>results</b> were achieved through the project X?	<i>descriptive/illustrative</i>	<p><u>Selected examples from external evaluations:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2020_Evaluación externa_SURCOMPITE:</b> SurCompite has contributed to the generation of income and employment in the Gulf of Fonseca region, with aggregate sales directly linked to the project for almost USD 35 million and a total of 5,600 families directly benefited. With regard to the goals established in the project's logical framework, of the 25 quantitative indicators, the project fully meets the goals in 21 of them, i.e. 84%, with 7 of these far exceeding their respective goals. As for the remaining 4 quantitative indicators, their compliance is close to 50% on average, two others are not numerical, and finally, one indicator does not match the project's performance. In weighted terms, compliance with the 25 indicators with numerical measurements exceeds 100%, since many of them far exceed the target value.</li> </ul>



GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<ul style="list-style-type: none"> <li>▪ <b>2016_External evaluation_PROJOVEN:</b> Evaluating the internship, the young people confirm the positive results and its importance. However, an evaluation from the perspective of the companies that have hosted the young people for the development of these internships is needed to obtain an objective feedback of the process.</li> <li>▪ <b>2020_Evaluacion medio termino externo_DEIT SUR:</b> Although actions have been developed that contribute to improving the business climate and competitiveness of some links in the three chains, the achievement of the goals and therefore their effects still reflect a LOW EFFECTIVENESS. This is influenced by, among others: a) weaknesses in the design of the Program; b) a complex territorial organizational context, with weak institutional support, coupled with the lack of a shared vision of inclusive territorial development; c) cyclical events such as the pandemic and climatic events; d) limitations in the EFFICIENCY of execution, due to high staff turnover, as well as a difficult path between the facilitating and implementing role of the Program.</li> <li>▪ <b>2022_External mid-term evaluation_PROCAHAHO:</b> Although the effectiveness has not been as expected, there is some evidence of processes in the development of the cocoa value chain in both countries that are significant and attributable to SDC support and the longstanding support received by the sector: <ul style="list-style-type: none"> <li>○ Significant increase in cocoa in the two countries; despite unfavourable events they maintain a positive trend in crop growth, their optimum level is developing,</li> <li>○ Producers' families, including women and young people, have achieved additional income from cocoa in addition to the traditional ones, which is not yet significant, but is expected to grow,</li> <li>○ Companies and cooperatives collect, process and market larger volumes of cocoa with good infrastructure. However, they do not have total control of their business, they have cost increases that most of them cannot cover with their income, depending on subsidies,</li> <li>○ The presence of international buyers for the niche of certified flavour and aroma cocoa is evident and they have a medium and long term vision, their expectations of achieving significant volumes are still pending,</li> <li>○ There is an offer of business development services for technical assistance and capacity building, and some financial services for the chain, but many improvements and adaptations are needed to ensure sustainable business.</li> </ul> </li> <li>▪ <b>2022_External evaluation phase 1_PRAWANKA:</b> PRAWANKA has contributed to income increase and job creation for the indigenous and Garifuna peoples in the Mosquitia (additional income of ~ CHF 490.000   additional jobs 2,832) from the operation of the fishing, food and cocoa value chains. Evidence for changes in production yields and in the adoption of productive technologies are visible. Based on their beneficiary survey, 41% women and youth state that their economic situation has improved.</li> </ul> <p><u>Selected examples from project documents:</u></p> <ul style="list-style-type: none"> <li>▪ Of course there are many concrete development results are described in the project documents, however it is too much to be mentioned here.</li> <li>▪ In summary: Final project reports for ProJoven and PYMERURAL generally affirm good results with regards to goal achievement. In the case of <b>ProJoven</b>, 4.831 of the young participants (52% women, 48% men) in vocational training achieved employment insertion through jobs for at least 6 months or sustainable enterprises (target for phase 2: 6.000 young participants, achievement 81%). <b>PYMERURAL</b> claims to have directly generated 9.529 full-time job equivalents and CHF 7.8 million of additional net income for 10.039 SMEs (of which 24% were led by women) in the horticultural, beekeeping, cattle, coffee, cocoa and tourism value chains, in addition to competitiveness and productivity improvement through the introduction and adoption of new technologies.</li> </ul> <p><u>Selected examples from interviews:</u></p> <ul style="list-style-type: none"> <li>▪ <b>INT18 PROCACAH:</b> In 2013 there were 3 chocolate bars in Swiss Supermarkets, now there are 6.</li> </ul>

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
3.2 Which development <b>approaches and instruments</b> have SDC and its partners successfully used over the decades to contribute to improving the sector X in country X, and which did not achieve their intended outcomes?	3.1.1 Intended project outputs and outcomes were (not) achieved by means of selected approaches and methodologies.	<p><u>Selected examples from external evaluations:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2020_Evaluacion medio termino externo_DEIT SUR:</b> At the strategy level, the Program considers different inclusion instruments, such as: the methodology for accelerating business and entrepreneurship with young people and traditional gender relay; the approach of "Making markets work for the poor"; coordination with anchor companies to create "inclusive markets"; Public-private partnerships; shared governance model in the field; inclusion in the territory; inclusive territorial economic development; as well as other strategic principles such as land use planning with a watershed approach and value chains, etc..</li> </ul> <p><u>Selected examples from project documents:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2012_ Experiences developing sector and territorial Strategic_PYMERURAL:</b> Value chains + LED + participatory sector / territory strategy development</li> </ul> <p><u>Selected examples from interviews:</u></p> <ul style="list-style-type: none"> <li>▪ <b>INT2 DEIT Sur:</b> The "Impulsa tu Empresa" methodology was developed by Sur en Acción to strengthen the chains prioritized by the project, where they would generate business plans and entrepreneurship. Ayuda de Acción and Tecnoserve hired a consultant who used the CANVAS methodology to train entrepreneurs. Elevator Pitch was developed for the beneficiaries to present their ventures.</li> </ul> <p><u>HIC Team comments:</u></p> <ul style="list-style-type: none"> <li>▪ Based on the available documentation, the value chain development approach was central to all of the projects included in this deep-dive.</li> </ul>
3.3 Which <b>stakeholders</b> were reached and how - and which were excluded and why? Which <b>capacities</b> were changed and how?	<i>descriptive/illustrative</i>	<p><u>HIC Team comments:</u></p> <ul style="list-style-type: none"> <li>▪ The main public sector stakeholders include: Mancomunidades, SAG, ICF, DIGEPESCA, Gobernación, INFOP, CONEANFO, Mayor's Offices, SEPLAN, SAG, NASMAR, Ministry of Finance, IHT, MiAmbiente</li> <li>▪ The main private sector stakeholders include: Producers, producer associations, Chocolats Halba, Maruko, CCIS, CANATURGF, CHICO, CANATURH, TVET operators, Banks, etc.</li> <li>▪ The main civil society stakeholders include: UNA, FHIA, RRMS, MASTA, CIT, MIMAT, UTH, UNAH, CURC, etc.</li> <li>▪ The main other donors includes: GIZ, EU, AUSAID, BID, World Bank, SDC</li> <li>▪ The target group includes: Vulnerable groups, especially women, adolescents, migrants, indigenous people and Afro-descendants, (young) men and women, micro, small and medium-sized enterprises, small scale producers, household economic units or extended families, usually in rural areas,</li> <li>▪ Capacity development took place both in technical and organizational / governance fields, through trainings, workshops, field schools, learning journeys, etc.</li> <li>▪ SDC applied a territorial approach, working for the most part on micro and meso level.</li> </ul>
<b>4) Impact</b>		
4.1 How, and to what extent, did project X <b>contribute to poverty reduction</b>	4.1.1 SDC's projects contributed to reducing poverty in relevant dimensions like health, education, basis services and security.	<p><u>Selected examples from external evaluations:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2016_Evaluacion externa_COMRURAL:</b> The evaluation team was unable to find evidence of the pro-poor approach and the principles of social inclusion of women, youth and indigenous people described in COMRURAL's documents.</li> <li>▪ <b>2022_External mid-term evaluation_PROCAHAHO:</b></li> </ul>



GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
and/or the <b>reduction of inequalities</b> in country X?	4.1.2 SDC's projects contributed to effectively strengthening partner institutions and increasing resilience of the target group.	<ul style="list-style-type: none"> <li>○ The impact at the time of the EMT is unsatisfactory, which does not deny the growth trend of the cocoa business, on the one hand more volume and quality worked for many years going through the first phase of the program, on the other more actors and now chained towards a single vision of making the business a livelihood for thousands of producers in their diversified agroforestry farms, companies that are able to process under international quality standards, demanded by buyers who are part of the chain and bet on the medium and long term.</li> </ul>
4.2 What <b>other longer-term key changes</b> has SDC's bilateral cooperation in sector X in country X through project X contributed over the past 20 years ( <i>intended or un-intended</i> )? How and to what extent did the interventions of project X cause <b>higher-level effects</b> (such as changes in norms or systems)? How will the interventions contribute to <b>changing society</b> in countr X for the better?	4.2.1 SDC projects effectively contributed to changes in norms/systems (e.g. on gender and social inclusion). 4.2.2 SDC projects contributed to aggravating/improving conflicts. 4.2.3 SDC projects contributed to other significant (positive/negative) changes in the lives of the intended beneficiaries.	<ul style="list-style-type: none"> <li>○ Although the impacts are still in process and promise to be significant in the medium term once the program has left the region, it is possible to improve them until the end of the phase, above all by leaving chain models that work in territories with volume potential and companies/cooperatives that have the capacity and commitment to consolidate and become the benchmark in the countries to which the other actors in the chain should be directed.</li> <li>○ An unexpected negative impact may be the culture of subsidies that existed before SDC support, but it takes a lot of effort to reverse it, especially in the case of value chain projects; it will be a challenge for the remainder of the program to reverse it under the methodology of decreasing them. More sustainable alternatives for accessing funds should be sought, more oriented to results and market mechanisms such as payment for results or products (see the proportion of budgets allocated to personnel, current expenses, investments in vehicles, etc. with respect to what is allocated to strengthening enterprises and producers).</li> <li>○ Currently, unlike in 2014, the national financial system offers a differentiated supply of financing for the cocoa chain, as a result of the Program's management, since the five financial institutions with which the Program has a co-financing agreement channel financing under the conditions described in the financial products manual.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>2020 Evaluación externa SURCOMPITE:</b> However, it should be noted that some of the risks that could limit the impact of the project were expressed at different moments of its execution, which slowed down its normal development and hindered the fulfilment of some of its objectives. Indeed, the rotation of decision-makers in the public administration limited the impact on the generation of public policies. On the other hand, 2020 was a particularly complex year in international markets, so these unexpected reactions in international markets with respect to the diagnoses made will have a very negative impact on the consolidation and expansion of market access for the producers supported during this year. It has also had a negative effect on aquaculturists who were going to the domestic market, given the increase in sanitary requirements. At the same time, the tourism sector's focus of action was to become a national and international tourist destination. This was not only affected by the closing of borders due to the pandemic, but also by the increase in sanitary requirements and the need to make new investments in infrastructure. A relevant expected result to give sustainability to these initiatives was the creation of a financial services platform, including aspects such as: the set of methodologies, financial instruments (agricultural and services insurance, guarantee schemes, trusts, early warnings, Match Grant funds), financial products (credits/savings), financial education and technological tools.</li> <li>▪ <b>2022 External evaluation phase 1_PRAWANKA:</b> We would like to point out that the UDFs generate social benefits, which must be made visible because of what they represent in the measurement of poverty. Despite all the shortcomings of the UDFs, 51% of the women/young people consider that they have quality of life and 41% that their economic situation has improved and recognize that having a secure market allows them to plan their expenses and investments.</li> </ul> <p><u>Selected examples from project documents:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2021_Final report phase 1_PRAWANKA:</b> From the initial 12-year perspective of the program, the first phase has meant the consolidation of the conditions for the hypothesis to materialize; however, with the anticipated exit of the SDC in 2024, it implies accelerating processes to leave economic development bases anchored at the local level, through an exit strategy that allows for the continuity of changes in political legitimacy, economic fundamentals and income and services, once the financing ends.</li> </ul>

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<ul style="list-style-type: none"> <li>▪ <b>2014_RESULTADOS DE PYMERURAL:</b> Regulations were established for the importation, handling and marketing of potato seed (which represents 50% of production costs in this area); equipment and technical training for the management of the National Center for Seed Potato Production; technical standards for the beekeeping sector; new projects for cocoa; dams for rainwater harvesting and irrigation pipelines in horticultural areas; the introduction of improved genetics in tilapia; the strengthening of the Aquaculture Pathology Laboratory; the development of the Honduras Premium quality system; the creation of the Interinstitutional Agribusiness Commission; among other interventions that have contributed to improving the use of market opportunities and reducing technical, commercial and health risks for a large part of the country's rural population. Local institutions, with the support of Pymerural, were also able to leverage additional resources from the European Union (in the global intervention), World Vision Honduras (in the MSME clusters), the Inter-American Development Bank (in the doughnut value chain), the Spanish Agency for International Cooperation (in the Workshop School) and the United States Department of Agriculture (in the MSMEs processing vegetables and coffee).</li> <li>▪ <b>2022_ProDoc closing phase_PROJOVEN:</b> However, in terms of institutional anchoring and sustainability of the intervention at the system level, there is still work to be done, which should be taken up again in the closing stage, taking advantage of the willingness of the actors to do so (INFOP, private training centres, private sector, etc.). In this sense, this stage of the project will build on what was done in phase 2, especially the knowledge systematized during the last five months of phase 2 (October 2021-February 2022). The active role of INFOP and other stakeholders in replicating, scaling up and ensuring the systemic anchoring and sustainability of good practices will be crucial for the achievement of the objectives.</li> </ul> <p><u>Selected examples from interviews:</u></p> <ul style="list-style-type: none"> <li>▪ <b>INT13 PROCACAO:</b> There are no more cocoa producers living on \$1.25 a day.</li> <li>▪ <b>INT25 ProJoven:</b> Young people with few resources received training and a job! There is the perspective that the youth can get out of their situation of vulnerability, not only because of technical training, but also psycho-social training. There are success stories, but there are also failures. Sometimes young people received training and emigrated.</li> </ul>
<b>5) Sustainability</b>		
<p>5.1 To what extent are the benefits of project X <b>likely to continue</b> after SDC funding ceases (<i>for closed projects: did the benefits actually continue?</i>)? What were/are the <b>successes and hindering factors</b>?</p>	<p>6.1.1 Exit strategies were defined and implemented (e.g. discontinuation or reduction of measures when targets were reached or transfer of responsibility to national structures).</p> <p>6.1.2 Projects concepts generally consider national capacities necessary in order to build on project achievements.</p> <p>6.1.3 National (governmental and non-governmental actors) were closely involved in project implementation as partners/beneficiaries with a high level of ownership.</p>	<p><u>Selected examples from external evaluations:</u></p> <ul style="list-style-type: none"> <li>▪ <b>2020_Evaluacion medio termino externo_DEIT SUR:</b> The Program has based its sustainability on the core strategies and concepts of sustainability referred to: Public-Private Partnerships; Shared Governance model in the field; Inclusion in the territory; Territorial Inclusive Economic Development; Markets for the poor approach; as well as other strategic principles such as territorial planning with a basin approach and value chains; etc. From these elements it has become evident that in some of them few steps have been taken and in others they have not yet been addressed or socialized with the stakeholders; from this it can be deduced that the road to sustainability is very incipient, and if we consider the 8-year cut in its execution, it can be thought that it will be impossible to achieve it. Considerable progress has been made in terms of social inclusion and empowerment of women and young people, with a solid strategic partner in the form of the Southern Women's Network, through instruments such as: gender strategy; equality plans; organizational and legal strengthening (legal advice); strategy for assisting women who are victims of violence.</li> <li>▪ <b>2020_Evaluación externa_SURCOMPITE:</b></li> </ul>

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
<p>5.2 Did SDC's intervention in project X lead to <b>scalable</b> or <b>replicable</b> results (for closed interventions: Were those actually up-scaled or replicated?)?</p>	<p>6.2.1 Project approaches were scaled-up in the priority regions. 6.2.2 Project approaches were replicated outside the priority regions.</p>	<ul style="list-style-type: none"> <li>○ In terms of sustainability, the model promoted by the project represents an innovative approach that seeks to generate sustainability based on structured work with associations of small entrepreneurs in specific value chains and private and public sector institutions. In order to promote such sustainability, it is critical to project the most substantive lines of action promoted by the project into the future. Thus, it is proposed to give institutional continuity to the following two initiatives: the generation of a financial platform for local productive actors (component 2) and the creation of a nucleus -or centre- of public and private services with territorial coverage and specialization (component 3). Both initiatives were able to advance to the design and consensus-building stage with some of the institutions. At the end of the project, two agreements were signed to lay the foundations for the installation process and the design of a start-up in successive stages. In August 2020, within the framework of this agreement, a Technical-Financial Contribution Agreement was signed between FUNDER and the Chamber of Commerce and Industries of the South (CCIS) for the implementation of a Public Services Park with the provision of online services from the Municipality of Choluteca, from the Secretariat of Natural Resources and Environment (MIAMBIENTE+), and from the Health Regulation Agency (ARSA).</li> <li>○ In addition, 28 stable alliances were established between the project and public or business entities, including local coordination and collaboration with several municipalities in the departments of Choluteca and Valle, the alliance with the Southern Chamber of Commerce and Industry, ongoing communication with public entities such as the General Coordination Secretariat of the Government, and the unprecedented coordination between Intermediary Financial Institutions (IFIs) to form a shared platform to facilitate local producers' access to financial services.</li> <li>○ As a strategy, the project has prioritized a set of actions that seek to serve the beneficiaries participating in the aforementioned chains, simultaneously in four areas: [...] iv) Close and expeditious access to critical business services, through a coordinated approach with the Southern Chamber of Commerce and Industry (CCIS), the General Coordination Secretariat of the Government and various public services, with a view to a more decentralized delivery of these services.</li> </ul> <p>■ <b>2022_External mid-term evaluation_PROCAHAHO:</b></p> <ul style="list-style-type: none"> <li>○ The only way to achieve sustainable benefits from income and decent employment is when business income for the actors in the chain covers costs and the financial margin they leave is sufficient to cover the basic needs for a decent life for the families of producers, women and young people. For the time being, these benefits cannot be covered by the income generated by cocoa as a contribution to the total income basket for most small enterprises; in the case of farms, the available data does not allow for a final criterion and more research is needed.</li> <li>○ Sustainability is achieved with the effective articulation of productivity, profitability and competitiveness. In turn, profitability is determined by economic and financial capacity without subsidies and external support.</li> <li>○ While sustainability is on the way, the major concern is the time until the optimum point is reached where profits are attained and there is the capacity to sustain them at market conditions with as little subsidized support as possible. It is likely that this situation will not reach all areas and all enterprises or cooperatives, the point is that in what remains of the phase, it is necessary to focus on those that can be sustainable and support them so that they become evidence that it is possible to achieve it, to systematize the cases, the tools and the lessons learned.</li> <li>○ The effects achieved with PROCAHAHO's intervention are unlikely to be sustained over time once SDC's support ends; the subsidy culture has created a false reality of the companies' capacity. Producers may continue to grow cocoa, but not as their main source of income. The results achieved at the environmental and social level may have more sustainability after the end of the project because the SAF and DAF plots will already have a higher production and will contribute to the food security of the families.</li> </ul>

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<ul style="list-style-type: none"> <li>○ At the producer level, it is appreciated that they have learned the cultivation techniques, but not all of them are convinced that they want to continue growing cocoa, since in some areas it competes with other crops that are more profitable and require less effort. The low volume marketed by the companies, added to the deterioration due to the impact of natural disasters, makes the sustainability of the business more uncertain, although these are unexpected events that have an impact on the interest of the producers. However, there is a lack of awareness regarding FFS management due to its greater resilience to the effects of CC compared, for example, to the mono-crop of palm.</li> <li>○ PROCACAO is linked to the National Agrifood Program (PRONAGRO) of Honduras, an agency of the Ministry of Agriculture and Livestock, which is responsible for organizing public and private actors in the different links of the value chain, as well as the regulatory framework for agrifood and value chains. In the case of the cocoa chain, the program has contributed to its governance by strengthening the National Committee of the Cocoa Chain, identifying points for intervention, contributing to increasing efficiency and increasing the value generated by the chain and improving the competitiveness of certain actors.</li> </ul> <p>▪ <b>2022 External evaluation phase 1_PRAWANKA:</b></p> <ul style="list-style-type: none"> <li>○ The definition of lines for sustainability in the CoVs is outlined, but it is not seen in a concrete way, because the financial resources that support most of the operations come from the donor that accompanies the program. In this regard, the National Chain Committees, led by SAG, are responsible, among other things, for convening and facilitating, according to agreement 867-2003, collegial support for these spaces (which should be co-facilitated by Pronagro), and should therefore provide follow-up once the Program has ended.</li> <li>○ Commercial conditions have been created in indigenous enterprises, but legalization and business organization are still incipient in indigenous enterprises.</li> <li>○ The Program has contributed to the indigenous and Garifuna peoples of La Mosquitia having income and jobs (Income of L13,276,771.34 and has generated 2,832 jobs in 3426 families) from the operation of the fishing, food22 and cocoa CoVs. These are jobs and income accumulated from 2018-2020, and by production cycle, there is no commercial stability because it depends on the external market and the control it exerts.</li> <li>○ Public administration: At the field level they have been active, but at the strategic level their commitment to investments is still limited. They are a key actor in creating favorable conditions for economic development, with a fragile legal framework that affects chain activities and their compliance control. In addition, the lack of state territorial planning mechanisms does not ensure the linkage of these chaining initiatives in longer-term processes.</li> <li>○ Fragile legal frameworks. In the fishing chain, we identified some fragilities attributed to the lack of an adequate legal framework. First: contradictions in the General Environmental Law8 that imply the risk that the State, by expanding the coastal area for industrial fishing, could invade that of the indigenous communities, in the face of a vacuum in the application of Convention 169,9 which points to the importance of a law on indigenous autonomy. Second: the General Environmental Law mentions the mechanisms for mitigation and risk management due to natural phenomena, but there is no response to the impact that not being able to work represents for fishermen. Third, there is no clarity as to who grants the licenses, which allows for political management, not only territorially but also at the highest level of government. As long as there are no regulations, it is recommended to mediate with state institutions (Digepesca) and local fishermen, so that they have preference in the granting of exploitation licenses, since the current requirements for granting them do not prioritize the Miskito population in their primordial right to exploit the resources where they live. Digepesca is willing to grant licenses to local fishermen, but this is not legally reflected in the ministerial agreements published in the official newspaper La Gaceta for each fishing season.</li> </ul> <p><u>Selected examples from project documents:</u></p> <p>▪ <b>2008_PROJECT APPRAISAL DOCUMENT_COMRURAL:</b> Sustainability of project impact will be achieved through the project's support to participatory processes at every level, particularly regarding RPOs and productive alliances. The primary project beneficiaries - RPOs - play a key role in decision-making, implementation, and cost sharing, thus increasing their felt ownership. Institutional Sustainability: Given that the project supports a business model with financing shared between financial institutions (e.g., PFIs) and the project (i.e., subproject grants under Component 2), it is expected that these PFIs - after gaining successful experiences under the project - would take on an ever-increasing role in financing the productive alliances, with market-sourced finance comprising an ever-larger share of the total business plan. Additionally</p>

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<p>and perhaps more importantly, the up-front participation of PFIs in assessing and financing viable business plans extends the client base of these financial institutions and should work to enhance greater financial market depth in rural Honduras in support of future productive alliances. In the end, successful businesses are sustainable businesses.</p> <ul style="list-style-type: none"> <li>▪ <b>2014_RESULTADOS DE PYMERURAL:</b> Support for the Ministry of Agriculture and Livestock to institutionalize the Agrifood Value Chain Approach: Pymerural supported the Ministry of Agriculture and Livestock (SAG), through the National Agrifood Development Program (PRONAGRO) in the execution of the State Policy for the Agrifood Sector, particularly with regard to the implementation of the agrifood value chain management approach. This work consisted of institutionalizing a structured five-stage process, in which, upon reaching the last stage, the cycle starts all over again; thus, in this recurrent manner, the chain's competitiveness is improved. Pymerural developed the capacities of both technical and managerial professionals at SAG to implement a pilot of the management model in five chains/sub-sectors of national scope.</li> <li>▪ <b>2022_Implementation completion and results report_COMRURAL:</b> Although institutional strengthening was added as an additional component in the latter half of the project's implementation, and following initial implementation challenges in terms of institutional capacity of previous implementing partners and overall country capacity constraints, the project's support to institutional strengthening and involvement of and reliance on INVEST-H entity has shown good progress. These implementation arrangements have been adopted and further strengthened by the follow-on projects of COMRURAL II and II.</li> </ul> <p><b>2022_Final report phase 2_PROCACAO:</b> With regard to contributions to the regulatory framework for the governance of the cocoa sector, Phase II of the program led to the establishment of the National Committee of the Honduras Cocoa Chain (CNCC). During this period, the CNCC consolidated the Competitiveness Framework Agreement 2019-2022 (AMC 2019-2022), which promotes dynamism among the regional committees and thematic working groups of the CNCC, providing a broad space for participation by the sector's producers. The CNCC continues to face challenges in terms of having effective mechanisms for monitoring and evaluating the AMC-2019-2022, making progress in terms of evaluating its operation, but not in terms of measuring specific progress in its goals.</p> <p><u>Selected examples from interviews:</u></p> <ul style="list-style-type: none"> <li>▪ <b>INT1 DEIT Sur:</b> <ul style="list-style-type: none"> <li>○ Ayuda en Acción will continue with its own funds in the territory to carry out the second phase. The SDC has been presented with the Business Plan to consolidate DEIT's legacy, which includes the second and third phases of the program.</li> <li>○ The gender approach is now an institution in the territory; there is installed capacity to promote this issue in the value chains. It was disjointed, but was strengthened with the DEIT. Financing, organization, etc. It is already coordinating with other programs. Coordinates with Citizen Security.</li> </ul> </li> <li>▪ <b>INT3 DEIT Sur:</b> The federation (FEGASUR) will not be able to continue; it has a deficit with respect to income and maintenance expenses.</li> <li>▪ <b>INT6 SURCOMPITE:</b> La Sureña has a SURCOMPITE revolving fund. It currently has the solvency to avoid requesting external financing. There are three social cooperatives united in the COPROMACH organization, which is a committee that coordinates the three cooperatives.</li> <li>▪ <b>INT9 PRAWANKA:</b> We (the implementer) are going to continue with a program with BM to resume those actions in the Mosquitia.</li> <li>▪ <b>INT12 PROCACAO:</b> <ul style="list-style-type: none"> <li>○ Before PROCACAO there were no cocoa companies. These structures are working and they can grow on their own. These companies are connected to the market with CHH.</li> <li>○ PROCACAO currently pays the Secretary of the Cocoa Chain Committee, however, efforts are being made to attract more projects that can assume the salary of this person at SAG.</li> </ul> </li> <li>▪ <b>INT13 PROCACAO:</b> An alliance between the government and producers has worked. PRONAGRO, producers and FENAPROCACAO.</li> </ul>



GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<ul style="list-style-type: none"> <li>▪ <b>INT15 PROCACAOH:</b> There is still a secure market, potential and price stability, prices have not increased but stability should help to plan for the long term.</li> <li>▪ <b>INT18 PROCACAOH:</b> With 400 tons CHH is not sustainable, as it has the capacity for 1,000 tons. In 2023 it has not even reached 500. There are no volumes to maintain a market.</li> <li>▪ <b>INT25 PROJOVEN:</b> Stronger vocational training institutions, in the municipalities, training centres, local NGOs, etc.</li> <li>▪ <b>INT 26 SURCOMPITE:</b> Financial services platform: It was very ambitious. Institutions compete with each other. The most significant achievements: tools, design of financial products. Of the 6 institutions 3-4 continue with the tools. Funder still supports.</li> <li>▪ <b>INT27 DEIT / SURCOMPITE:</b> <ul style="list-style-type: none"> <li>○ One problem with DEIT's work was that the chains were not given the tools to innovate.</li> <li>○ The local economy does not seem to be getting out of its comfort zone, nor does it see an alliance at the international level.</li> <li>○ DEIT focused on governance. But there is no evidence that it has worked on differentiation and market focus. There is little room for profitability in these actions.</li> <li>○ SURCOMPITE worked with geographic deconcentration, to establish a centre for citizen services, a one-stop shop. It was a bad design, and investments were made that were not contemplated. Between July and December 2020 they wanted to implement the window, very little time. They only received a server, a computer and the technological platform. The windows brought together the entire structure of business procedures.</li> <li>○ At CCISUR, the window is now available to the public, previously only to members.</li> </ul> </li> <li>▪ <b>INT30 General:</b> Many chains are not interesting for banks (access to financing).</li> </ul>
<b>6) Lessons Learned</b>		
6.1 What did <b>work well</b> and what are considered the <b>greatest failures</b> of SDC's bilateral cooperation in sector X in country X?	<i>descriptive/illustrative</i>	<p>Selected examples from external evaluations:</p> <ul style="list-style-type: none"> <li>▪ <b>2020_Evaluacion medio termino externo_DEIT SUR:</b> Among the main recommendations of the evaluation is the need to generate spaces for dialogue and knowledge management to point towards a shared vision of inclusive territorial economic development; as well as to take advantage of the self-assessment and evaluation exercise to develop a participatory analysis of the direction to take, just when potential changes in political will may occur with new authorities.</li> <li>▪ <b>2020_Evaluación externa_SURCOMPITE:</b> <ul style="list-style-type: none"> <li>○ Firstly, with regard to the focus on the market, which is crucial in the work of animation and coordination with each production chain and as a guide for advisory services and technical assistance, highlighting the implementation of innovative models at the territorial level, such as the partnership that has brought together associations of local okra producers for marketing to the export market.</li> <li>○ Secondly, the governance model, which makes it possible to share, among actors of different types, visions regarding the future evolution of the chains served and their impact on the territory, as well as on territorial development as a whole, thus encouraging agreements among actors on agendas with distributed responsibilities and tasks, seeking to complement the roles of public, private, NGOs and training and research institutions present in the territory, by establishing permanent alliances with clearly defined objectives.</li> <li>○ Finally, a lesson to highlight is the importance that, in a project such as this one, with ambitious objectives in terms of solving gaps and coordination and network failures at the territorial level, an essential attribute of the executing entity must be its roots and previous knowledge of the actors at the territorial level, as has been the case of FUNDER.</li> </ul> </li> <li>▪ <b>2022_External evaluation phase 1_PRAWANKA:</b> The value chains require competitiveness agendas that allow the construction of a common vision with strategic guidelines and a clear delimitation of the intervention; the creation of a plan on the financing of the CoVs with the</li> </ul>



GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<p>participation of all the actors of the CoVs; and finally, the formulation and implementation of a professionalization program for the UFP and partners on the approach of inclusive economic development and value chains appropriate to indigenous populations.</p> <p><u>Selected examples from interviews:</u></p> <ul style="list-style-type: none"> <li>▪ <b>INT1 DEIT Sur:</b> Improving the business climate did not work as well. Access to credit was a challenge; the design of financial products to meet the demand was not achieved. In the end, the SDC said it was not going to do the guarantee funds. The public-private alliances did not make much progress. It was not possible to approach La Lactosa or La Sureñita. Although the purchasing company was Diana, but the results are less advanced. Chain committees: Difficult to involve private companies.</li> <li>▪ <b>INT7 COMRURAL:</b> Funds were awarded competitively, i.e. competitiveness was ensured. This was a basic recipe for the success of the project.</li> <li>▪ <b>INT18 PROCACAO:</b> Technical assistance did not work, not even one pound per hectare increased, no progress was made in productivity.</li> </ul>
6.2 What lessons can be learned from SDC's bilateral cooperation in sector X in country X in order to <b>guide partner governments, other national and international partners</b> that may step in after SDC to continue projects and programmes?	<i>descriptive/illustrative, overall conclusions of study</i>	<p>Based on the conducted interviews, document review and feedback sessions, the HIC Team suggests the following lessons-learned:</p> <ul style="list-style-type: none"> <li>▪ Lesson 1: A profound context analysis is necessary to determine whether the value chain approach (focus: economic development) is the most appropriate for the context in the intervention area, or whether the focus should be on governance.</li> <li>▪ Lesson 2: If income increase and job creation is the main goal in the SDC's "Economic Development" sector projects, then the point of entry should be the market's (demand) point of view, not the producer's point of view.</li> <li>▪ Lesson 3: For projects in the sector "Economic Development" it crucial to involve private sector actors (chambers of commerce, formal banks, buyers, etc.) as much as possible.</li> <li>▪ Lesson 4: It is necessary to work extensively on innovation, differentiation and refinement to increase the value added and therewith the generation of income and employment.</li> <li>▪ Lesson 5: It is necessary to work not only on primary production, but also on transformation of the products, in order to increase margins of the target group.</li> <li>▪ Lesson 6: When designing projects in the area of "Economic Development", close attention needs to be paid not to over-subsidize the beneficiary.</li> <li>▪ Lesson 7: Existing structures should be supported as much as possible, creating new structures should not be more than strictly necessary.</li> <li>▪ Lesson 8: It has to be made sure that the implementers have the necessary competencies and capacities with regards to "Economic Development".</li> <li>▪ Lesson 9: Linking business development and employment creation with environmental and fair trade considerations is both possible and can be profitable.</li> <li>▪ Lesson 10: It is worth rethinking the territorial approach with respect to the question of whether it is the best way to ensure institutionalization of results.</li> <li>▪ Lesson 11: An institutional exit-strategy should translate into clear requirements for projects with regards to planning and organizing hand-overs.</li> <li>▪ Lesson 12: At institutional level, further reflection can be worthwhile in order to scrutinize how to square the necessary ingredients for "Economic Development" (market, profitability, competitiveness) with SDC's core motivation of helping the poor and marginalized.</li> <li>▪ Lesson 13: Co-financing is an interesting option for expanding leverage and achieving economies of scale, especially for a donor with comparatively few financial resources.</li> </ul>
6.3 What lessons can be learned for SDC <b>institutionally</b> and/or <b>sectorally</b> that may be relevant for SDC to improve development effectiveness in sector X elsewhere? What have been <b>enabling</b> and <b>hindering</b> factors?	<i>descriptive/illustrative, overall conclusions of study</i>	

GUIDING QUESTIONS	ASSESSMENT CRITERIA / INDICATORS	RESULTS / COMMENTS ON THE ASSESSMENT (SELECTION)
		<ul style="list-style-type: none"> <li>▪ Lesson 14: SDC formats such as the "Concertación Sur" have high potential in principle not ideal to foster joint/inter-programmatic implementation, however whether this can actually be realized depends on the methodology applied.</li> <li>▪ Lesson 15: Long-running projects and flexibility during implementation are regarded a highly valuable property of SDC.</li> </ul>