

Productive Strategies for Poor Rural  
Households to Participate Successfully  
in Global Economic Processes



Country report for Honduras,  
Central America to the  
International Development  
Research Centre



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# **Productive Strategies for Poor Rural Households to Participate Successfully in Global Economic Processes**

## **Country Report for Honduras**

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# 1 EXECUTIVE SUMMARY

The document presents a review of rural poverty, the environment and global economic processes in Honduras, which is part of a global study to identify research themes for the International Development Research Centre (IDRC) Rural Poverty and Environment Programme Initiative. It is intended that the study will identify action orientated research themes and potential research partners and implementers of research outputs. The country study was also aimed at validating results generated from a regional scan of the Central American and Western Caribbean region carried out during the early part of 2006.

The main findings of the work are as follows:

- Migration is an overriding phenomenon in Honduras, providing opportunities and potential social and environmental problems.
- In addition, trade agreements have strongly stimulated the agro-industrial sectors and the growth in assembly factories (maquiladoras). This has an important impact in seasonal and semi-permanent migration within the country.
- There are large differences in poverty between the rural and urban areas with rural poverty being more prevalent and profound. It is related to low levels of human, natural, physical, financial and social capitals.
- Services to address the lack of human capital are not closing the gap between rural and urban areas and place a significant weakness in the ability of poor, rural people to participate successfully in global economic processes.
- There exist inequalities in land distribution, which previous agrarian reforms have failed to address. The current mechanisms to help this situation do not appear effective.
- The ability of the rural poor to articulate their demands is weak, which means that large-scale investments in rural areas can often ignore medium to long-term problems of major rural developments such as water rights.
- Much research has been done on rural development, but there is a lack of synthesis of this information.

On the basis of these above results the following four themes were identified:

- Migration
- Human Capital
- Social capital (Voice of the rural poor)
- Land access and land rights
- Systematisation of past and ongoing rural research and development

The last section of the document includes a justification for these themes, with specific research questions and potential research partners.

## 2 INTRODUCTION

The goal of the International Development Research Centre (IDRC) Rural Poverty and Environment (RPE) Programme Initiative (PI) is to support participatory action-learning-research, policy and institutional innovations and reforms. RPE PI contributes to the development of networks, partnerships and communities of practice, in order to strengthen organisations, policies and practices that enhance the food, water and income security of the rural poor, including those living in fragile or degraded upland and coastal ecosystems.

In order to achieve this, RPE will support activities in four outcome areas:

1. Building effective environmental governance where all stakeholders, including marginalized groups, participate in environmental and natural resource management;
2. Enhancing equitable access and use rights to natural resources by strengthening the negotiating capacity of the rural poor to defend or expand their rights to natural resources;
3. Strengthening communities' capacity to respond to and benefit from integration within wider social and economic systems (i.e. urbanisation, globalisation and market integration); and
4. Adaptive learning.

It is in the context of the third outcome that the RPE PI is developing a programming capacity on 'Productive strategies for poor rural families to participate successfully in global economic processes'. In November 2005, IDRC invited the Overseas Development Institute in London to implement a Scoping Study in order to prepare an agenda of priority research for this RPE PI theme. The aim of the Scoping Study is to provide a conceptually robust and empirically sound rationale for the allocation of some CAD\$1 to 4m in research Calls for Proposals that will be launched each year in the remainder of the five years program cycle from July 2006 to 2010. The emphasis is on transformative research that will not just study the conditions of the rural poor – but undertake the research necessary to change them. The need was articulated for a research agenda that will be concerned with diagnosis but especially with inspiration. During the study ODI will:

1. Identify and review research directions and actors by: preparing an agenda of priority research areas; highlight critical issues regarding methodologies; identify on-going working within the scope of the theme by other donors and related institutions; and, identify potential partners;
2. Provide recommendations that enable RPE to build a coherent programme of research in this area, including possible collaboration with other IDRC programmes – such as Globalisation, Growth and Poverty (GGP);
3. Identify the policies, process and institutions that will expand the potential benefits of wider linkages to the rural poor and allow the development and dissemination of these findings with researchers, NGOs and civil society groups and policy-makers in the South; and
4. Identify ways to enhance the capacity of rural communities to develop their own indigenous capacities and define their own productive strategies to improve their livelihoods.

There are four phases to the study:

- An inception phase when the study team and members of IDRC's RPE programme held discussions and made agreements on how the study would be implemented (see Inception Report);
- Regional scans for six target regions with documents produced and distributed in February and March 2006;
- A country study for each region, Honduras is the case study country for the Western Caribbean and Central American region. Results from the regional scan and country study were presented and discussed at a workshop held in Tegucigalpa on 26th April 2006; and
- Results from all regional scans, country studies and workshops will be brought together by the London based team to develop a research investment strategy which will be presented to IDRC in June 2006

The current document is the country report for Honduras with the objective of identifying:

- Validating regional research themes that are related to how global economic processes can have a positive impact on rural poverty and the environment; and
- Potential IDRC RPE research partners and implementers of research in Honduras.

The report is based on a methodological framework, which can be found in the study Inception report, and the document has the following structure:

- A section examining and validating the key findings from the regional scan.
- A list of potential research themes and partners.
- Annexes with country data.

The document will be circulated within the study team, to IDRC and to people within Honduras for comment in order to improve its content and relevance.

### **3 VALIDATION OF KEY FINDINGS FROM THE REGIONAL SCAN**

#### **3.1 HOW CAN POOR RURAL HOUSEHOLDS ADAPT THEIR LIVELIHOOD STRATEGIES TO BENEFIT FROM PARTICIPATION WITH GLOBAL ECONOMIC PROCESSES?**

##### **3.1.1 Understanding the context**

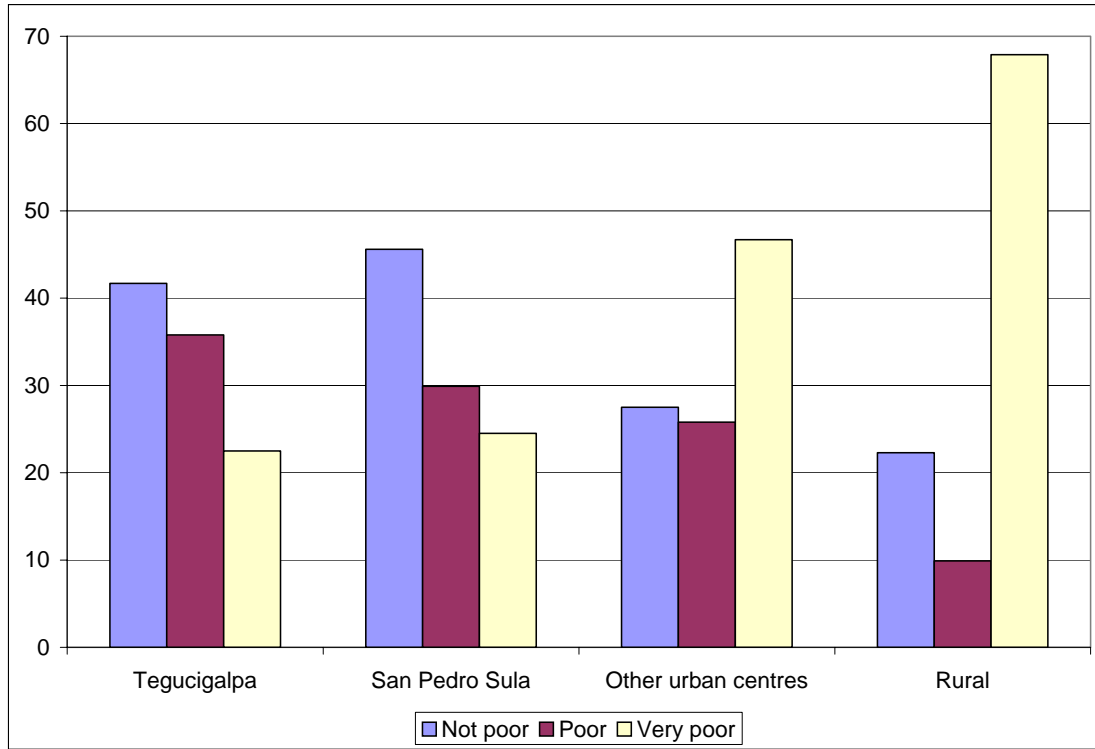
It is estimated that half the Honduran population are found in rural areas (see Table 1).

**Table 1. Number of households and population by poverty status and the city or region in which they are found in Honduras (data from INE, 2004).**

City or Region	Not poor		Poor		Very poor		Total	
	Households	Population	Households	Population	Households	Population	Households	Population
Tegucigalpa	80,003	346,133	59,183	296,996	3,964	186,437	143,150	829,566
San Pedro Sula	56,059	232,569	32,561	152,200	23,346	124,961	111,966	509,730
Other urban centres	116,843	493,603	98,714	463,529	153,910	837,850	369,467	1,794,982
Rural	159,844	687,808	56,898	304,646	356,311	2,098,537	573,053	3,090,991
Total	412,749	1,760,113	247,356	1,217,371	537,531	3,247,785	1,197,636	6,225,269

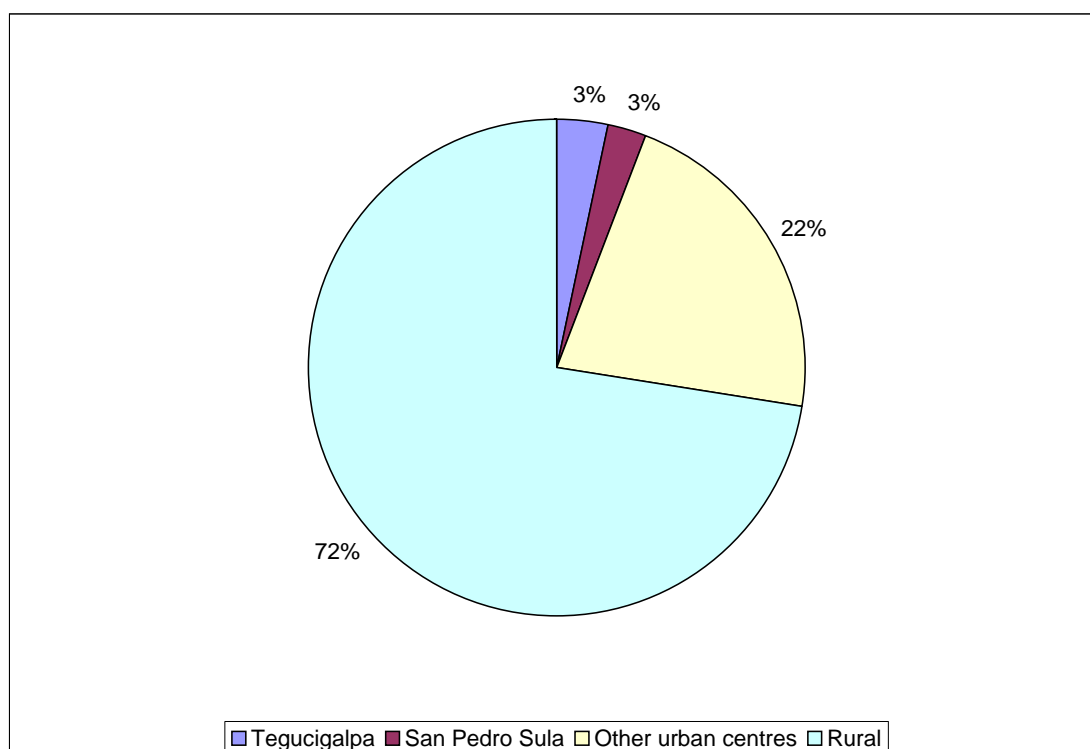
Poverty in these rural areas and the secondary cities that serve these areas is more prevalent and deeper than in the main cities of Tegucigalpa and San Pedro Sula (see Figure 1).

**Figure 1. Proportion of the population in different levels of poverty in the main cities, urban and rural areas (data from INE, 2004).**



Finally the majority of the very poor are found in rural areas. Adding the minor urban centres to the rural areas over 90% of the extremely poor are found in rural areas and the secondary cities that serve the rural areas (see Figure 2).

**Figure 2. Proportion of people who live on less than a dollar a day by city, urban and rural location (data from INE, 2004). (Total population = 2.86 million)**



Poverty in Honduras is reported to be deeper and more structural in the south and west of the country. This poverty is related to entrenched and chronic processes of marginalization from access to land and services, but the access to employment is far better in the south than the west, due to the presence of industrial agriculture on the coastal plains. These poor regions have a:

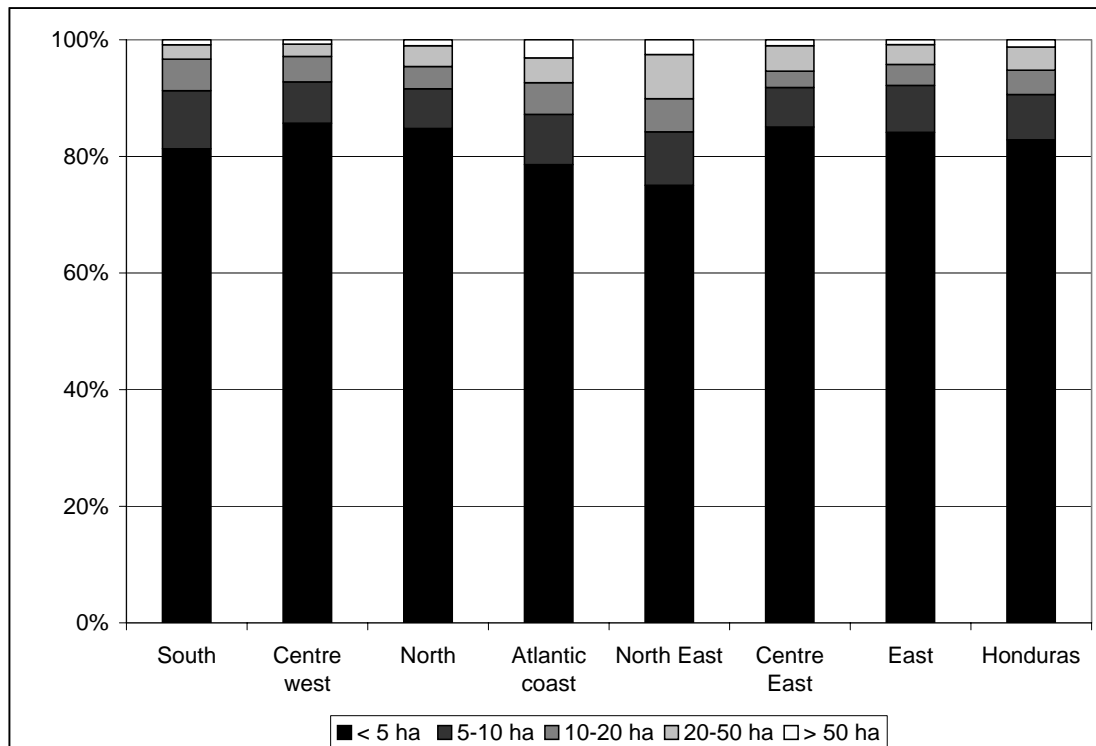
- relatively high population density,
- high proportion of land under cultivation,
- large proportion of the small agricultural holdings and
- relatively high density of livestock (40 livestock units per square kilometre in the south and 20 in the west).

The west is also an area with a high concentration of indigenous people.

### **3.1.2 Distributional issues**

Land distribution is very unequal with an estimated two thirds of the households in the rural areas with less than 5 hectares and around 15% with no land holding. Three quarters of the rural households own and farm around 15% of the total land area and a 1% of the households have holdings above 50 hectares and farm a third of the total land area (see Figures 3 and 4).

**Figure 3. Proportion of landholdings by land area and region in Honduras (INE, 2001).**



Jansen et al (2006a, 2006b) also indicate that the majority of the productive land is owned and farmed by larger landholders, with the smallholdings being in the valley areas with steep slopes and limited potential. It is estimated that 80% of the rural population live on these hillsides.

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The basis for current land policies is the 1992 Ley de Modernización y Desarrollo Agrícola (Modernisation and Agricultural Development Law). This aimed to liberalize land and credit markets, stimulate rural investment and agricultural production. Some saw this law as a “counter-reform” because it encourages the privatisation of cooperatively owned lands, yet it consolidates other aspects of the redistributive land reforms passed in 1975 (Pinos & Thorpe, 1992; Jansen & Roquas, 1998). The 1992 land law was given new impetus with the reconstruction after Hurricane Mitch, in part through the establishment of a national fund to support sustainable rural development (Programa Nacional para el Desarrollo Rural Sostenible (PRONADERS). The PRSP as in 2001 as had an aim to improve access to land for the smallholder farmers and indigenous people through a process of land titling and the completion of land and forest cadastre and a modernisation of the rural land registry (IMF, 2001). These actions are supported by Molina Cruz (2001) who states that the difficulty of reaching the poor was due mainly to the enduring inadequacy of public goods such as cadastres, property registries and agrarian tribunals. He raises the following concerns and trends with land reform in the Central American region:



- <sup>1</sup>*What impacts are land titling programs having across the region, on poverty reduction, gender equity, and the advancement of indigenous peoples' rights?*
- *To what extent are the new land banks and funds opening markets to the poor?*
- *Why is it proving so difficult to provide these public goods?*
- *What initial indications do we have about the effectiveness of promoting land rentals, again from a pro-poor angle?*
- *Is there a strong trend towards the re-concentration of land ownership? If so, why?*
- *What are the possibilities for advancing land policy reform initiatives at the local level despite blockages at the national level? What are the limits to this strategy?*
- *What minimal factors need to align nationally and locally, to facilitate land policy reforms that meet key objectives such as poverty reduction and environmental sustainability? Why are these factors not aligning in most national contexts?*
- *Why are national policy dialogue mechanisms on land and broader agrarian policy issues, such as the Agricultural roundtable in Honduras and COPART in Guatemala, falling so short of their potential? What can be done to re-engage stakeholders such as the private sector and peasants' associations in these fora?*
- *To what extent are these policies, practices and trends contributing to or undermining sustainable peacebuilding and conflict prevention, particularly in countries recently affected by war?*

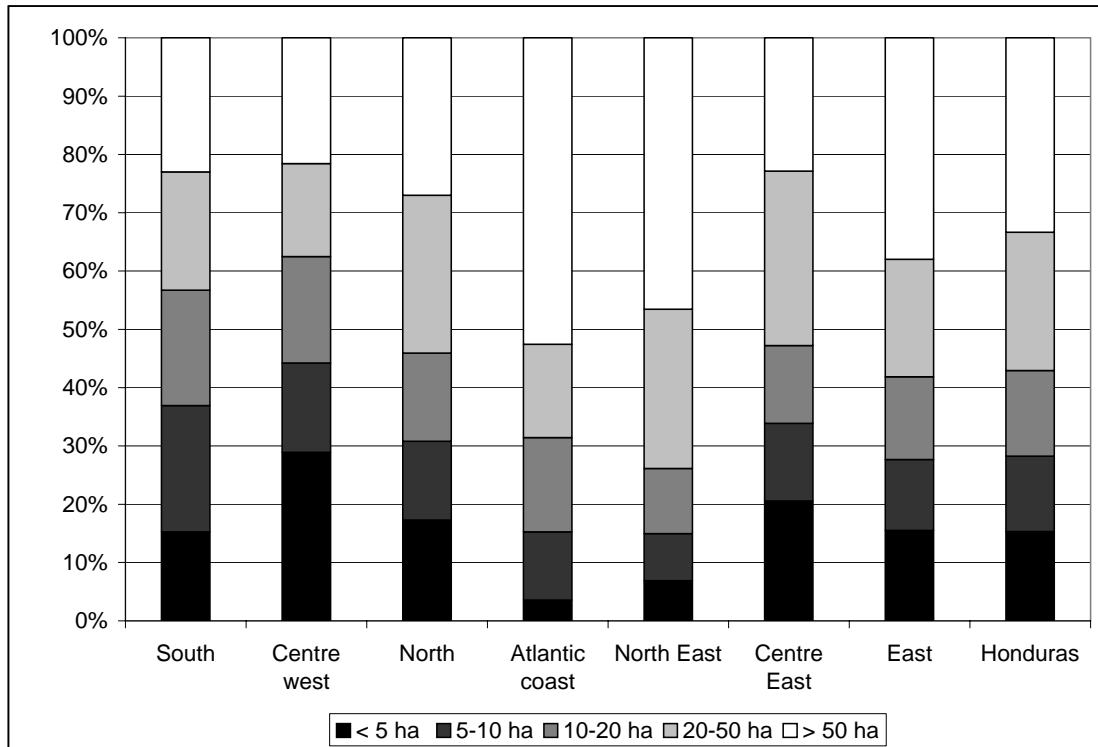
On a more positive note preliminary research on Honduras and Nicaragua confirms the positive impact of women's land rights on the intra-household allocation of resources, specifically food and educational expenditures (Katz & Chamorro, 2002).

In general, while there has been an attempted land reform this has not been fully implemented, in part because it has not been accompanied by the necessary technical, organizational and financial support. Therefore land reform has had limited impact on land distribution. Uncertainty and continued possibility of the completion of land reform has probably led to some degree of nervousness on land investments.

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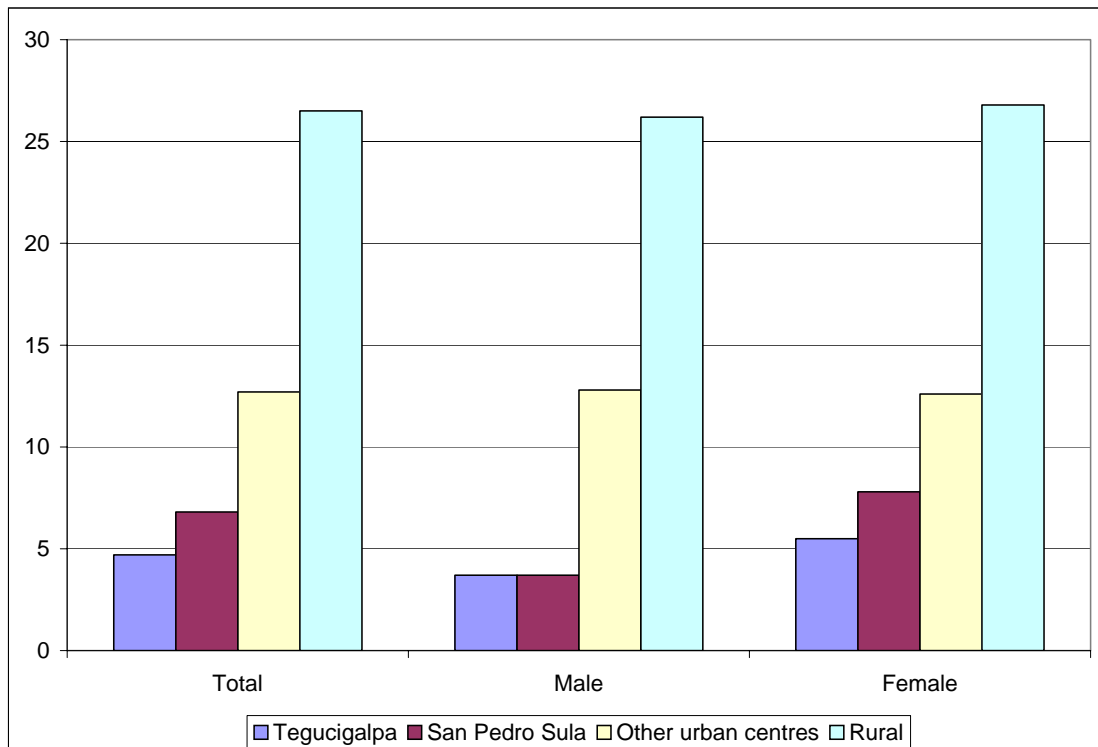
<sup>1</sup> This is a direct quote as it appears relevant to the study.

**Figure 4. Proportion of land by landholding size and region in Honduras (INE, 2001).**



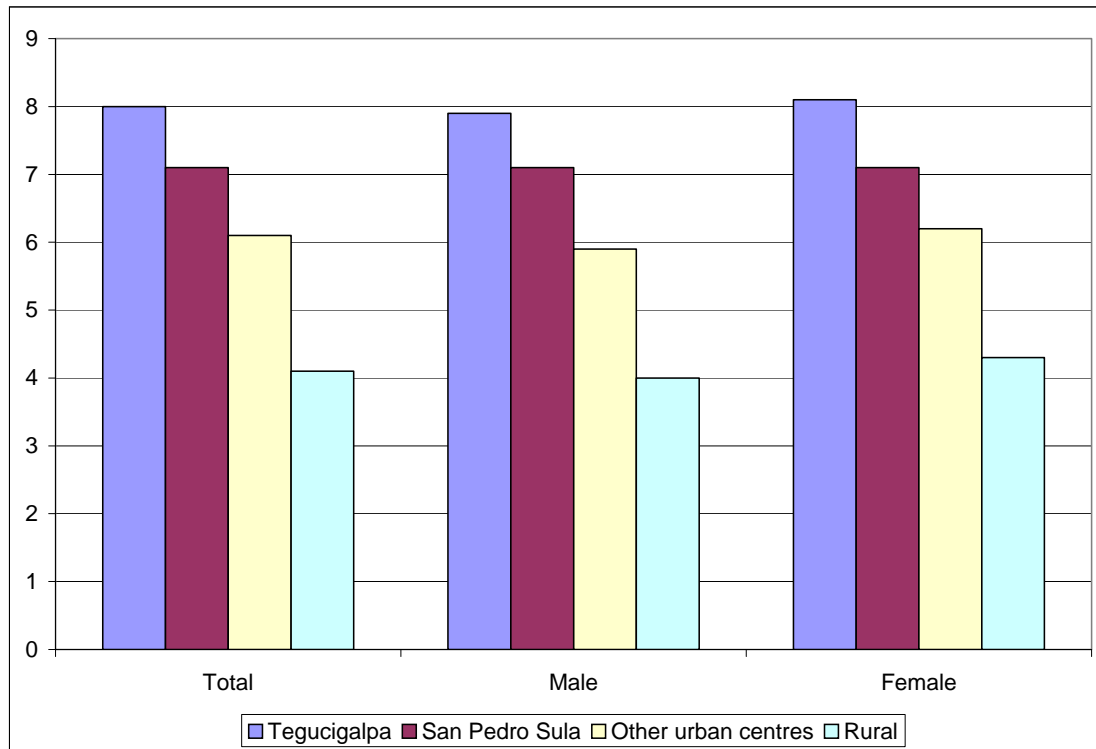
Access to services to improve human capital is very different in rural and urban areas of the country. For education this is shown clearly by data on illiteracy where there is wide difference between the large urban centres and rural areas (see Figure 5).

**Figure 5. Illiteracy in the main cities, other urban and rural areas of Honduras (INE, 2004).**



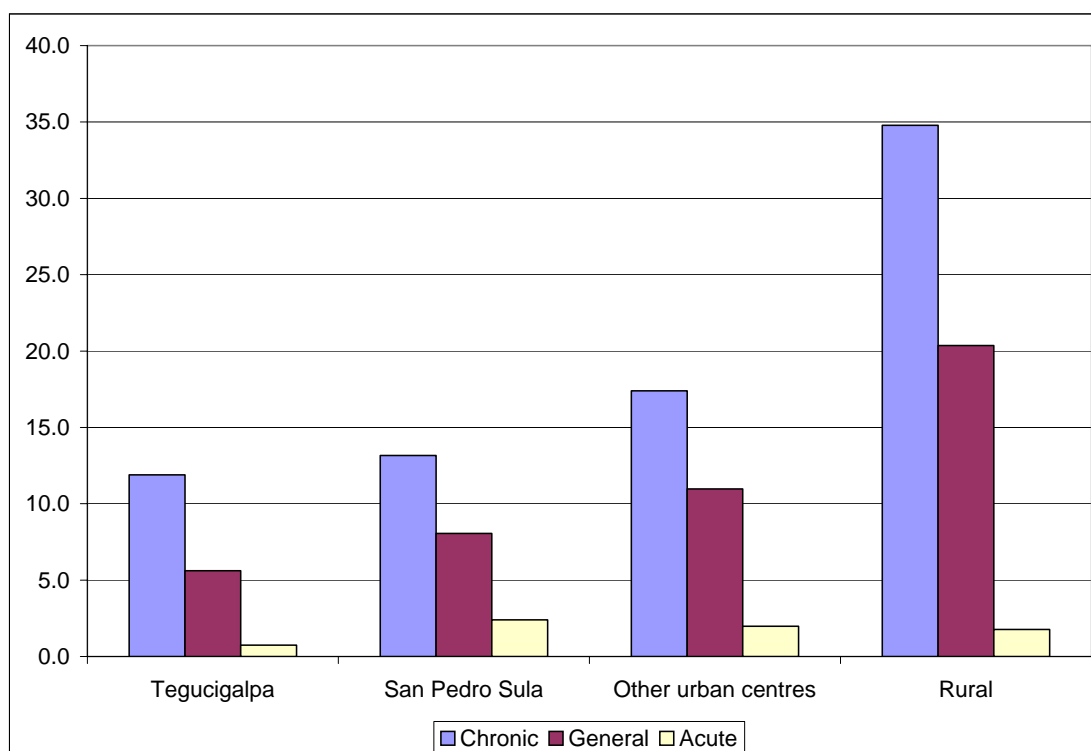
Data on the years of schooling indicate that on average that the rural population have not completed primary level education (see Figure 6).

**Figure 6. Years of schooling in the main cities, urban and rural areas in Honduras (INE, 2004).**



In terms of health, it is reported that only half the rural population have adequate access to health services versus 80% in urban areas. The impact is that health statistics are much poorer in rural than urban areas. What is also a worrying issue is that there is a high level of child malnutrition (see Figure 7). This has immediate impact on the ability of children to concentrate and learn in a schooling environment and has impacts on the health of this population.

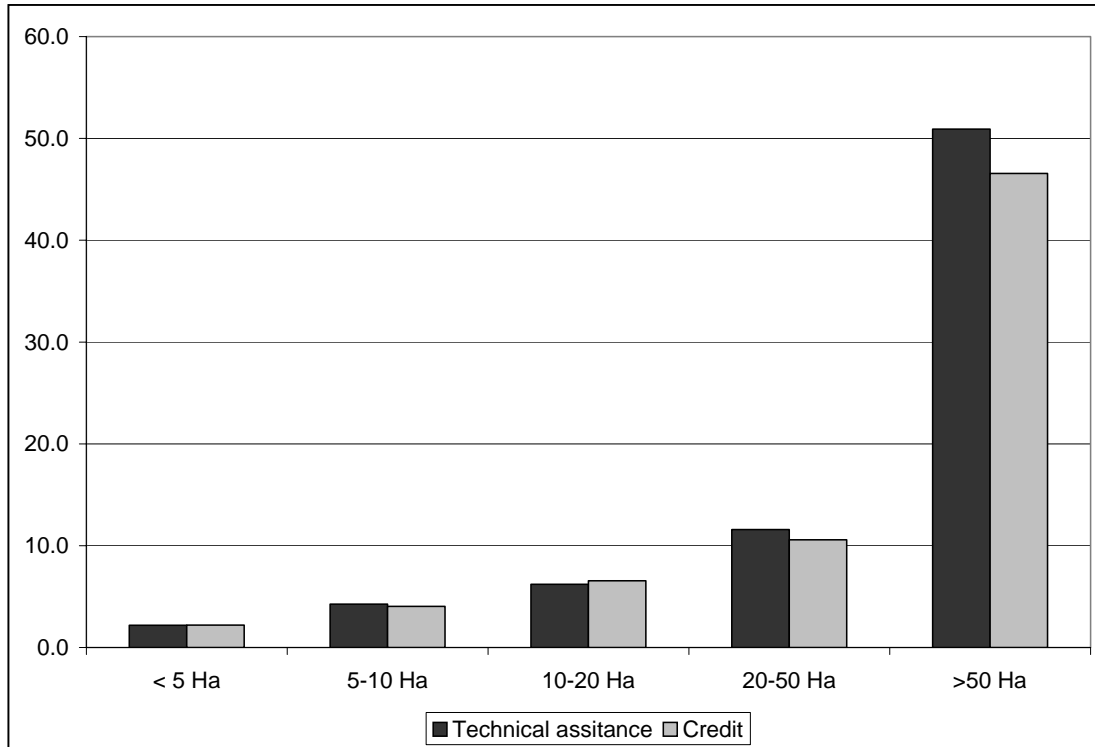
**Figure 7. Malnutrition in children in the main cities, urban and rural areas of Honduras (INE, 2004).**



Finally only two thirds of rural households have access to drinking water versus 91% of urban households.

Support services to address limitations in human capital development and access to financial resources at household level are also weak and data from the agricultural census would indicate that technical and credit services (public, private and NGO) are largely serving the needs of larger landholders (see Figure 8).

**Figure 8. The proportion of households who receive technical and credit services by landholding size (data from INE, 2001).**



In summary, a majority of rural households have poor access to land and limited abilities to improve their human capital. In areas with the severest problems of poverty there are also problems of physical access to input and output markets. In all areas the offer of technical and credit services for agricultural production is largely aimed at serving the needs of the larger landholdings.

### 3.1.3 Household livelihood strategy options

The reaction of rural households to the situation of poor access to physical, natural and financial capital and difficulties of improving human capital has been:

- Use of land and squatting on land that is marginal on the edges of large landholdings (see Jansen et al. 2006a; 2006b) and close to urban areas. This land is described as hillsides with steep slopes, which have little opportunity for productive use.
- Internal migration
- More recently international migration

The living on and using hillsides has been a necessity for the majority of rural people due to land distribution, but has been a strategy that is about survival rather than improvement. Whilst Jansen et al (2006a and b) discuss the possibilities of technical changes and improved infrastructure as a means of reducing poverty this may only be a limited means to improving livelihoods.

Within this context people have migrated to improve the income levels of the households and due to a lack of economic opportunities (Castillo, 2003). INE (2004) estimated that there were 736 thousand internal migrants in Honduras in 2004, who make up just over a quarter of the total work force. The most important activity for the internal migrants is to work in the agricultural sector followed by trading, hotels and restaurants and manufacturing (see Table 2).

**Table 2. The estimated number of internal migrants who are economically active and their activity (data from INE, 2004; authors analysis).**

Activity	Workers		Economically active migrants		
	Total	%	Number	% of workers	% of migrants
Agriculture, forestry, fishing & hunting	869,013	33.8	205,303	23.6	27.9
Trading, hotels & restaurants	542,703	21.1	178,367	32.9	24.2
Manufacturing	375,070	14.6	123,984	33.1	16.8
Services	383,883	14.9	115,768	30.2	15.7
Construction	159,301	6.2	44,685	28.1	6.1
Transport	85,638	3.3	28,718	33.5	3.9
Other	153,971	6.0	39,505	25.7	5.4
Total	2,569,579	100.0	736,330	28.7	100.0

Plantation agriculture and the agro industry is an important source of employment and reason for migration. However, there are differences between the nature of the employment – for example shrimp is year round, with big gender differentiation (men on the farms, women in the processing plants), coffee is very seasonal and characterized by internal migration for several months, sugar cane and melons truck people in daily from the communities on the hills around the plains where the crops are grown. Sugar cane and melons also have strong seasonal peaks and troughs in employment, the peaks tend to fill in the slack periods (dry season) in smallholder agriculture.

It is reported that internal migration is a sequential process with people first migrating to local towns and cities before moving to large urban centres. The pinnacle of this process is international migration and the favoured destination is the USA with only around 10% of the international migrants staying in the Central American region. Recent trends would indicate that as networks have grown there is more direct migration from rural areas to other countries.

International migration has become an increasingly important household strategy in the last 10 years. ESA consultores suggested that this is related to the differences in economic growth and job creation between Honduras and the USA during the 90s and 00s, but that the migration has become much stronger after Hurricane Mitch in 1998 (Goldberg, 2005). Whatever the stimulus, data clearly indicate that international migration has increased in importance in the last 25 years (see Table 3).

**Table 3. Data on the number of migrants and immigrants from and in Honduras in 1980, 1990 and 2000 (CEPAL, 2002).**

	1980	1990	2000
Population	3,568,000	4,868,000	6,485,000
Immigration		34,385	27,976
Emigration			
North America	41,129	114,495	250,000
Central America	8,940	25,733	7,972
South America & Caribbean	1,026	1,504	
Total	51,095	141,732	257,972
Balance	51,095	107,347	229,996
Balance as a percentage of population	1.4	2.2	3.5

More recent figures would suggest that 800 thousand Hondurans live outside the country and the majority are found in the USA (Goldberg, 2005). This would mean that 11.5% of the population are found outside the country. However, it is difficult to determine the accuracy of these data, as INE data would indicate that only 400 thousand people are outside the country. The problem is that some Hondurans will

have migrated and become USA citizens, whilst they might no longer be registered as migrants they are probably still important in terms of remittances. These data also shown that 12% of households have at least one person overseas, and the people who have migrated from small urban centres and rural areas are more likely to send money home (66.7% in small urban areas and 60% in rural areas versus 50% for Tegucigalpa and San Pedro Sula) (see Table 4).

**Table 4. Total number of households and the number of households with migrants by region (data from INE, 2004)**

Region	Total households	Households that have international migrants				Average number of migrants per household
		Total	% of all households	Receive remittances		
				Total	% of all households	
Tegucigalpa	191,582	23,901	12.5	12,414	6.5	1.4
San Pedro Sula	123,229	15,508	12.6	7,667	6.2	1.4
Other urban areas	422,699	63,118	14.9	42,102	10.0	1.4
Urban	737,510	102,527	13.9	62,183	8.4	1.4
Rural	699,579	65,792	9.4	37,401	5.3	1.4
Total	1,437,089	168,319	11.7	99,584	6.9	

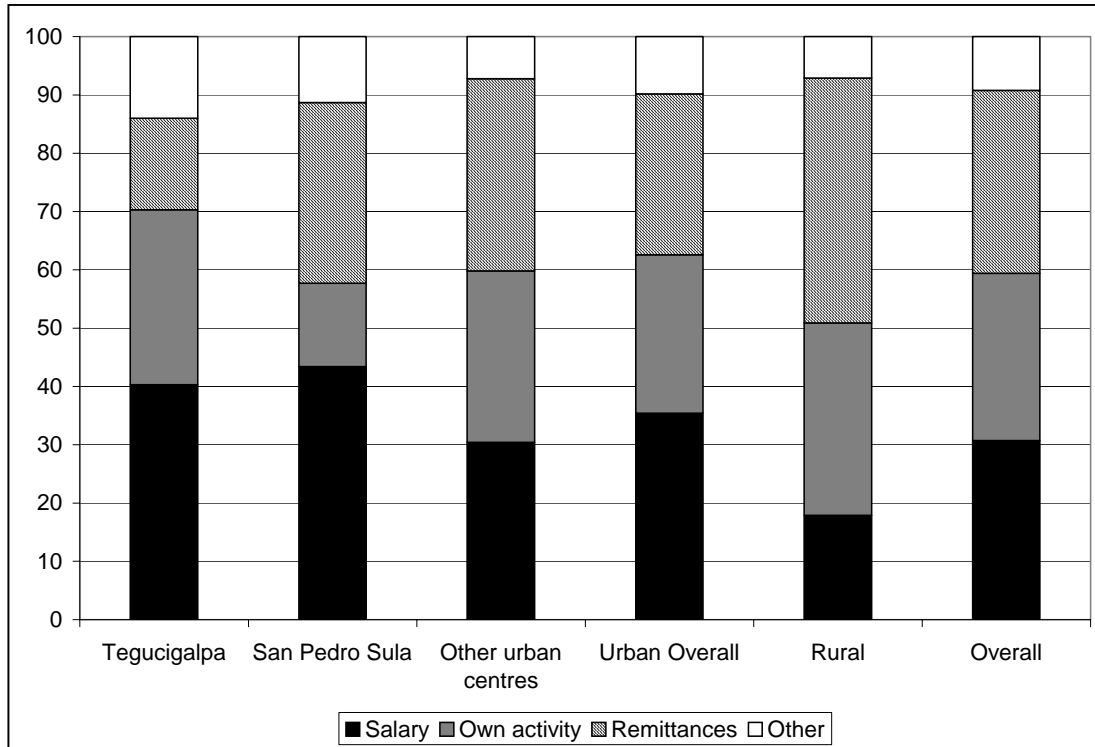
In general poorer households with international migrants are more likely to receive remittances and overall the rural households are more likely to receive remittances (see Table 5).

**Table 5. Number of households reported to have international migrants, and receive remittances by poverty status (data from INE, 2005; authors analysis)**

Poverty status	Urban			Rural		
	Total	Receive Remittances		Total	Receive Remittances	
		Total	% of migrant households		Total	% of migrant households
Extremely poor	25,313	16,665	65.8	31,117	20,760	66.7
Poor	17,520	11,035	63.0	6,798	4,198	61.8
Not poor	33,158	18,467	55.7	16,973	11,863	69.9
Total	75,991	46,167	60.8	54,888	36,821	67.1

Rural households that receive international remittance have a higher dependency on remittances as a source of income than urban families (see Figure 9). Unfortunately the data did not indicate what the total income was for the different regions.

**Figure 9. Proportion of income that comes from different economic activities in urban and rural areas (Data from INE, 2005).**



The CEPAL (1999) data would suggest that there was no difference in poverty between households with and without remittances. However, there are weaknesses in picking out differences with cross-sectional data as previously poor households could well have improved their socio-economic status by receiving remittances. The dataset did show that 70% of the rural households receiving remittances were in extreme poverty. There is also a gender bias where 78% rural households with a female head and an international migrant receive remittances versus 63.1% of households with a male head (INE, 2005).

Half the international migrants are employed as labourers and in service sector jobs. However, nearly 18% worked in offices and 13% as craftsmen (Venancio & Chang, 2002). CEPAL (1999) reports that 26% of the Hondurans in the USA are reported to live below the poverty line in that country.

### 3.1.4 Constraints to participation

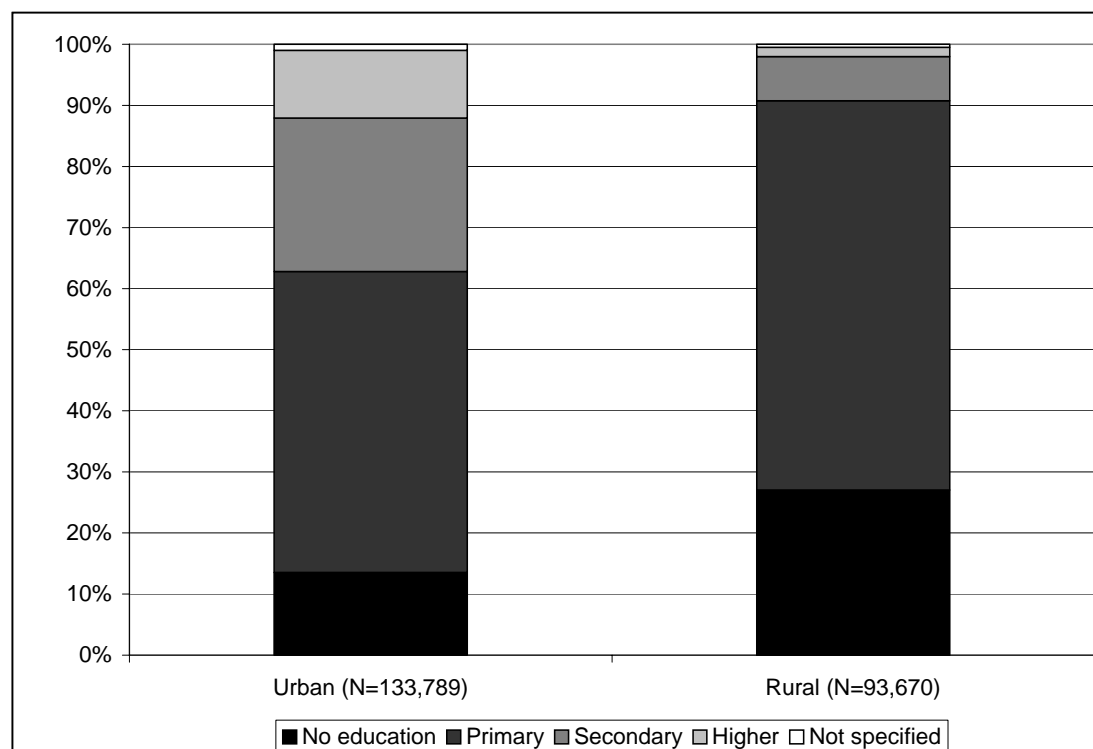
Poor land constrains what types of crops people can grow, which in turn limits the opportunities for poor rural people to participate directly in global economic processes. However, Jansen et al (2006b) indicate that coffee has potential as a crop where poor rural people could benefit from participating in global economic processes. To make this a reality access to markets and technical assistance needs to be improved through better infrastructure and making local organisations more effective. Coffee sector organisations have invested in roads in coffee producing areas but Jansen et al (2006b) show that road access in coffee areas is still behind that in other areas. The limited impact of roads is probably because the coffee producing areas are typically mountainous and the roads are not through routes. It also needs to be recognised that markets for coffee are volatile and are beyond the influence of individual governments. However getting access to markets with



premium and more stable prices (Fairtrade, organic, bird friendly etc) is something national actors can do something about, and which Government can support.

Over 90 percent of the international rural migrants have either no education or only primary education, which is very different from the education levels of international urban migrants (see Figure 10).

**Figure 10. The education level of the international migrants in urban and rural areas (INE, 2005)**



Whilst the previous data would appear to indicate that education is not a constraint to migration, analysis of the proportion of people who migrate with different education levels suggests that people with no education are less likely to migrate than those with education (see Table 6).

**Table 6. Total and migrant population by level of education (INE, 2004)**

Education level	Population	Migrants			
		Total	Of Working Age		
			Total	% of population	Corrected percentage*
No education	2,060,637	344,732	256,382	12.4	16.73
Primary	3,566,466	748,183	710,354	19.9	20.97
Secondary	1,153,616	230,743	230,471	20.0	20.00
Higher	270,925	63,393	63,393	23.4	23.40
No response	18,856	4,899	4,608	24.4	
<b>Total</b>	<b>7,070,500</b>	<b>1,391,950</b>	<b>1,265,208</b>	<b>17.9</b>	<b>19.89</b>

\* Attempts to take account of part of the population being children.

Education could well be a constraint in the ability and incentive for people to move and work. Job market data shows that there are important returns to education and differences in wage levels between women and men and indigenous and non-indigenous groups. Therefore, an indigenous women with no education would have the lowest wage rate and smallest incentive to become a migrant worker. Here there

is a paradox, where the local job market rewards investment in education whereas the job markets where migrants work in the USA do not (Özden & Schiff, 2006).

Data from the Department of Olancho (Goldberg, 2005) indicates that only 10% of the sample who left Honduras had visas and 80% left with a guide or coyote. On average a journey to the USA by potential migrants lasts for a month and that the people who leave employ a guide to take them across the borders. A third of these migrants paid between 81 to 100 thousand Lempiras or between 4 to 5 thousand dollars, and half of these people borrow money to cover this cost. Therefore, the costs of migration are high and require significant resources. There are also risks with migration from Honduras to the USA. There are many reports of difficulties of crossing the Mexican-USA border where a number of people are known to have died, but even before reaching this border there are risks in crossing Mexico where many people have also been returned (Castillo, 2003). However, it would appear that continuing migration indicates the people believe the benefits of migrating are still perceived to outweigh these considerable costs and therefore continue to be an attractive option for poor rural people to participate in global economic processes. It is however debatable to what extent the American dream actually comes true, given the risks, and perhaps people's desire to migrate is based on a lack of information.

The collection of remittances involves significant costs in terms of transport, having to stay overnight in a local town and telephone calls (Goldberg, 2005). Although these costs are being reduced as private sector involvement and competition increases with national banks now competing with Western Union. The money received is reported to be used to buy domestic appliances, cover food, water and medical bills and invest in education. Investment in education appears to have conflicting data with reports that remittances can reduce incentives to young people to invest in education due to the low returns to education in migrant worker markets (Özden & Schiff, 2006). Also there are significant investments in housing by families receiving remittances which has an impact of generating local employment. Very little appears to be spent on the purchase of land and livestock (Goldberg, 2005) but more data are required to be able to say this is the case in all parts of the country.

Castillo (2003) observes the paradox in the Central American region where finance and goods are increasingly traded in freer markets, whereas the movement of people is increasingly restricted and controlled.

### **3.2 HOW CAN THE ENABLING ENVIRONMENT BE ENHANCED TO SUPPORT THE SUCCESSFUL PARTICIPATION OF THE RURAL POOR?**

#### **3.2.1 Overarching issues**

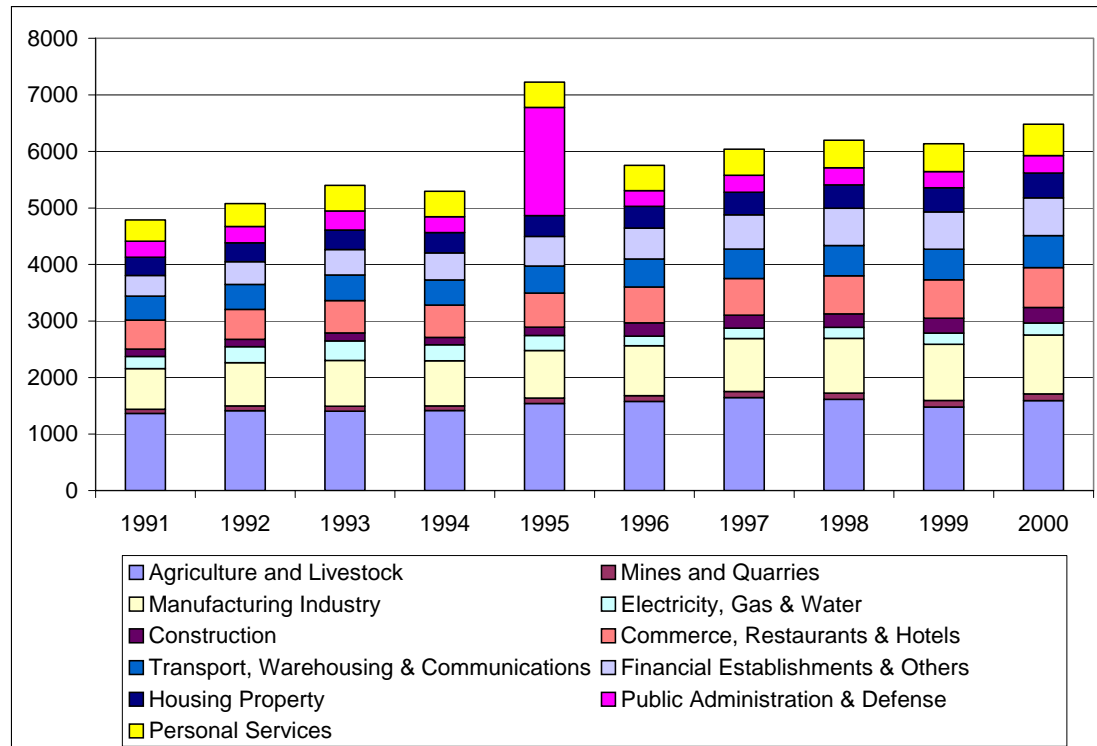
Of the overarching issues the following are identified as being relevant for the rural poor and global economic processes:

- An economy dominated by the agriculture sector
- Heavily indebted country and government with limited ability to collect taxes.
- Plantations and agro-industry.
- Dependence on international agricultural markets that have either volatile markets or are related to trade concessions.
- Trade agreements.

- Rise of the maquiladoras<sup>2</sup> and the recent increases in tourism.
- Strong demand for labour in the USA.

During the 90s the Honduras economy continued to be dominated by the agricultural sector which contributed around a quarter of the GDP (see Figure 11). More recent data indicates that this has now dropped to around 12 to 15%.

**Figure 11. The Honduran economy by sector between 1991 and 2000 (Government of Honduras, 2001)**



Honduras has a large trade deficit and a history of both the government and country spending more than they collect or produce respectively. This led the government to apply for debt relief and it entered into the HIPIC initiative and has developed a poverty reduction strategy (see below).

Honduras has a long history of plantation production for international markets, but in particular for the production of agricultural products for the USA market. This was initially stimulated by US investment under the Alliance for Progress. However, these have tended to be boom and bust activities with examples as far back as colonial times when the production of indigo was a success until artificial dyes became available and quickly undermined the market for indigo. More recently banana production was important stimulated by trade concessions with the USA, followed by beef production and more recently sugar, shrimp, fruit and vegetables. Coffee is very important export crop, which is not influenced by trade concession changes, but is sold onto a very volatile international market. In recent weeks there has been a plan to expand and improve oil palm plantations in response to increasing world oil prices and the potential to use oil from the palms as a substitute for diesel.

Therefore, there are many instances where Honduran agriculture has exploited favourable opportunities in world markets through the use of large-scale operations.

<sup>2</sup> Factories that produce textiles, clothes, machinery parts

In general these operations have been owned and managed by a small proportion of people, but have employed large numbers of people. However, the wages and other benefits provided by such employment have had little impact on the rural poverty levels. There appears to be a lack of incentive for plantation and industry owners to take a medium to long-term attitude in their employees though some improvements have been achieved through better Government regulation of working conditions and health. For example there are reports of major health implications associated with the production methods used for some crops such melons in recent times and cotton in the past. Also little incentive to invest in the land – typically “mining” of rented land, which would be the case for melon production.

This difficult situation of poor rural people has led to higher levels of migration and the increasing importance of remittances. Of the 1.1 million households in Honduras, CEPAL (1999) have estimated that 76 thousand or 6.7 percent receive remittances on a regular basis. A third of these households were reported to be rural and a quarter of the total remittances for that year also went to the rural areas (see Table 7). While the monetary amount is not equal to the households, the average amount received per month would be equivalent to someone working 20 days in rural areas.

**Table 7. Remittances to households in different regions of Honduras with an estimate to the average monthly remittance received (data from a household survey carried out in 1997 cited by CEPAL, 1999)**

Item	Total	Region				
		Tegucigalpa	San Pedro Sula	Medium Cities	Small cities	Rural areas
Total ('000 US\$)	159,461	19,285	23,891	31,885	43,271	41,128
Number of households	76,445	10,940	9,972	9,553	10,173	25,805
Average monthly remittance per household (US\$)	160	136	184	257	327	123
Total households	1,100,474	171,406	91,099	87,873	172,461	577,725
% receiving remittances	6.9	6.4	10.9	10.9	5.9	4.5

Castillo (2003) reported that remittances have increased from US\$50 to 410 million between 1990 and 2000. To put this into perspective this is an increase from 1.4 to 6.9% of GDP and 4.8 to 16.3% of total exports. There has been a very sharp increase in the importance of remittances in the last ten years as shown by the size of the remittances in relation to GDP in the country (see Table 8).

**Table 8. GDP and remittances in Honduras between 1986 and 2005 (data from IDB, 2006 and Goldberg, 2005, authors analysis)**

Year	GDP (Millions US\$)	Remittances	
		Millions (US\$)	As % of GDP
1986		31	
1990		50	
1995	4,000	104	2.6
2000	6,000	409	6.8
2001	6,400	633	9.9
2002	6,600	705	10.7
2003	6,900	860	12.5
2004	7,400	1,118	15.1
2005	8,000	1,500	18.8

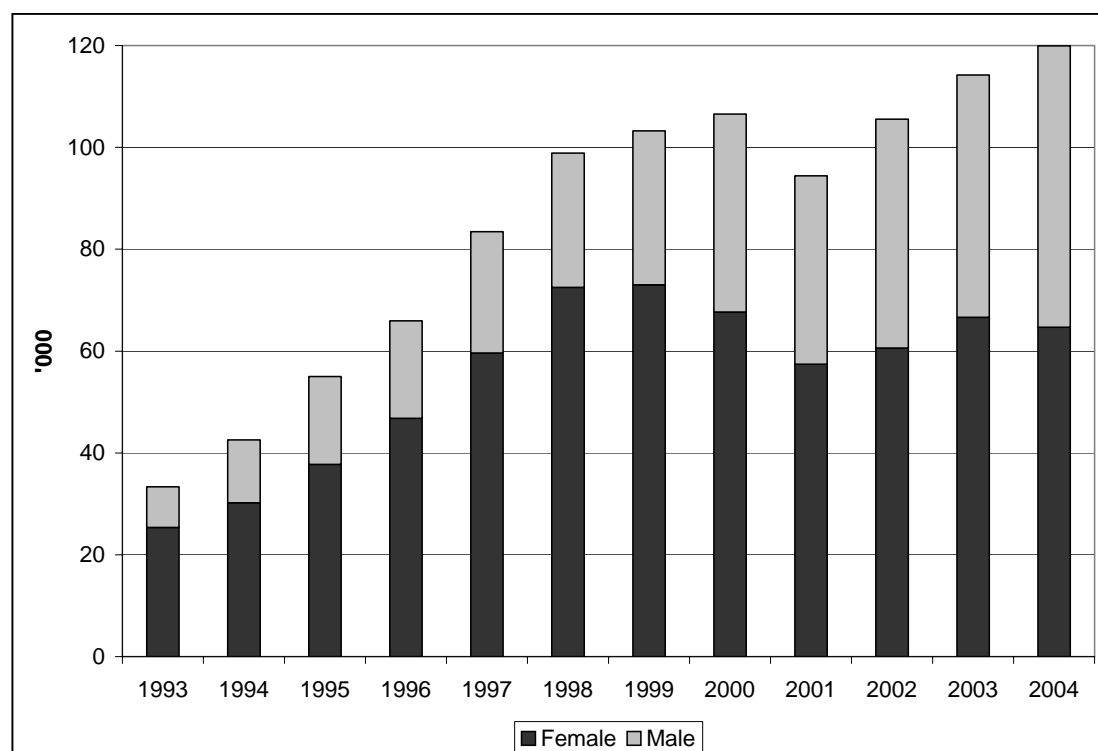
This overarching phenomenon is general in the region and Honduras would be the average case with Nicaragua having a much stronger migrant and remittance impact and Guatemala relatively lower impact. The impact goes beyond just remittances

with additional impacts on the development of the telecommunications infrastructure, more frequent flights from the USA to Honduras and demands for nostalgic products. There is also a potential tourism market for migrants living in the USA. However, migrant tourism does not appear to be as strong as for other neighbouring countries, perhaps because of the low status and earning power of the migrants.

When the USA signed a trade agreement<sup>3</sup> with the Caribbean countries, Honduras was also a signatory. This provided an opportunity for the establishment of small-scale industry (maquiladoras), which Honduras has been successful in exploiting. Initial textile factories established by Arab immigrant business became the focus of growing clusters close to the city of San Pedro Sula. These factories have attracted people from local rural areas and from more distant areas.

At the end of 2004 these maquiladoras had created nearly 120,000 jobs or 4.6% of the work force. This sector is now the main source of new employment and demands labour with skills. It is also reported to offer employment with better employment conditions. While this sector was dominated by women at the beginning of the 90s, men are now nearly half the maquiladora workforce (see Figure 12).

**Figure 12. Number of people by sex employed by maquiladoras between 1993 and 2004 (Banco Central de Honduras, 2005a).**



It was estimated that the maquiladoras are contributed 6.6% to the Honduran GDP in 2004 and that growth in this sector was 15% from the previous year. In terms of the manufacturing sector the maquiladoras contributed around a third of this sector in 2003 and 2004. The maquiladora sector has diversified recently and now includes assembly of car parts, electrical goods, wood products, sports goods and tobacco. There are also companies that offer printing services and support for the shrimp industry. Therefore there has been a large technology transfer during the last few years, which also involves upgrading labour skills.

<sup>3</sup> Caribbean Basin Trade Partnership Act of 2000

According to the Banco Central de Honduras (2005a) the success of this initiative is related to an improved investment climate that includes good electricity supplies, telecommunications, sea and air ports and reduced bureaucracy. A third of the investment comes from the USA, around a quarter from Asia (Hong Kong, Taiwan, China, Singapore y Korea), 23.1% from Honduras 23.1% and 8.5% from other countries (Costa Rica, Guatemala Colombia, Switzerland, Canada & Panama) (Banco Central de Honduras, 2005b).

There is an indication that CAFTA will lead to further investments in such industries and there will be an expansion to the manufacture of motor car and computer parts. Whilst this is an important source of employment there have been concerns that large scale movement of rural people, and in particular women, leads to the breakdown of family and community structures. There are also reports of high levels of single mothers and high prevalences of HIV/AIDS in the migrant populations who work in the maquiladoras.

Tourism is an increasingly important part of the Honduran economy, and Honduras has some very attractive destinations and sites such as the Roatan Islands and the Maya ruins in Copan, plus various ecological tours. In addition there is an important level of local and regional tourism, with Honduras seen as relatively safe destination for people from El Salvador and Guatemala.

The Government of Honduras views tourism as a strategic sector, as it has had a high growth rate in the 90s and early 00s with tourist arrivals growing by 8.5% per year between 1992-2002, and foreign currency earnings rising from US\$115 million in 1996 to US\$373 million in 2003. In addition a number of the important tourist areas are found in the country's least developed areas. Here the government believes that employment growth in the sector is important and in 2003 it was reported that 85,000 jobs were in the tourist sector. In 2002 550,000 people visited Honduras and half were from the Central American region, 23% from the United States and 8.7% from Europe. Many of the United States visitors were Honduran emigrants, and a half of the visiting Central Americans come for work. The European and American tourists stay longest on average (16 and 14 days, respectively), while Central Americans tend to stay for shorter periods (6 days). American tourists spend the most hard currency (US\$873 per visitor), followed by Europeans (US\$585), with Central Americans spending less (US\$311 per visitor) (IDB, 2003).

It needs to be remembered that the USA has a large degree of power within the region in terms of brokering trade deals. These have been used to create favourable conditions in the development of agro-industry in Honduras. While favourable concessions apply, plantation and factory owners have the ability to make attractive profits and in general the associated crops are an important labour source. However, a change in economic and political priorities can quickly see these markets reduce or become more competitive, creating a boom and bust situation. In the most extreme case in the region, Cuba, has suffered from the USA trade embargo. Having such a large and powerful neighbour therefore has advantages and disadvantages (Venancio & Chang, 2002).

### **3.2.2 Access to factor markets**

In brief the description above on access to land shows that poor rural people have difficulties in obtaining, owning and using land of sufficient quality and quantity to make a significant difference in the livelihoods from agricultural production. Historically this has been due to very unequal land distribution, which has not been

rectified through land reform. The question is why haven't they got or been able to use land: and the answer appears to be related to social and power structures with Honduras and inadequate technical support. In addition access to credit services is limited in rural areas and those that do exist are directed mainly at larger scale producers.

### **3.2.3 Process**

Poor rural people face a hostile environment in which to change and improve their livelihoods. They have low levels of natural, physical and financial assets and are in areas where services to improve their human capital are of low quality and quantity. In the poorest areas this is combined with poor infrastructure and where there are high levels of indigenous populations, and discrimination in the job market<sup>4</sup>. If they manage to overcome this capital asset poverty, the business environment they face is limited by weak government support to establish and run businesses and private sector support organisations such as input, service and financial organisations that are focussed on the large scale agricultural sector. These markets failures may be addressed by NGOs, but their coverage is not complete.

The difficult institutional environment has constrained the ability of people to change and improve their livelihoods, until recently when migration from rural areas to the USA became more prevalent. It is assumed that improving private social networks has facilitated and encouraged these movements. Government has played no or little role in this livelihood strategy and it is noted that even migration is less available to the poorest than to the less poor.

### **3.2.4 Government support**

The government through a process of consultation with civil society organisations developed a poverty reduction strategy programme based six strategic areas:

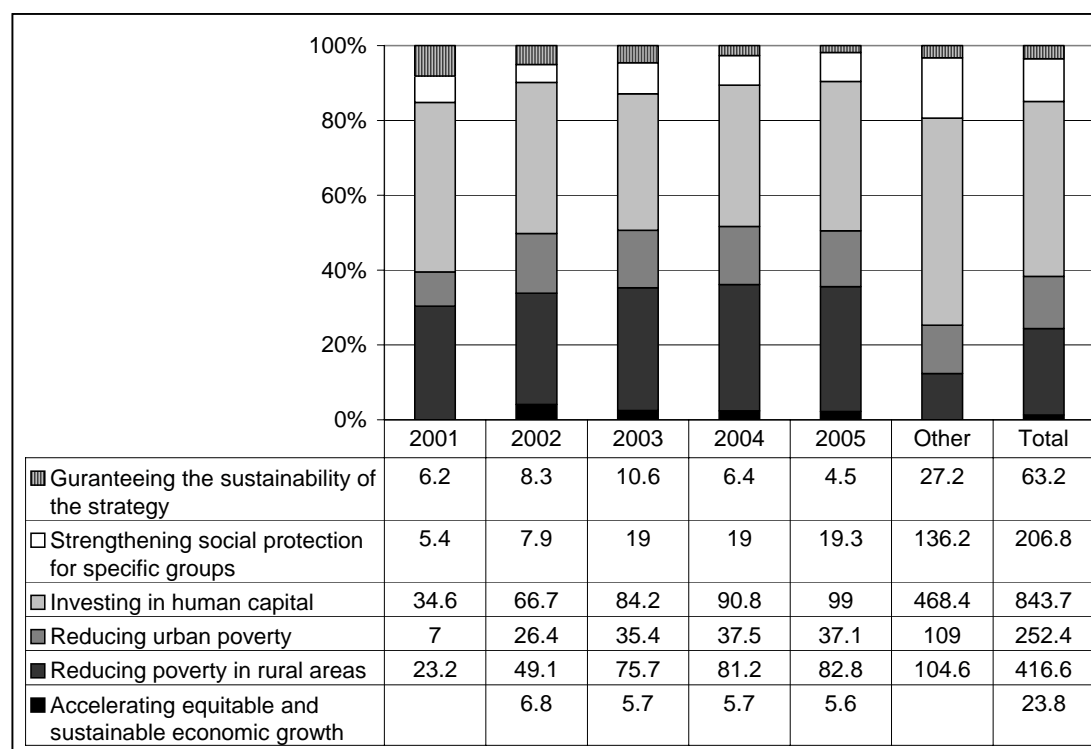
1. accelerating equitable and sustainable economic growth;
2. reducing poverty in rural areas;
3. reducing urban poverty;
4. investing in human capital;
5. strengthening social protection for specific groups; and
6. guaranteeing the sustainability of the strategy.

Figure 13 presents the budget split on these areas and therefore provides information on their prioritisation. Human capital has the largest budget followed by the reduction of rural poverty.

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<sup>4</sup> Discrimination is certainly true in Guatemala, but the authors were unable to determine if it is actually proven in Honduras. It is suspected that discrimination in the Honduran job market is more insidious and indirect, and based on class than directly on ethnicity.

**Figure 13. Proposed budget for the Honduran poverty reduction strategy by strategic area (Government of Honduras, 2001).**



The reports on the implementation of the PRSP are variable with ISS (2005) reporting severe difficulties in 2004 and Booth et al (2006) reporting that the Honduran government and politicians have seen this process as merely a method of interacting with donors rather than buying into the issue of poverty reduction.

In addition to the PRSP Richards (2002) identifies the following strategies for rural development in Honduras:

1. Small scale family agriculture backed by IFAD, NGOs and a lesser extent the WB
2. Commercial agriculture
  - a. Agro industry backed by USAID, WB, IDB, FAO, IFAD<sup>5</sup>
  - b. Diversification into non-agricultural activities backed by USAID, WB, IDB, DFID
3. Migration to urban areas backed by WB, USAID
4. Welfare projects backed by IFAD, WB IDB, civil society

He also mentions secondary ideas that support rural development:

1. Regional development promoted by Janvry and Sadoulet
2. Governance and empowerment backed by EU, IFAD, DFID
3. Donor coordination EU, UN, IDB

What came out very strongly in discussions with local experts were the weaknesses of government at local and national levels to respond to demands. Where policies, programmes and strategies are developed there is also a lack of effective

<sup>5</sup> IFAD's target group is very much the rural poor and would suggest that they smaller scale farmer/cooperative enterprises rather than large scale agro-industry.



implementation, which at local level was often related to inexperience, lack of capacity and high staff turnover, and at national level seems to be a combination of corruption and lack of pressure to provide services. It was highlighted that the government weaknesses lead to very poor protection of people and the environment from exploitation, which in part is related to low levels of capacity of analysis and also limited mechanisms to control corruption.

## **4 PROPOSED RESEARCH ISSUES OR THEMES**

### **4.1 PROBLEMS, PHENOMENA AND GAPS**

#### **4.1.1 Poverty**

Honduras has a large degree of structural poverty relating to poor access to:

- improvements in human capital
- land and the land available being of poor quality
- basic services such as water, sanitation
- markets – inputs, services and products

There are also regional concentrations of poverty with most important problems in the south and western regions where high proportions of indigenous people are found.

#### **4.1.2 Basic human capital needs**

Rural education is weak both in terms of quality, focus and quantity. It is particularly weak in the way it is delivered *and its* emphasis to the point where it doesn't prepare people to function *within* their communities. This was emphasised by all workshop groups.

Basic rural health services are weak, an opinion supported more by secondary data and comments from one of the workshop groups which focussed on human capital. In particular the comment is that there was a lack of motivation among doctors to serve in rural areas, plus inadequate emphasis on prevention rather than cure.

#### **4.1.3 Land**

Land use relating to land reform and land title was raised briefly. There were some discussions on inappropriate land use and poor control of forest areas. Forest protection is a current government priority. From field observations and discussions land distribution, land laws and land reform have led to:

- Heavy investment in clearing and fencing land with high potential. Actions need to demonstrate occupancy in order to avoid expropriation. In the past this has had major environmental impacts as trees and forest have been cleared. More recently this is less of an issue as it has been made clearer that forested areas are exempt from expropriation.
- Development in marginal hillside areas through squatting<sup>6</sup> on land with little agricultural potential and the construction of rustic houses with little possibility

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<sup>6</sup> The squatting issue is mostly on underused high quality land, as a means of de facto occupation with the hope of getting tenure rights. People have been marginalized onto marginal hillsides for centuries, ever since the Spanish came, and are generally well

of the development of basic services in terms of water, sanitation and electricity. An area highlighted as being important by World Bank and IFPRI studies (Jansen et al, 2006a; 2006b). Two issues are important:

- The squatting on urban peripheries is not directly related to agrarian reform. However, these people are migrants from other areas including rural areas who arrive in urban centres in search of opportunities due to a lack of opportunities in rural areas. In many cases the land squatters gain land title and infrastructure is slowly developed around them. Where these people are found are areas that are often highly environmentally vulnerable.
  - In the rural areas there is some invasion of underused land held by large landowners (latifundios). This is more clearly related to agrarian reform.
- The houses and land use in marginal areas lead to land degradation and increase the impact of natural disaster.
  - Jansen et al (2006b) report that 80% of the rural population live in hillsides on smallholder plots with limited agricultural potential.
  - A lack of latrines for the houses built in these areas can have impacts on people living downstream from these areas.
  - Strategies have been proposed by the Jansen et al (2006a) to help people living in rural areas, but of concern is that these are very standard in terms of better market access, better infrastructure and reduced transaction costs. Human capital, although mentioned is not strongly emphasised, which given the poor quality of land being farmed seems an immediate target.

There is also a useful list of researchable issues on land rights highlighted by Molina Cruz (2002) (see above).

#### **4.1.4 Industry and international forces**

Large-scale migration is probably the most important event occurring at the present moment. There is obviously a large amount of internal migration to work in plantations, agro industry, manufacturing and service industries. The major concerns are that this movement of people is associated with hardship, with people living in poor conditions and having inadequate social structures such as education and primary health care in target areas for migration. An additional problem and in part related to weak social structures is a rise in single parent families and an increase in HIV/AIDS. Strategies and plans to facilitate the movement of people from rural to rural and rural to urban areas seem to be lacking even though this is clearly an important livelihood strategy for poor rural people.

International migration is largely to the USA and from rural areas is almost entirely of people with low levels of education who are employed in low status and low wage level jobs (Özden & Schiff, 2006). Rural households who receive remittances from migrants are heavily dependent on them as a source of income, which is largely used on consumption items. Of concern is that the type of jobs that Honduran rural migrants get in the USA are likely to be the first to be cut if the USA economy falters,

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established as communities even though the actual paperwork to support their presence may be lacking.

making this source of income vulnerable to economic downturns. Plans and strategies to buffer such social impacts are not being discussed, the assumption being that migration and remittances will continue to strengthen.

There is also a general lack of information on the impact of migration on social and environmental issues and the impact of the other aspects of migration outside remittances. Castillo (2003) lists these as being distance from family and communities which reduces abilities for parenting and community development and the loss of social and human capital in the country. He does not quantify these, but there have been some initial research reported by Özden & Schiff (2006).

Growth in tourism was reported to be strong at between 10 to 15% per annum. However, this is from a low initial base. The Honduran Tourism Institute has developed thematic tourism routes throughout the country, but international tourism is still strongly focused on Copán and the Bay Islands. The main concern is security, but the same could be claimed in Guatemala as well and lots of tourists go there, so it may be largely the marketing strategy. IDB (2005) note that communication failings and a serious shortage of hotel services make it difficult in the short run for Copán to compete with other destinations on the Maya Trail—such as Chichén Itzá and Uxmal in Yucatán, Palenque in Chiapas and Tikal in Guatemala, which have similar archaeological heritage but offer a much more structured range of tourism services.

In addition to the international tourism Honduras has strongly developed local tourist locations such as Santa Lucia, Valle de Angeles from Tegucigalpa and Puerto Cortes, Lake Yojoa, Tela, from San Pedro. These locations are frequented during weekends. National and regional locations include Tela and La Ceiba on the Caribbean coast. International tourism is limited to the sites mentioned above and with some tourism to ecological areas. IDB (2005) also identify four potential tourist zones: southern zone, central corridor, La Moskitia/Patuca, and Olancho. The local tourist attractions mentioned in addition to the list presented above include the historical centre of the city of Choluteca (southern zone), and the Río Plátano and Patuca Biosphere Reserves (Moskitia/Patuca).

Within the tourist market there are important numbers of migrants who return to Honduras for holidays and also a large number of short-term Christian missionaries. These two groups of visitors, their importance and potential to develop tourism and provide employment are not addressed in great detail. There is also a lack of information on the:

- Links between tourism and rural communities.
- Potential for tourism to have an impact on rural poverty.
- Environmental impact of tourism.

The Honduran agricultural sector has a strong ability to respond to international market opportunities with a number of very clear examples. However, these opportunities tend to be created by distortions from trade agreements or through the export of primary products with volatile markets that are outside the control of individual countries. Examples of market distortions are beef exports to the USA which opened and closed preferential markets in the 70s, 80s and 90s, banana export to USA and EU using trade concessions; and recent sugar exports to the USA with its current willingness to buy any surplus product from Central American countries. In addition, there have been recent investments and growth in the export of melons, shrimp and pineapples to the USA. In the last couple of years there have been strong coffee prices that has led to greater investment in coffee plantations.

The strong oil prices have stimulated interest in renewing and updating oil palm plantations with the perspective of replacing diesel with palm oil. The reliance on primary product exports into vulnerable markets, with production methods that continue to be labour intensive in harvesting and processing methods mean that crashes in the markets have strong social impacts. Planning how to reduce the impact and cushion these crashes would appear to be an important strategy in ensuring that poor rural people who work in large agricultural and agro-industry have lower levels of risk. There is also a general lack of incentive for the owners of plantations and agro-industry to take medium and long term care of employees and in some cases where production methods lead to health problems (melons recently and cotton in the past).

In the background to these rural and market developments and responses Honduras suffers from high levels of insecurity creating an institutional environment where it is difficult to run businesses. The State has failed to fulfil their role in terms of law and order and in some cases has led to people taking their own justice. In urban areas the response from the private sector and private individuals has been the employment of large numbers of private security guards<sup>7</sup> and the building of shopping malls that allow people to shop and eat indoors. Despite these problems there is a growing middle class with consumer attitudes and active secondary cities such as Comayagua, La Ceiba, Siguatepeque, Juticalpa.

#### **4.1.5 Policy environment and Government organisation**

There is a general weakness between local level and central government actions due to a lack of capacity to prioritise the use of, manage and implement resources, and a lack of capacity to coordinate organisations. As an important aspect of these weaknesses of taking policy to implementation is a poor level of capacity to monitor and evaluate actions and policy. These weaknesses are not helped by the poor connection between civil society and government responses.

There is an absence of effective government support for small businesses particularly in rural areas, despite there being projects funded through the PRSP for micro and small scale businesses. This in combination with difficult relations between financial organisations and the agricultural sector creates an unfavourable institutional environment for the establishment of small rural businesses.

Finally the government is weak in active and effective representation in the face of changes in international demand for products and also strong foreign direct investment. This weakness puts at risk vulnerable poor rural communities and also the protection of the environment.

## **4.2 RESEARCH THEMES**

### **4.2.1 Skill and knowledge provision**

1. School structure
  - a. from curriculum to management of rural education to be more effective in creating schools that are centres of knowledge, information dissemination and teaching in communities, producing children and

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<sup>7</sup> Reported to outnumber the police in numbers

young adults who have skill sets that match economic opportunities at local, national and international levels.

2. Knowledge provision
  - a. How to tailor education and skill development services to the needs and opportunities of poor rural people in order for them to be prepared to take full opportunities for global economic processes? These services also need to function in their communities in the face of changing demographics
3. Extension
  - a. How can services to communities be developed in ways that will develop local capacity in the private, NGO and public sectors so that they will not need continual technical external assistance in the medium to long-term?
    - i. Effective management of services, targeting issues, who provides the services? Satisfying demand of people who require it rather than convincing those who don't.
4. Information management
  - b. How can access to information be improved within a changing rural environment?
    - i. Telecommunication regulation
    - ii. COHCIT – government project set up to provide information internet points in rural areas
      1. What is its impact?
      2. How sustainable is it? – can this be linked to private sector in order to satisfy demand for international telecommunications created by migration
    - iii. Links to ICT
  - c. Within this theme would the creation of a national information and research system and the development of national research strategies improve prioritisation of research resources?

#### **4.2.2 Migration**

1. Use of remittances (are they invested in financial/physical/natural capital such as savings accounts, housing, cattle, land, or human/social capital such as health and education) and intra household distribution (labour saving devices, productive investments with different gender implications, health/education for males vs. females).
2. Social and environmental impacts of mass scale migration – does it weaken community structures, bring back social problems (gangs, HIV etc.), promote extensive (low labour demand) land management such as ranching instead of land husbandry.

#### **4.2.3 International trade (concessions, trade agreements, CAFTA)**

1. The need for information on the positive and negative impacts on rural communities of international trade in primary and agro industrial products, industrial products and tourism in terms of environment, social, economic, gender and summarised in sustainable poverty reduction. With information for

each trade item listed a much clearer agenda for the prioritisation of government action to facilitate the positive impacts and to nullify the negative should emerge.

#### **4.2.4 Government organisations, institutional environment (business), coordination of international**

1. How to reform educational and health structure to improve their effectiveness:
  - a. Management
  - b. Political issues - how to make policy makers receptive to the need for changes
  - c. Balance of power between teachers, teacher unions and voiceless clients?
2. Analysis of the weaknesses from taking ideas, strategies and plan to effective actions
  - a. Lack project management?
  - b. Lack of monitoring that goes beyond physical and financial resources
  - c. Lack of flexibility
  - d. Lack of evaluation
  - e. A weakness of citizen participation and civil society in making effective demands for services
  - f. Could be applied across gender commitments, education and health to a lesser extent environment.
2. Analysis of transaction costs of establishing small-scale agro-business in order to identify policies on reducing costly and ineffective regulation and to prioritise government incentives.
3. Analysis of national level government organisations key to international agricultural representation and organisation in order to identify strengths and weaknesses and recommend actions to improve their functioning
4. Is land reform a mechanism out of poverty?
  - a. Impact of perceptions – what is best a transfer of goods (land) or an improvement in human capacities? Where is the balance? Probably not one or the other... Is the need for land reform changing as the structures and natures of global markets change? i.e. is there more future for people to work on non-agricultural products which don't require land?
  - b. What is the environmental, social and economic impact where land laws, land reform and application are uncertain?
5. How to improve the management and monitoring of large scale demand shifts for agricultural products and large scale FDI for mega projects in terms of minimising negative environmental and social impacts
  - a. What are national capacities to manage changes in FDI and demand change? How are these capacities being affected by migration?
    - i. Local
    - ii. National
    - iii. International

6. Divorce between demand for services and supply
  - g. Can decentralisation help?
7. Regional centres
  - h. How to assign resources to infrastructure development in order to improve opportunities for rural areas
  - i. Links to UPE
  - j. Links to Bolivian Municipality projects

#### **4.2.5 Cross cutting issues**

1. What is the intra household distribution of improvements in income from either remittances, improved access to job markets or improved access to product markets in rural communities and poor rural households? For example possible negative impacts, e.g. domestic or gang-based violence, HIV, economic and power marginalization, implications for representation and participation
2. What are the advances and weaknesses in the implementation of gender analysis within government and how is this affecting rural poverty reduction programmes?
3. Broader (than just gender) issues of distribution and equity – e.g. does increased focus on commercial/productive activity exacerbate the gap between the more and less poor? Less poor may be left behind if not able to participate in activities, plus may suffer from inflation of costs of land and other basic needs.
4. Broader livelihood sustainability issues – environmental sustainability, but also implications for the balance between the 5 forms of capital.

#### **4.2.6 Additional issues**

Marcus Gottsbacher suggested the following additional themes in relation to poverty reduction in Honduras:

1. Environmental conflicts with particular reference to water management<sup>8</sup>
2. Local economic development
3. Decentralisation
4. Genetically modified crops
5. Free trade
6. Alternative energy sources
7. Food security

In addition discussions with Raul Zelaya indicated a strong need for the systematisation of past and ongoing research in rural development. This fits strongly with the Central Andes work and provides potentially interesting collaborations across the Latin American region.

#### **4.2.7 Prioritisation of Research Themes**

A priority list was developed from the above analysis that covered four broad themes:

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<sup>8</sup> Note this subject is dealt with in the social capital theme and agrees strongly with observations from Jacqueline Chenier.

- Migration
- Human Capital
- Social capital (Voice of the rural poor)
- Land access and land rights
- Systematisation of past and ongoing rural research and development

Table 9 presents specific research questions within these themes, an assessment of the theme and identifies potential research partners.



**Table 9. Emerging Honduran research themes with specific research questions, an assessment and potential partners.**

Research Theme	Specific Research Questions	Assessment	On-going Research & Potential Partners?
Migration	<ul style="list-style-type: none"> <li>○ How are remittances used?</li> <li>○ Social and environmental impacts of mass scale migration?</li> <li>○ What is the influence of the 5Ts of migration on rural economies, access to information and technology and what impact should this have on rural policy?</li> </ul>	<ul style="list-style-type: none"> <li>○ Global theme</li> <li>○ Great relevance to the region – estimated that 10% of the populations of central America and Mexico are in the USA and in some countries remittances are between 10-20% of GDP</li> <li>○ Large potential impact on welfare.</li> <li>○ Social and environmental impact studies are few.</li> <li>○ Other aspects beyond remittances are not well studied for their impact.</li> <li>○ Potential strengths as rural development mechanisms – possible to resolve issues of a lack of access to financial services and infrastructure (particularly telecommunications) and reinvigoration of job markets.</li> </ul>	World Bank University of Guelph
Human capital	<ul style="list-style-type: none"> <li>○ How can the management and implementation of rural education and health services be made more effective?</li> <li>○ What knowledge and skills are required by the rural poor so that they can participate more effectively in job markets arising from global economic processes?</li> <li>○ What knowledge and skills are required for the rural poor so that they can participate more effectively in business opportunities arising from global economic processes?</li> </ul>	<ul style="list-style-type: none"> <li>○ Based on the hypothesis that majority of the rural poor have no or limited financial, physical and infrastructure capitals</li> <li>○ To improve their livelihoods there is need to work in local, national and international job markets.</li> <li>○ The access to these markets is dependent on human capital</li> <li>○ Rural services to improve human capital are relatively poor.</li> <li>○ The focus of rural services for knowledge and skills are possibly not well focussed on the needs of their rural people looking for opportunities in the job market.</li> </ul>	IDRC in country

Research Theme	Specific Research Questions	Assessment	On-going Research & Potential Partners?
Social capital	<ul style="list-style-type: none"> <li>○ What mechanisms are required to ensure that demands from poor rural people influence policy measures?</li> <li>○ What mechanisms are required to ensure that project and programme implementation is well monitored?</li> <li>○ How can rural people and in particular the rural poor be represented where there are environmental conflicts?</li> </ul>	<ul style="list-style-type: none"> <li>○ Rural poor are not well represented at local or national level</li> <li>○ The political voice of these people is weak</li> <li>○ This creates a general weakness both in the general design of rural projects and programmes and also the implementation, monitoring and evaluation of actions.</li> <li>○ The lack of ability shape and influence the institutional environment in which the rural poor find themselves means that they are powerless to affect how well they participate in global economic processes</li> <li>○ In general poor rural people have either no or limited national and international social capital.</li> </ul>	
Land access and land rights	<ul style="list-style-type: none"> <li>○ What potential crops can be grown for global economic processes?</li> <li>○ What are the constraints in terms of land rights that affect how poor rural people participate in global economic processes?</li> <li>○ What environmental impacts do current land distribution and opportunities to global economic processes have? Do the negative impacts have externalities that affect the rural poor?</li> <li>○ Potential additional questions set by Molina Cruz (2002) see above.</li> </ul>	<ul style="list-style-type: none"> <li>○ Land reform in Honduras has been partially implemented.</li> <li>○ Land distribution is very unequal.</li> <li>○ Poor people with land have land that is in marginal areas and/or lacks land title.</li> <li>○ Poor access to land and quality of land limits the ability of poor rural people to participate successfully in global economic processes.</li> <li>○ A lack of clear land rights and a land distribution in favour of a small proportion of the population potentially leads to the mining of land, rather than long term investments.</li> </ul>	
Systematisation of past and ongoing rural research and development	<ul style="list-style-type: none"> <li>○ Focus on local level projects that transfer skills for the participation in global economic processes.</li> <li>○ Focus on existing work on value chains.</li> <li>○ The need for dissemination of the synthesis</li> </ul>	<ul style="list-style-type: none"> <li>○ Identified during discussions with Raul Zelaya directly and the work being done by Jacqueline Chenier</li> <li>○ Useful regional links with Bolivia, Ecuador and Colombia</li> <li>○ Links with CIP and CIAT</li> </ul>	IDRC office in Honduras ANAFEA CATIE

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## 6 ANNEXES

### 6.1 REGIONAL AND NATIONAL ORGANISATIONS WORKING ON RURAL POVERTY AND THE ENVIRONMENT WITH THEIR INTERESTS

See below in workshop participants

### 6.2 PEOPLE CONSULTED

Group	Person	Issue(s) raised
CIDA	Ana Posas	A lack of prioritisation of actions and resource use within government Lack of coordination between different government levels, ministries and departments Perceptions of rural people are limited by their knowledge and experience
Swiss Contact	Ivan Rodriguez	Importance of tourism within the economy Business environment
ANED Consultores	Octavio Sanchez	Structure of project implementation Local government capacity for project implementation Education and skill development services that are directed at the needs of the local community Costs of administration of projects for the rural poor in order to be effective in meeting their needs
ESA Consultores	Jose Rafael del Cid Marco A. Moncada Helmis Cardenas	Reasons that have stimulated migration – differences between economic growth and job creation in Honduras and USA and Hurricane Mitch Deficient human capital formation in rural areas Weaknesses in micro and small companies Poor linkage between demands and actions Importance of secondary towns/cities in rural development
ANAFAE	Jacqueline Chenier	Management and control of macro projects Corruption Water management to avoid contamination of water sources Systemisation of information

IDRC	Raul Zelaya	Establishment of a national system of research and systemisation of information.
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## 6.3 COUNTRY WORKSHOP REPORT

### 6.3.1 Workshop programme

The Honduras country workshop was held on 26<sup>th</sup> April 2006 in Tegucigalpa. A total of 65 people were invited from a range of public and private sector organisations, NGOs and local community groups. In total 59 people participated in the workshop. The workshop programme involved a presentation by Jonathan Rushton on the scoping study's objectives, methodology and emerging findings. This was followed by an explanation of group work by Adrian Barrance. The participants then divided into three groups and reported back in the afternoon.

### 6.3.2 Group reports

The workshop participants were given three core topics:

- Human capital – education, health & nutrition
- Local organisation – public, community, private and NGO
- National context – policies, organisations, laws, aid agencies

Within each topic they were asked to:

- Subjects
- Problems
- What needs to be known and understood
- Cross-cutting issues – gender, environment
- Give a priority to the problems

Participants were allowed to choose which group they wanted to work in and after discussions of around 3 to 4 hours reported back in a final workshop session. The results are presented below.

#### 6.3.2.1 Group 1 – Human Capital

Key issues

1. Knowledge – integrated and participatory education. Responsibility
2. Nutrition
3. Health

Problems and questions

1. For families and women what are their current policies, strategies and databases when they participate in economic and social activities? (Formal and informal sector)
2. How are we creating opportunities? How can HDI be improved?
3. How can actions and mechanisms be created and promoted which ensure that young people both trained (technical levels and general vocations) and unskilled have access to work?
4. How can successful studies and experiences be validated, documented and disseminated?
5. How can one plan and implement development policies and strategies?

6. How can local and national development projects be controlled, monitored and evaluated with a participatory emphasis?

### **6.3.2.2 Group 2 – Local organisations**

What factors are not being fulfilled that have an impact on general conditions in society?

- Skills and knowledge
- Physical and financial resources
- Productive options
- Infrastructure
- Organisational and legal support
- Social benefits and safety nets

There is a lack of coordination and monitoring:

- Why do local governmental organisations not coordinate their actions? What factors limit coordination for actions that could have benefits for the poor in society?

There is a lack of political will to implement agrarian reform programmes.

Strengthening of organisational capacity in local government

The participation and strengthening of other organisations working at local level

The creation of groups with abilities in planning and implementation at local level

Why despite the implementation of so many projects does poverty still exist?

The strengthening of social infrastructure in medium sized urban centres.

The creation of jobs for income generation.

What type of jobs would have a positive impact on poverty and a neutral or positive impact on the natural resources?

Identify and attack the causes of poverty

Take advantage the smallholder producer organisations' capacity to define what to do.

What factors are limiting the empowerment of the main actors?

How to strengthen the social auditors at all levels?

How can sustainability of actions be achieved?

What impact does migration of young people have on community development?

What are the economic, social and environmental impacts of remittances?

In what other areas can investments be made outside the agricultural sector?

How can conditions for the agricultural sector be optimised to make this sector attractive for young rural people as potential development opportunities?

How can remittances be best used and their use in consumerism be avoided?

How people sending money be linked with productive and community based actions?

How can producer organisations be linked to dynamic markets? How can these organisations become competitive? How can market studies include aspects to support these aspects of producer organisation support?

### **6.3.2.3 Group 3 – National Context**

Group members

1. Rolando Bú, FOPRIDEH
2. Jacqueline Chenier, AHNAFAE
3. Bessy Vásquez, Fundación Democracia sin Fronteras
4. José Luis Beltrán, PESA-FAO
5. Adalberto Osorto, SAG, Ministry of Agriculture
6. Carolina Salgado, BANADESA
7. Ivan Rodríguez, SWISSCONTACT
8. Octavio Sánchez, ANED Consultores
9. Carlos Gallegos, World Bank

Subject	Problems	What do we need to know	Cross cutting issues
Priority - 1 Quality of the education system	<ul style="list-style-type: none"> <li>- There is a need to present a reform of the education system.</li> <li>- If 30% of the national budget is spent on education it is necessary that the government put more force into the system with a focus on VIDA</li> <li>- The challenges of globalisation raise challenges for education and the need for a revision of actions that provide formal education to all zones</li> <li>- Within the rural education system there is a loss of resources that could be redistributed to communities</li> </ul>	<ol style="list-style-type: none"> <li>1. How to achieve a new approach that responds to a production strategy according to the needs of the different regions.</li> <li>2. Carry out an evaluation of educational investments and quality of systems</li> </ol>	
Priority – 2 Policies and institutions	<ol style="list-style-type: none"> <li>1. A lack of public sector organisation to put the PRSP into practice: <ul style="list-style-type: none"> <li>- There are gaps in support from stakeholders in poverty reduction programmes.</li> <li>- The organisational structure of the public sector impedes how the Ministries can coordinate actions related to PRSP.</li> </ul> </li> <li>- Although the PRSP development was a participatory process its implementation lacks participation</li> <li>- It is necessary to have a differentiated strategy and work alongside producers in order to respond to global economic processes.</li> <li>- At what point is the PRSP oriented towards competitiveness</li> </ol>	<ol style="list-style-type: none"> <li>1. How to activate the local areas so that in the implementation of actions they have true access to economic growth?.</li> <li>2. How to activate differentiated policies and strategies which allow rural communities to enter into national and international markets</li> </ol>	<ol style="list-style-type: none"> <li>1. Education</li> <li>2. Citizen participation</li> </ol>
Priority – 3 Decentralisation and Economic Development	<ul style="list-style-type: none"> <li>- There is a need to deepen national policies and mechanisms to implement these policies through local level priorities. This would recognise that budgeting and budget management easier to control at local than national level.</li> <li>- The demand from the Municipalities association is that although decentralisation exists there needs to be a social auditing system in order to avoid the possibility of the resources allocated to decentralised units are used for political ends.</li> </ul>	<ol style="list-style-type: none"> <li>1. There is a need to understand how decentralisation can be supported so that advances can be made in budgeting and budget control and the effectiveness of implementation</li> <li>2. Generate a country plan that integrates the strengths of organizations involved in decentralisation, and defines where there are gaps between public policy and financing</li> </ol>	
Priority – 4 The need for planning and implementation of inclusive policies	<ul style="list-style-type: none"> <li>- Organizations responsible for policy implementation do not have clear roles or priorities. Therefore, they never complete implementation because they lack concrete actions. Moreover there exists a duplication and overlap of organisations roles creating confusion and a lack of clarity in implementation.</li> </ul>	<ol style="list-style-type: none"> <li>1. How can the roles and budget allocations be clarified in order to achieve objectives?</li> <li>2. How can local organisations be strengthened to improve their capacity to respond to demand from global economic processes?</li> </ol>	
Priority 5 - Corruption	<ul style="list-style-type: none"> <li>- Despite the existence of funds and initiatives for poverty reduction the use of this money in projects is clouded by corruption which has become institutionalised. The government sector is no exception to this.</li> </ul>	<ol style="list-style-type: none"> <li>1. How to achieve a more efficient systems of social auditing</li> <li>2. An evaluation of anti-corruption measures in Honduras</li> </ol>	

	- In addition we are concerned that international agencies show little capacity or interest to monitor the distribution and execution of funds that come into the country. This creates a easy environment for the diversion of funds away from social development actions.	3. How to develop a strategy which empowers society, the rural community, in the transparency of the use of funds and project implementation?	
External debt (not ranked)	- Generally the government should reduce the external debt which has led increasing pressures to government finances and ultimately has created difficult conditions for poverty reduction. - There is no vision of the processes	1. How to develop a strategy where the State has more liquidity? 2. What are the mechanisms to define whether or not financing is required? 3. Define the capacity for government debt and debt payments related to social investments.	
Creation of meg projects (not ranked)	It is important that the government defines processes that allow a balanced implementation of PRSP projects and effectively resolves the balance between investment and poverty reduction.	1. How can corruption be prevented with the tendering processes and the development o environmental regulations of projects who goal is poverty reduction?	
Gaps in competitiveness (not ranked)	- Public and private organizations are not focussed on effective project implementation. - Current policies are very general and where they are more specific they serve private interests.	1. It is necessary to create a national unit that will press for better natural resource use.	

### 6.3.3 Workshop participants

Invited Participant	Institution	
Dr. Ernesto Magaña	Ayuda en Acción	
Licda. Mayra Falck	E.A.P.	Escuela Agrícola Panamericana
Sra. Gilda Rivera	Centro de Derechos para la Mujer	
Ing. Arturo Galo Galo	DICTA – SAG	Dirección de Ciencia y Tecnología Agrícola
Ing. José Segovia Inestroza	BANADESA	Banco Nacional de Desarrollo Agrícola
Dr. Roland Valenzuela	DINADERS	Dirección Nacional de Desarrollo Rural Sostenible
Ing. Julie Tom	AFE - COHDEFOR	Cooperación Hondureña de Desarrollo Forestal
Lic. Carlos Rodriguez	PRONAGRO - SAG	Programa Nacional de Desarrollo Agroalimenticio
Sr. Elmis Cardenas	ESA CONSULTORES	Economía Sociedad y Ambiente
Sr. Octavio Sanchez	Recursos Humanos ANED	Asesores Nacionales especializados en Desarrollo
Ing. Juan Blas Zapata	Agenda Forestal	
Dr. Miguel Angel Ayarza	CIAT Honduras	Centro Internacional de la Agricultura Tropical
Dr. Guillermo Villanueva	IICA	Instituto Interamericano de Cooperación para la Agricultura
Ing. Carlos Zelaya	FAO	Organización de la Naciones Unidas para la Agricultura y Alimentación
Dr. Compdon Paul	FAO	Organización de la Naciones Unidas para la Agricultura y Alimentación
Ing. Ana Posas	CIDA	Agencia Canadiense para el Desarrollo Internacional
Sres. Sergio Rios y Lesley Oconnell	BID	Banco Interamericano de Desarrollo
Sr. Adrian Pozzard	Banco Mundial	
Sr. Paul Tuevner	USAID	Agencia de los Estados Unidos para el Desarrollo Internacional



Sra. Europa Hartz	DED	Servicio Aleman de Cooperación Social Tecnica
Ing. Benjamín Bográn	COHEP	Consejo Hondureño de la Empresa Privada
Sr. Eddy Fellman	Fundación Nuevo Amanecer	
Licda. Celea Landaverde	SENASA – SAG	Secretaria Nacional de Sanidad Agropecuaria/ Secretaría de Agricultura y Ganadería
Ing. Santiago Ruiz	FENAGH	Federación Nacional de Agricultores y Ganaderos de Honduras
Sr. Paulino Zelaya Murillo	Central Nac. de Trab. del Campo	
Prof. Freddy Espinoza	APROHCAFE	Asociación Hondureña de Productores de Café
Sr. Rigoberto Perez	COCOCH	Consejo Coordinados de Organizaciones Campesinas de Honduras
Ing. Jacqueline Chenier	ANAFEA	Asociación Nacional para el Fomento de la Agricultura Ecológica
Licda. Adelina Vasquez	Centro para el desarrollo Humano	
Ing. German Pérez	FUNDER	Fundación para Desarrollo Rural
Ing. José Villatoro	BID	Banco Interamericano de Desarrollo
Padre Germán Calix	Pastoral Social Caritas	
Lic. Osvaldo Munguia	MOPAWI	Agencia para el Desarrollo de la Mosquitia
Licda. Patricia Ahern	CARE	Care Internacional
Lic. Raul Zelaya	IDRC	
Sr. Dionisio Gonzalez	Asociación Campesina Nacional	
Sra. Vilma Sierra	FIDE	Fundación para la Inversión y el Desarrollo de Exportaciones
Lic. Francisco Funez	INA	Instituto Nacional Agrario
Ing. Omar Funez	IHCAFE	Instituto Hondureño del Café
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