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Enabling poor rural people to overcome poverty in **Honduras**

Rural poverty in Honduras

The Republic of Honduras is the second-poorest country in Central America. It is a lower middle-income country with persistent poverty and inequality challenges and a per-capita income of about US\$1,880 in 2010. Although the government has achieved a degree of economic stability since 2000, progress has not resulted in improved living conditions or reduced poverty for the country's huge proportion of poor people. It ranks 121 out of 187 countries on the United Nations Development Programme's 2011 Human Development Index – a comparative measure of life expectancy, literacy, education and standards of living for countries worldwide.

The country's population of approximately 8 million people is divided evenly between urban and rural areas. However, poverty is essentially a rural problem. Poverty in the country affects 60 per cent of the population, while 36 per cent live under extreme poverty conditions. In rural areas, these figures rise to 63 per cent and 50 per cent, respectively.

Poverty is prevalent in central hillside areas in the interior highlands of Honduras, which are home to about 75 per cent of the rural population, including indigenous



groups. The highest concentration of rural poverty is found in the western region, which also has the greatest concentration of extreme poverty. Lack of access to land and basic services, a vulnerable environment and low agricultural productivity are among the problems at the root of poverty in the country. A lack of employment opportunities in rural areas has been a major driving force behind the country's high level of emigration.

About 28 per cent of the country is agricultural land, and the agricultural sector employs about 39 per cent of the population. Most of the agricultural area is dedicated to the production of low-profit crops such as bananas, plantains, rice, maize and beans. In the hillside regions, where small-scale farmers produce basic grains, slopes are often steep and difficult to cultivate. This type of terrain is also extremely vulnerable to erosion and much of it has become severely degraded. Productivity has decreased as a result.

The country is also prone to hurricanes and flooding, particularly in the areas close to the Caribbean coast. Hurricane Mitch, which hit Honduras in late 1998, caused widespread destruction of basic economic and social infrastructure, rural housing and food crops.

Minifundistas, or subsistence farmers, make up about 70 per cent of farming families. With little access to land, they depend on remittances sent from family members living elsewhere and on finding off-farm employment. Small-scale farmers have access to more land and generally produce basic food crops, but many are forced to seek off-farmwork in order to survive.

Rural women, young people and indigenous groups are among the poorest and most vulnerable in Honduras. Women who are heads of households make up about 9 per cent of the country's smallholder farmers. The income of households headed by women in hillside areas is about 30 per cent less than that of households headed by men.

Honduras has nine recognized indigenous and African American minority groups comprising about 6.5 per cent of the population. Communities of indigenous origin generally either work as subsistence farmers or temporary rural workers. Many of them have no land. Poverty rates are substantially higher among indigenous communities. An estimated 71 per cent of indigenous peoples live below the poverty line.

Eradicating rural poverty in Honduras

The government's poverty reduction and rural development strategies are guided by its Country Vision 2010-2038 and Nation Plan 2010-2022, which were presented for consideration at the National Congress in January 2010. The main objective is to achieve a Honduras without poverty by generating employment and increasing competitiveness through decentralized and municipality-based entrepreneurial development. Ensuring that natural resources are used in a sustainable manner and reducing environmental vulnerability are also priorities.

In addition, the aim of the government's new Strategic Plan for the Development of the Agrifood Sector (2010-2014) is to modernize the agricultural sector so that it is diversified, efficient, competitive and environmentally sustainable, and plays a key role in reducing poverty and increasing food security. To achieve this, the country's sectoral policies, strategies and programmes will be aligned with the Central American Agricultural Policy (2008-2017).



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The government is also enhancing its relationship with IFAD and other donors, with the aim of increasing incomes, promoting market access and microenterprise development for agricultural and non-agricultural products and services, improving sustainable management of natural resources, and supporting policy development and institutional strengthening.

IFAD's strategy in Honduras

IFAD loans and grants have supported the government's investments in poverty reduction programmes since 1979. Before 1998, when Hurricane Mitch devastated the country, IFAD was almost the only institution investing in rural development and poverty alleviation in Honduras. IFAD also designed one of the first projects to be implemented after the disastrous hurricane: the National Fund for Sustainable Rural Development Project (FONADERS).

In nearly 32 years of operations in Honduras, IFAD has supported activities to build the capacities of poor communities and provide them with access to land, markets and financial and other services. Our operations have focused primarily on extremely poor hillside areas. The major economic activity in these areas, which account for roughly 80 per cent of the total land area, is smallholder farming focused on the production of basic grains. Food security is the most important objective.

IFAD's strategy in Honduras is consistent with the country's poverty reduction strategy. Its two main objectives are to improve on-farm and off-farm income-generating opportunities for poor rural people, with special attention to women; and to strengthen the organizational capacities and bargaining power of rural organizations.

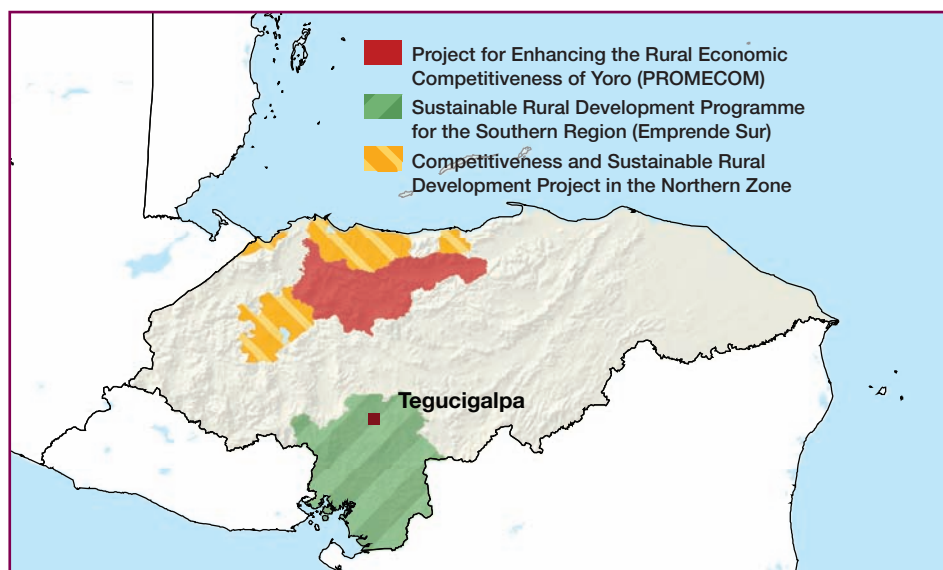
Programmes and projects: 11
Total cost: US\$258.5 million
Total financing from IFAD: US\$132.6 million
Directly benefiting: 148,000 households

Specific objectives include:

- helping rural communities participate in the market economy by improving their access to technologies and investments for agricultural and non-agricultural activities
- integrating small-scale producers into agricultural and forestry value chains
- improving access to assets and opportunities such as technology, investments and technical services for processing and diversifying products
- strengthening the organizational capacities and bargaining power of grass-roots organizations
- building the capacity of small farmers' organizations to manage and administer business ventures
- establishing linkages with the private sector
- supporting indigenous peoples' organizations as they voice the particular needs and concerns of their communities
- increasing the capacity of local governments to facilitate land registration and to improve the efficiency and coverage of rural savings and loans associations



Ongoing operations



Northern Horizons-Competitiveness and Sustainable Rural Development Project in the Northern Zone

The goal of this project is to reduce rural poverty in the northern part of the country by boosting competitiveness, income and food security for small producers. It will operate in 27 municipalities with high concentrations of rural poverty in the departments of Atlántida, Cortés and Santa Barbara.

Participants include small agricultural producers and artisans who do not belong to any organized groups and have few or no links with markets; rural women, young people and ethnic groups; and poor rural populations that lack social and rural road infrastructure.

The project will offer technical assistance, venture capital and financial services, and create an innovative relationship between participants and the private sector. It will upgrade rural roads, which will facilitate market access for small producers in the zone, and reduce the vulnerability of the communities to environmental degradation. In addition, about 1,000 young women and men will receive training to improve their chances of finding jobs.

Total cost: US\$21.0 million

IFAD loan: US\$8.7 million

Cofinancing: Central American Bank for Economic Integration (US\$8.0 million)

Duration: 2012-2018

Directly benefiting: 24,000 households

Sustainable Rural Development Programme for the Southern Region (Emprende Sur)

This programme will operate in the southern region of the country, focusing on selected municipalities in the departments of Choluteca, El Paraíso, Francisco Morazán, La Paz and Valle. Its aim is to increase the incomes, employment and food security of poor small-scale agricultural producers, microentrepreneurs in agricultural and non-agricultural value chains, traditional inland fish harvesters, Lenca indigenous populations, and rural women and young people.

To reach these goals, the programme will help people operating small rural enterprises add value to their products and get more and better access to national and external markets. The programme will improve infrastructure, consolidate rural savings associations, increase food security and reduce vulnerability to the impacts of climate change. It will also strengthen the organizational, decision-making and entrepreneurial capacities of rural communities and producer associations, supported by enhanced municipal planning.

Total cost: US\$37.2 million

IFAD loan: US\$10.0 million

Cofinancing: Central American Bank for Economic Integration (US\$10.0 million) and OPEC Fund for International Development (US\$10 million)

Duration: 2011-2017

Directly benefiting: 40,000 households



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Project for Enhancing the Rural Economic Competitiveness of Yoro

Total cost: US\$16.7 million

IFAD loan: US\$9.4 million

Cofinancing: Central American Bank for Economic Integration (US\$4.0 million)

Duration: 2008-2015

Geographical area: Central region

Directly benefiting: 10,700 households

This project will help small-scale farmers and indigenous Tolupan tribes of the Yoro department in central Honduras integrate into the market economy. It will also improve their territorial management practices and their organizational capacities, to give them a stronger voice and enable them to express their specific concerns to public and private entities.

To improve opportunities for increasing incomes, the project will help the tribes increase their grain production and expand their access to seeds, fertilizers and technical assistance. It will also help them gain access to technologies and investments, and will promote alliances among producers, service providers and processing and marketing enterprises.

The project will provide indigenous communities with legal services to help them clarify their land rights, and will promote the use of participatory community mapping to set the boundaries of territories and indigenous lands.



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Completed operations

National Programme for Local Development

Total cost: US\$31.3 million

IFAD loan: US\$20.0 million

Duration: 2001-2009

Directly benefiting: 16,000 households

Rural Development Project in the Central Eastern Region

Total cost: US\$17.0 million

IFAD loan: US\$12.3 million

Duration: 1998-2003

Directly benefiting: 8,400 households

National Fund for Sustainable Rural Development Project (FONADERS)

Total cost: US\$25.7 million

IFAD loan: US\$16.5 million

Duration: 2000-2009

Directly benefiting: 12,000 households

Agricultural Development Programme for the Western Region (PLANDERO)

Total cost: US\$15.7 million

IFAD loan: US\$7.7 million

Duration: 1994-2000

Directly benefiting: 5,000 households

Rural Development Project in the South-Western Region (PROSOC)

Total cost: US\$22.5 million

IFAD loan: US\$19.3 million

Duration: 1999-2005

Directly benefiting: 11,500 households

Intibucá-La Paz Rural Development Project

Total cost: US\$22.5 million

IFAD loan: US\$6.2 million

Duration: 1988-1997

Directly benefiting: 4,300 households

Santa Barbara Rural Development Project

Total cost: US\$28.5 million

IFAD loan: US\$12.2 million

Duration: 1984-1989

Directly benefiting: 7,100 households

Rural Development Project for the Western Region

Total cost: US\$20.4 million

IFAD loan: US\$10.4 million

Duration: 1980-1987

Directly benefiting: 9,000 households



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Building a poverty-free world

The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested about US\$13.2 billion in grants and low-interest loans to developing countries through projects empowering about 400 million people to break out of poverty, thereby helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nation's food and agricultural hub. It is a unique partnership of 167 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).

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For further information on rural poverty in Honduras, visit the Rural Poverty Portal:
<http://www.ruralpovertyportal.org>



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to overcome poverty

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