



Canadian International  
Development Agency

Agence canadienne de  
développement international

## **HONDURAS**

### **COUNTRY STRATEGY**

**(Effective as of 2009)**

CIDA reviews all country strategies periodically and may revise them to reflect changing priorities or circumstances.

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**Canada** 

### 1. Country Development Context

#### Current context:

- Honduras is on track to meet MDG targets for reduction of child malnutrition, gender parity in education, reduced prevalence of malaria, and access to safe drinking water and basic sanitation.
- The country is unlikely to meet MDGs on poverty reduction, universal primary education, reduction of maternal and child mortality, gender equality and women empowerment.
- Sixty percent of Honduras' 7 million population is under the age of 25 and growing rapidly, increasing pressure on natural resources and demands on health and education services.
- Poverty in Honduras is concentrated in the rural areas, where half of Hondurans reside. Thirty percent of Hondurans live on less than US\$2 a day and 18 percent live on less than US\$1.25 a day.
- Honduras' fiscal policies do not contribute to redistributing wealth and reducing inequality. The richest 10 percent of Hondurans control 42 percent of total income, while the poorest 10 percent receive 1 percent.
- Honduras is vulnerable to natural disasters due to topography, deforestation and climate change. Progress has been made since Hurricane Mitch devastated the country in 1998, but sustainable management of natural resources is critical.
- Prior to the recent constitutional crisis and subsequent coup, political rights and civil liberties were generally respected. It is expected that Honduras will go forward with presidential and congressional elections in November 2009.
- Insecurity related to organized crime is on the rise. The Honduran government is ill equipped to address this challenge.
- Canada is currently negotiating a free trade agreement with the Central American Four (CA4) countries, including Honduras. Trade between the two countries has significantly increased: Canadian imports from Honduras more than doubled between 1999 and 2007, rising from \$68 million to \$151 million. Exports to Honduras grew from \$19 million in 1999 to \$86.8 million in 2007.
- The economic crisis is slowing Honduras' export-led economy, rapidly deteriorating economic indicators, and negatively affecting migrant remittances, which represent 20 percent of gross domestic product and 8 percent of family income. Gross domestic product growth is expected to shrink to -0.3 percent in 2009, from 4 percent in 2008 and 6.3 percent in 2007.
- Social programming is at risk as the government lacks the resources and an approved 2009 budget to fund its anti-crisis plan. Public finances are worsening due to falling tax revenue and populist measures taken in the run-up to the November elections (for example, an imposed 62 percent rise in minimum wage). Macroeconomic policy shifts recommended by the International Monetary Fund to put the economy on track will not likely be implemented, and the impact of the global recession could go from moderate to severe.
- Honduras' dependency on donors' aid is low. In 2006, it amounted to only 6 percent of the country's gross national income.
- The economic crisis and the minimum wage spike are driving up unemployment and underemployment.
- Food security is at risk. Honduran agricultural productivity is low, and the country is a net importer of agricultural products. The 18-percent increase in food prices in 2008 added an estimated 4 percent to the poverty rate and worsened Honduras' already high malnutrition rates.

#### Aid-effectiveness context:

- In the past three years, Honduras has been working to produce a national development plan (NDP). The poverty reduction strategy paper (PRSP) is dated 2001–2015.
- Donors work together through a formal coordination system, sharing information, avoiding duplication and aligning their support with local needs. The top donors (2007) are Spain (education, governance, food security and health, and economic growth); the United States Agency for International Development (economic growth, governance, environment, health and education); the World Bank (economic growth, governance, health, education and environment); and the Inter-American Development Bank (economic growth, social protection and governance). In 2007, Canada ranked 9 among all donors and 6 among DAC donors.
- The United States and the European Commission are taking the lead and investing US\$40 million and €40 million, respectively, to respond to Honduras' increasing insecurity.

## Honduras Country Strategy 2009

- Given the upcoming elections, the donor community is engaging the different candidates to facilitate an effective transition for joint donor–government initiatives and to ensure that poverty reduction activities and planning continue.

### 2. Priority Needs and Canada's Value Added

- The government and congress are working on a new NDP, which is consistent with the extensively consulted 2001–2015 PRSP. In the post-election period, Canada, in coordination with other donors, will focus on assisting the new government to complete and implement an NDP to strengthen poverty reduction efforts. Canada's upcoming presidency of the main donors' group and CIDA's strengthened field capacity will be instrumental in achieving this priority.
- CIDA's 2009 Honduras Country Strategy is well aligned with the government's draft NDP. Country priorities include accelerating economic growth, increasing access to productive assets and increasing access to and quality of education and health services.
- Perceived as a technically adept donor, Canada's expertise has been sought by the Honduran government to address specific needs in health, education and agriculture. CIDA works in a consultative manner with government, local and Canadian partners to respond to the following development objectives:
  - **Human development**—Honduras has high rates of infant and maternal mortality, disease and malnutrition and needs to improve the quality of basic education. To respond to these needs, Canada will draw on a depth of experience and lessons learned from past programming in health, education and economic growth. By building on trademark investments in agriculture and food security (Agricultural Development of Guayape Valley), water and sanitation (PASOS), basic education (Education for All) and transmittable diseases (Prevention and Control of Chagas and Leishmaniasis Diseases), significant results for women, children and youth can be achieved.
  - **Economic growth and sustainability**—Honduras must improve its competitiveness and productivity to attain sustainable economic growth and benefit from its open economy and natural resource endowment. Canada's past substantial contributions in agriculture and sustainable resource management (Pro-Mesas agriculture, forestry, hardwood forest development and supporting policies for sustainable resource management projects) provide a recognized niche for Canada to support agricultural productivity (for example, by diversifying crops and moving beyond subsistence levels) and rural competitiveness (for example, by gaining access to local and regional markets), while improving management of soils, water, and forest cover.
  - **Stability and security**—Crime and violence are rapidly escalating. CIDA support channelled through the Inter-American Regional Program (by means of contributions to the Organization of American States and support to regional organizations) and the Canadian Partnership Branch is strengthening human rights and Honduras' judiciary system. CIDA's bilateral programming in education and agriculture will offer alternatives to lives of crime.
  - **Governance**—Honduras's public sector institutions need to be strengthened. CIDA supports the development of new and improved systems and procedures through its work on priority themes, while recognizing the work done by the World Bank and others to improve government-wide systems.
- **Canadian foreign policy and whole-of-government approach:** CIDA's programming in Honduras contributes to the prosperity pillar of the Americas Strategy and forms the core of Canada's support to the country. CIDA's program is complemented by efforts of other government departments to increase bilateral trade relations and improve security in Honduras. Through the Department of Foreign Affairs and International Trade (DFAIT), Canada is currently negotiating a free trade agreement with Central America. Once successfully concluded, Honduras will benefit from trade-related technical assistance through CIDA's Inter-American Regional Program. Security issues are being addressed by DFAIT, the Royal Canadian Mounted Police and the departments of Justice and Defence.
- **Equality between women and men:** Women continue to have less access to productive resources and employment, are victims of sexual and physical violence, and have limited access to maternal health services. CIDA support will strengthen their role as economic actors contributing to and benefiting from economic opportunities and will improve maternal health.
- **Environment:** Deforestation and poor management of natural resources increase Honduras' vulnerability to natural disasters. CIDA promotes sound agroforestry practices to reverse environmental degradation and reduce the impact of flooding, drought and hurricanes.

### 3. Strategic Direction

- The 2009 Honduras Country Strategy has sharpened its concentration on two priorities:
  - **Food security**—CIDA will focus on improving rural agricultural productivity, working with producers to move them from subsistence to market-ready production. Lessons learned from this programming will later be applied to the drought-prone southwest, where CIDA proposes immediate support of integrated solutions to extreme food insecurity. CIDA's approach in the southwest will be to work in vulnerable watersheds to ensure subsistence farmers have what they need to increase their agricultural productivity and harvest year-round through sustainable natural resource management practices. CIDA will also address food security through improving nutrition with the School Feeding Program.
  - **Children and youth**—CIDA will focus on child and maternal health and basic education. CIDA's approach to health will be to support the Government of Honduras' national health plan to reduce mother and child death rates by preventing illness and diseases, including diarrhoea, acute respiratory diseases, chagas disease, leishmaniasis and malaria. Better governance systems in health are key to attaining reductions in maternal and child death rates; CIDA will strengthen the health information system component. CIDA's approach to education is to improve the quality of basic education by developing and testing a management model at the district level that could later be applied across Honduras. At the national level, CIDA will continue its support to the joint donor Education for All program.
- There are strong synergies between CIDA's programming priorities. CIDA's investments in food security and children and youth are mutually reinforcing. Increasing children's food security through the School Feeding Program enhances the health and school attendance of Honduran children. Improving the health and education of girls and boys will contribute to agricultural productivity in the long run. Promoting equality between women and men will help maximize the potential of women as key economic actors and ensure that benefits are equitably shared between women and men.
- In 2009–2014, CIDA will continue to focus on the priority themes of food security and children and youth, while assessing and monitoring the impact of the economic crisis to adjust programming should the crisis be prolonged or deepen.

### 4. CIDA's Programming Plan

- **Policy dialogue:** Donor coordination and policy dialogue are undertaken at the senior level through the G16, the main donors' group in Honduras, which is led by a troika of donors on a rotational basis. Canada will hold the presidency of the group from July to December 2009. Other key forums for donor coordination include sector tables in health, education, aid effectiveness and gender equality.
- **Poverty reduction:** Programming in food security will target the rural poor, as poverty is concentrated in the rural areas in Honduras.
- **Regional program:** The Inter-American Regional Program invested \$1.5 million in 2008–2009 (preliminary estimate) in Honduras through region-wide initiatives of hemispheric partners such as the Pan American Health Organization and the Organization of American States, as well as civil society organizations. Regional programming in health aligns well with bilateral initiatives in this area. Opportunities and benefits of increased trade through a Canada–Central America free trade agreement will be maximized through the provision of trade-related technical assistance supported by the regional program.
- **Canadian Partnership Branch:** The Canadian Partnership Branch (CPB) channeled \$4.5 million in 2008–2009 (preliminary estimate) to Honduras through 31 Canadian partners. From 2004 to 2009, approximately 70 percent of CPB disbursements were in health, education and economic growth, complementing and directly supporting bilateral work. In 2009–2014, some 430 Canadian volunteers from five volunteer cooperation agencies will support local counterparts.
- **Multilateral and Global Programs Branch:** The Multilateral and Global Programs Branch contributed approximately \$2.03 million in 2007–2008 through core funding to multilateral organizations working in Honduras, including the World Bank, the World Food Programme and the Global Fund to Fight AIDS, Tuberculosis and Malaria; there was alignment with bilateral programming. Support was also provided to flash appeals and for humanitarian assistance to disaster-affected populations.
- **Aid effectiveness:** CIDA promotes the use of program-based approaches (PBAs) among other donors and provides required technical assistance to strengthen government systems. CIDA will implement new PBAs and expand existing ones.

## Honduras Country Strategy 2009

- **Programming modalities:** CIDA will use a mix of programming modalities, including PBAs, directive and responsive. CIDA is building on its experience in education to develop a sub-sector health PBA and a possible PBA in agriculture. CIDA proposes to move forward with strong responsive proposals from Canadian and Honduran executing agencies, while developing longer-term directive initiatives in line with Government of Honduras requests and Government of Canada priority themes. Grants to multilateral institutions will be used for medium and short-term initiatives to support Government of Canada priority themes.

### Recommended bilateral aid budget:

- **2009–2010:** \$24 million
- **2010–2011:** \$30 million
- **2011–2012:** \$30 million

## 5. Results and Risks Identification

The expected final outcome of the CIDA Honduras Program is improved health, education and economic opportunities for women and men and girls and boys.

### Results:

#### Food Security: Agriculture (food production)

##### EXPECTED Intermediate Outcomes:

- Improved food security for poor Hondurans

##### EXPECTED Immediate Outcomes:

- Improved subsistence farming in Honduras' drought-prone southwest
- Improved nutrition

##### EXPECTED Outputs, Activities and Targets for 2009-2014:

- 147,500 hectares in 27 municipalities are cultivated with improved agricultural production techniques for subsistence farming
- Irrigation systems are rehabilitated and rainwater collection systems are installed to increase food production and meet caloric intake
- Through communication/learning activities, 104,000 farmers increase their awareness on sustainable management of natural resources
- Watershed management plans and policies are developed for 27 municipalities, increasing food security
- School meals provided to 145,000 children in 2009

#### Food Security: Agriculture (food and export crop production)

##### EXPECTED Intermediate Outcomes:

- Increased agricultural productivity, producers' income and rural competitiveness

##### EXPECTED Immediate Outcomes:

- Improved access to factors of production and markets by small producers, especially women
- Increased access to value chains

##### EXPECTED Outputs, Activities and Targets for 2009-2014:

- 120,000 female and male small producers will increase their income as a result of CIDA's activities. These include:
  - Establishing credit mechanisms for rural production
  - Facilitating land titling, especially in the name of couples or of women, heads of household

## Honduras Country Strategy 2009

- Providing grants to improve irrigation systems
- Proving improved seeds and post harvest-storage
- Substituting low-value crops for high-value crops
- Diversifying crops to improve soil usage and harvest year-round
- Forming and strengthening rural producers' cooperatives and associations
- Assisting farmers in gaining skills and knowledge on obtaining international standard certifications and accessing local and regional markets

### Children and Youth: Maternal and Child Health

#### EXPECTED Intermediate Outcomes:

- Improved maternal and child health

#### EXPECTED Immediate Outcomes:

- Strengthened ability of the Government of Honduras to combat preventable diseases

#### EXPECTED Outputs, Activities and Targets for 2009-2014:

- Most frequent form of transmission of chagas disease eliminated countrywide through prevention, control and surveillance activities
- Treatment provided to 100 percent of children under 15 infected with chagas disease and 100 percent of children under 5 infected with leishmaniasis
- Promote nutritional recovery and provide food for 72,000 women and children suffering from malnutrition, contributing to a 10 percent reduction in chronic malnutrition rate among children in southern Honduras
- 227 communities have trained health volunteers and midwives who implement strategies to reduce child and maternal death rates
- Ministry of Health monitors achievements in maternal and child health using integrated health information system at departmental level

### Quality Basic Education

#### EXPECTED Intermediate Outcomes:

- Improved quality of basic education

#### EXPECTED Immediate Outcomes:

- Strengthened capacity of the Government of Honduras to manage the education system in an effective manner at the national and local levels

#### EXPECTED Outputs, Activities and Targets for 2009-2014:

- Female and male teachers trained in modern teaching techniques
- New national curricula produced, relevant to Honduran students
- Policies, systems and procedures for management of education at the national and district levels developed and standardized
- Female and male local authorities at the national and district levels trained in pedagogical leadership and management of education
- 613,920 teachers' manuals and 2,615,326 math and Spanish textbooks and workbooks produced and distributed by 2010

#### Risks:

A country program risk profile was developed in 2007 and updated in early 2009. Among key risks:

- **Socio-political, stability/security, economic, conflict and governance**—There is a risk that Honduras' increasing crime rate may affect program implementation and delivery. **Mitigation**—CIDA avoids insecure areas and adapts operating procedures to minimize risks to staff and partners based on up-to-date security information. Economic growth programming will increase economic opportunities and, in the medium-long term, provide a legitimate alternative to criminal activity to meet economic needs.

## Honduras Country Strategy 2009

- **Institutional capacity**—There is a risk that institutional capacity may hinder the implementation of programs and achievement of results. **Mitigation**—CIDA provides targeted technical assistance and works with other donors to address organizational weaknesses and works at multiple levels of government, allowing flexibility to redistribute investment.
- **Natural disasters**—The risk is that Honduras' vulnerability to natural disasters may jeopardize development gains. **Mitigation**—Through its programming, CIDA supports disaster preparedness measures, improved government planning capacity and sound agroforestry practices that stabilize the soil and prevent landslides, increasing Honduras' resilience to natural disasters.