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Honduras, Factor 19: Foreign Aid

### **Honduras: Foreign aid strategies to increase food security**

Honduras, a small country of approximately 7.5 million people, is located in Central America. Other Central American countries, Nicaragua, El Salvador and Guatemala border it. According to the United Nations World Food Programme, in Honduras one in every four children suffers from chronic malnutrition, and 75% of the rural population lives in extreme poverty. The World Food Programme also states that an estimated 1.5 million people in Honduras face hunger (World Food Programme, 2013). From these statistics, it is evident that Honduras is in a very dire situation. Something must be done to help the people of Honduras to overcome the challenges they face. Hondurans are among the poorest, most disadvantaged people in the world, but that does not mean that they cannot rise out of poverty and become self-sufficient. This research paper will detail Honduras' current economic and agricultural situation and outline specific strategies that the United States and other first world countries can utilize to aid Honduras in their efforts towards obtaining food security and economic stability.

A typical family in Honduras consists of about four family members (Global Alliance for Clean Cookstoves). The family is the fundamental social unit in Honduras. For various reasons, the family unit is more stable in the countryside than in urban areas. A typical diet consists of corn, beans, cassava, plantains, rice, and coffee. Although the Honduras constitution mandates that children ages seven to fourteen must attend school, education is dismal throughout the country (Merrill, 1995). This is a result of several factors including a lack of schools, understaffed schools, and the high cost of materials needed for these schools. Because of the poor public education, only the wealthy are privy to the good education that pricey private schools provide. Access to and quality of healthcare is directly tied to income level. Therefore, quality healthcare for the urban and rural poor is very limited. Malnutrition among children is responsible for stunting among 34% of children when they are between the ages of two and five. The majority of the population does not have access to running water and sanitation facilities. All of these factors attribute to the high infant mortality rate of 63 per 1,000 live births and the low life expectancy rate of 64.9 years in 1992 (Merrill, 1995).

Over 60% of Hondurans live in what the United Nations classifies as poverty. Only about 40% of the population is economically active. This group consists of those ages 20-45. However, this figure may be slightly skewed as many Hondurans participate in the "informal economy", meaning they work independently selling goods such as fruit and clothing. Since this sector of the population does not pay taxes and is very numerous, it is impossible for the government to keep accurate data on them. Forty percent of working Hondurans are employed in the agriculture industry, 30% in services, and 16% in industry. Hondurans earn, on average, USD183.00 a month (This is Honduras, 2007).

According to the Food Export Association of the Midwest USA, retail sales of food imported from the United States occur mostly at supermarkets, mini-markets, and convenience stores. Supermarkets are opening in urban areas, and the employed sector of the population is taking advantage of these supermarkets and buying their food there. As a result of increased investment in the cold chain, sales of fresh fruits and vegetables have risen (Food Export Association of the Midwest USA). While all of these things are good news for Honduras and its economy, the increase in the number of supermarkets does not help the urban poor who can't afford the food sold at these stores. The employed and wealthy sector of the population will benefit immensely from the increase of supermarkets, while the people that live in poverty will still suffer from hunger because of their inability to afford these goods. Also, since they live

in urban areas, these people do not have the opportunity to grow food for themselves like the rural poor of the country.

There are several major barriers to improving agricultural productivity, employment and earning a living wage, and gaining access to food markets and adequate nutrition. There are many significant barriers to increasing agricultural productivity in Honduras. The majority of these barriers are weather-related. Honduras' location in Central America makes it extremely prone to hurricanes that come from the Atlantic Ocean to the Caribbean. The country is also prone to erosion and flooding. These natural disasters damage and sometimes destroy infrastructure and crops, making it extremely difficult to increase agricultural productivity (Food Security Portal, 2012). In order to establish food security in Honduras, agricultural productivity must be increased. Efforts must be made to find ways to lessen the effects of weather-related barriers to increased agricultural productivity. One obvious barrier to gaining access to food markets and adequate nutrition for Honduras' poor is the price of such goods. High prices are caused by several factors including non-tariff barriers imposed by Honduras' government such as sanitary regulations. "The Central American countries that most frequently resort to these measures –which according to the World Trade Report 2012 result in more restrictions than tariffs do – are Guatemala, Nicaragua and Honduras. Non-trade measures are creating obstacles that stem the effective trade integration of Central American countries, despite the existence of trade agreements such as the CAFTA-DR," (The World Bank, 2013). Among all of these obstacles, crime and violence are major barriers to economic development in Honduras. "It is estimated that the annual costs of violence account for about 10% of the country's GDP (nearly US \$ 900 million). Crime and violence have also eroded citizens' confidence in the rule of law. In Honduras, victims of crime are 6.5% more likely to take justice into their own hands when compared to non-crime victims," (The World Bank, 2013). Steps must be taken to eliminate violence in Honduras in order to make the economy better.

The use of foreign aid by first world countries to help Honduras is crucial to the creation of food security in that country. While they have a lot of work to do themselves to increase food security in their own country, they certainly cannot do it alone. The United States needs be a leader in the effort to help Honduras gain food security over the coming decades, and it must use its position as a world leader to encourage other countries to realize the reasons for investing in the effort to create food security in Honduras. The United States needs continue to utilize its ability to give aid to Honduras to maintain its strategic interests in the region.

The state of the United States' economic assistance to Honduras is a very positive one. According to the U.S. State Department, Honduras has traditionally been an ally of the United States. "Honduras, one of Latin America's poorest nations, strives to improve its economic and democratic development with U.S. assistance. The United States has historically been the largest bilateral donor to Honduras. U.S. Agency for International Development (USAID) programs target a variety of issues including education, health, economic policy, microenterprise, environmental conservation, food security, municipal development, and justice sector reform," (Bureau of Western Hemisphere Affairs, 2014). The amount of US foreign aid to Honduras has remained relatively stable over the past several years, with the United States appropriating \$52.0M to Honduras in 2013 (U.S. Treasury's Office of Technical Assistance). Of this \$52.0M, \$4.0M was allocated towards peace and security, \$11.1M towards democracy, human rights, and governance, \$3.6M towards health, \$13.1M towards education and social services, \$15.0M towards economic development, and \$5.3M for the environment. The entire amount of \$15.0M allocated towards economic development is used for agriculture. From this data, it is apparent that the United States government regards agricultural development as a top priority in Honduras.

While the total amount of aid appropriated is down from \$65.3M in 2012, it is still a reasonable amount. The United States measures well against other countries in the amount of foreign aid given. The U.S. comes in at third place with the amount of foreign aid given, falling behind the International Development

Bank's Support Fund and the International Development Association (OECD). The current trends for foreign aid to Honduras are staying the same for the most part. According to the projections of the amount of foreign aid that will be appropriated to Honduras from the U.S. in the coming years, the situation for an urban poor family in Honduras should stay the same, if it does not get better. The United States is making the right decision by appropriating nearly 30 percent of the funds for economic development in Honduras. Clearly, the situation in Honduras is very severe. An extremely large portion of the population lives under the poverty line. Millions of people go hungry every day. The United States is very optimistic about the state of its foreign aid program to Honduras. This optimism needs to continue as the United States works with Honduras to better its economic situation. While the state of foreign aid to Honduras from the United States is a good one, there is always room for improvement. Honduras would benefit tremendously from increased economic aid from other countries.

An increase in foreign aid would greatly increase access to food in Honduras if the current proportion of money allocated towards agriculture were to stay the same or increase. In 2013, almost 30 percent of the total U.S. aid for Honduras was for agriculture. If the amount of aid to Honduras were increased, there would be even more money allocated towards agricultural development. More foreign aid to Honduras would allow the Hondurans to learn to practice sustainable agricultural practices that do not harm their environment. An increase in the amount of foreign aid allocated to Honduras would also lead to economic development and poverty reduction. This is because foreign aid would invest money into Honduras' economic sector, therefore developing the economy further and creating more jobs. The people living in poverty who might be unemployed would have a chance to get a job and to lift themselves up out of poverty. Lastly, more foreign aid would benefit women and urban dwellers greatly. The foreign aid could be used for economic development to create jobs for women and urban dwellers. Also, the aid could help lower the prices of food for urban dwellers so that they can afford to buy enough food for their families.

Other major issues such as climate volatility, population growth, water scarcity, urbanization, energy demand, and pollution will affect foreign aid and the wellbeing of an urban poor family in Honduras and their community greatly in the years to come. Population growth in Honduras will affect the urban poor greatly in the years to come. According to the World Bank, the population growth rate in Honduras was 2.0 percent in 2013 (The World Bank, 2013). This rate has stayed the same at 2.0 percent for the past several years and will most likely stay constant in the near future. This constancy is most likely due to emigration, which occurs at a rate of 1.3 migrants per 1,000 people (International Organization for Migration). The slow but constant rate of population growth in Honduras will negatively affect the urban poor, as more people will need to live off of the same amount of food and other resources. Food prices will go up, and the urban poor will not be able to afford enough food to keep their families from going hungry. Honduras faces a major problem relating to water scarcity in their country. "In rural areas, only 77.1% of the population has access to water, and 15% with access to drinking water (INE, 2006). Degraded watersheds affected by deforestation and by the pollution of both surface and ground water aggravate the situation. The Choluteca River, which is the main water source for the capital city of Tegucigalpa, is no exception. According to the National Hydrological Balance (NHB) study (CEDEX, 2003) the main urban areas (Tegucigalpa and San Pedro Sula) and several key agricultural areas (mainly Patuca basin in Olancho) will face water scarcity in the near future," (United Nations Development Programme, 2011). These are all major issues that will affect the wellbeing of an urban poor family in Honduras and their community greatly in the years to come.

Based on research on foreign aid in Honduras and the effects it has on an urban poor family, there are several things that can be done to improve food security in that country. Specifically, the United States should provide multiyear funding for foreign aid instead of on a yearly basis. According to the Congressional Research Service, "Longer-term budgeting, some argue, would bring several benefits: it would ensure that an administration would define resource requirements for foreign assistance and align them with strategy and policy; it would provide aid predictability to both U.S. foreign

assistance agencies and recipient countries; and it would balance long-term aid provided to countries in need of development with aid to countries with immediate humanitarian needs,” (Congressional Research Service, 2009). The eight Millennium Development Goals for 2015 can all be utilized to solve the situation in Honduras by 2015. There are three main goals that should especially be focused on. These three are to eradicate extreme poverty and hunger, ensure environmental sustainability, and to develop a global partnership for development. In the poverty reduction effort, the United Nations Development Programme has already built and repaired roads in El Salvador to help connect small villages with larger municipalities (Perez). This same strategy could be used in Honduras to connect rural farms to urban populations, thereby decreasing the cost to transport food and other goods. One local project in Honduras that could be scaled up successfully is the biogas recovery project that is being conducted by the United Nations Development Programme. In this project, biogas from produced from wastes left over from the production of palm oil is used for heat and electricity generation. “The project helps to mitigate climate change and contributes to sustainable development by capturing and using the methane emissions to generate heat and electricity, reducing the plants’ reliance on fossil fuels for electricity production and displacing the use of heavy fuel oil for heating. The new, closed wastewater system also improves the quality of the wastewater, reduces the odours resulting from the decomposition of the waste, thereby improving local air quality, and creates several jobs during the plant construction and operation stages,” (United Nations Development Programme, 2011). This project could be successfully scaled up throughout Honduras to provide electricity and heat for urban poor families.

There are several other programs that could be successfully scaled up or replicated to help improve conditions in Honduras. One such program is Low-income Housing Program funded by the Inter-American Development Bank (IDB). The program seeks to help low-income families in Honduras buy homes and upgrade neighborhoods. According to the IDB, “Nearly half of the 12,200 low-income families targeted to receive housing subsidies through an IDB-financed program in Honduras have received financial assistance to build or improve their homes. Additional funding is being provided to upgrade urban neighborhoods through the construction of water, sewage and street systems, and other infrastructure,” (Inter-American Development Bank). The program is financed by a \$30 million loan provided by the IDB’s Fund for Special Operations approved in 2006. There is a growing demand for housing in among Honduras’ urban poor. The country’s annual urban growth rate of four percent is expected to double the current urban population in 20 years (Inter-American Development Bank). However, the overwhelming majority of new families in Honduras are low-income and don’t have the financial resources to purchase or build their own home. The results of the Low-income Housing Program include establishing housing sector information, evaluation, and a monitoring system, two neighborhoods upgraded with infrastructure and social services, and 21 emergency reconstruction projects completed (Inter-American Development Bank). This program could be successfully scaled up by doubling the program’s funding of \$30 million a year over the next five years. This increase in funding could come from foreign aid from the United States and other countries. This would allow the program to serve more urban areas in Honduras by providing more housing subsidies and financing new construction.

Local communities, the national government, corporations, and other organizations such as the United Nations, the World Bank, international research agencies, and non-governmental and civic organizations all have an integral role in implementing the recommendations outlined in this paper. The local communities in Honduras are at the heart of what this is all about. They have a vital interest in the success of the programs that are being put in place and they should have the largest and most important role in establishing food security in their own country. Likewise, the Honduran national government should play a key role in these programs and initiatives. They know what their people need, and they have the responsibility to help ensure that the citizens of Hondurans have food available to them. The United Nations and the World Bank are obviously vital to increasing food security in Honduras and obtaining more foreign aid for Honduras. The United Nations runs several programs and initiatives that work to develop Honduras economically and agriculturally. International research agencies can find new ways to

aid in the effort to establish food security in Honduras. Rural farm and urban families must work to put these ideas in action. They know their own needs best, and given the proper resources they can help to establish food security in their own country. An urban family could create a community garden in a vacant lot in their city to help provide food for themselves and the community. They could also volunteer to work in programs that help the needy. All of these entities should unite and work together for the common purpose of making sure that the people of Honduras have affordable food available to them.

Although it is obvious that Honduras is in great need of increased foreign aid, it is never easy to find the resources to fund these increases in foreign aid, particularly during a time of a tough economy here in the U.S. The unemployment rate is high and many Americans are struggling to provide for their own basic needs. It won't be easy to convince Americans that it would be worth it to provide foreign aid to Honduras, but it is possible. The U.S. population must be educated on the benefits of providing foreign aid to Honduras for agricultural and economic development, and we must help them realize that what is good for Honduras is also good for the United States.

Overall, Honduras is in a very dire situation. In a place where one in every four children suffers from chronic malnutrition and 75% of the rural population lives in extreme poverty, the challenges are great. However, the world cannot back down to these challenges. It is the responsibility of first world nations such as the United States to help third world countries such as Honduras where people are not as fortunate. These nations have a moral and ethical responsibility to aid Honduras in its pursuit of food security. In addition to the moral responsibilities held by first world countries, these countries have economic responsibilities to ensure that Honduras grows economically. The growth of Honduras' economic sector could benefit the United States in the future. Through the use of foreign aid, the United States and other countries can help developing countries obtain food security through agricultural and economic development. With the relatively small amount of money that the United States sends to Honduras in foreign aid each year, great things can be accomplished. World Food Prize President Ambassador Kenneth Quinn said in his keynote at the United Nations World Food Day Observance in New York "Now, 50 years after the beginning of the Green Revolution, we again need Dr. Borlaug's legacy and leadership. For in the coming decades we must confront the single greatest challenge in all human history: whether we can sustainably feed the more than 9 billion people who will be on our planet by the year 2050. Greater than going to the moon; greater than preventing nuclear war; greater than curing cancer, I would argue it is the most difficult issue we've ever confronted." This challenge is an enormous one, but not an impossible one. Through foreign aid and many other programs, food security can be obtained in Honduras. The path has already been laid, now it is up to everyone to work together and to fulfill their duties to ensure that the people of Honduras have affordable food available to them.

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