

## Excluding strategies



The partial cancellation of Honduras' foreign debt has given the economy a breath of fresh air, and the Government has pledged to use those funds to combat poverty, which continues to affect more than half the population. A national alleviation strategy needs to go from words to deeds and apply programmes that address inequity and gender violence.

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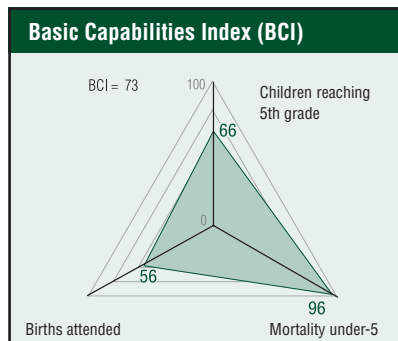
After Hurricane Mitch in 1998, the country's debt reached extremely high levels, and in 1999 the International Monetary Fund and the World Bank declared Honduras eligible for the Highly Indebted Poor Countries initiative. Between 1990 and 2003, Honduran foreign debt grew by USD 2 billion, reaching a total of USD 4.8 billion by the end of 2003 and USD 5.2 billion by 2004. In 2005 the foreign debt service reached USD 225 million.<sup>1</sup>

In March 2006, the Paris Club condoned USD 1 billion of that debt (FOSDEH, 2005). This gave the economy a breath of fresh air, and the Government has pledged to use the written-off funds solely to carry out the Poverty Reduction Strategy (PRS) and comply with the Millennium Development Goals (MDGs) adopted by the UN in 2000. But the MDGs will only be met through responsible social and macroeconomic measures that include judicial reform, a more frontal combat against various types of violence, a stronger fight against all forms of corruption, the consolidation of equitable economic growth and competitiveness, better tax collection, the modernization of the State, and the implementation of transparency ensuring mechanisms.

### Persisting poverty

Honduras has a per capita income of approximately USD 1,000. It is estimated that 64% of the population lives under the poverty line. Of this proportion, 45% live in extreme poverty. In 1999, 20% of the population with the highest income received almost 49.8% of the total income, while the 20% with the lowest income received only 4.7% (FOSDEH, 2005, p. 48).

As happens in other Central American countries, the situation of poverty in Honduras has remained unchanged. According to the UNDP, the percentage of poor people fell from 80.5% in 1990 to 79.1% in 1997, a difference of barely 1%. Between 2000 and 2004, extreme poverty dropped from 49% to 44.6%, while poverty in general was



reduced to 64%, a drop of only 2% during that period (FOSDEH, 2005). The funds allotted to the Poverty Reduction Strategy during those years have not managed to reduce it significantly.

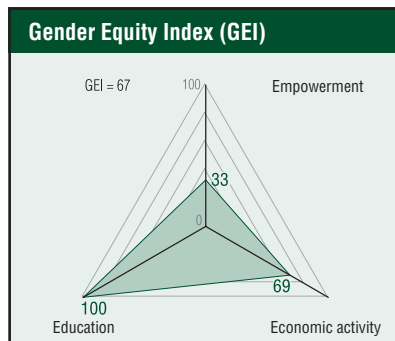
Honduras has pledged to meet the MDGs by 2015. However this will not be possible at the rate shown by poverty indicators. Although there have been changes in health and education indicators, and the coverage of electricity and sanitation infrastructure has improved, deficiencies in the quality of education and health persist.

Telephone coverage also expanded after the privatization of the services policy implemented by the Government. However in the mid-term this privatization could have a negative impact on Hondurans, whose poverty situation could become exacerbated as of the adoption of the Free Trade Treaty (FTT) between the Dominican Republic, Central America and the United States that came into effect in January 2005.

### Gender inequity

Of the seven million people estimated living in Honduras, 51% are women, of which at least 7 in 10 are poor. The 2003 census registered 1,262,020 households, 25% of which are headed by women (FOSDEH, 2005, p. 49).

The difference between the values of the UNDP Human Development Index (0.667) and the Gender-Related Development Index (0.650) reflects the persistence of significant inequities among men and women in the development of their basic skills. The 2006 Human Development Report on Honduras reflects major economic and political inequalities among the sexes. Although the legislation mandates the inclusion of at least



30% of women in elected positions, of the 298 mayors only 23 are women, which amounts to only 7.7% of all local positions. Although women have an average of 5.7 years of schooling, above the 5.3 years averaged by men, this is not reflected in better wages for women, who earn approximately 67.6% of the average wage earned by men for the same job (INDH, 2006, p. 35).

Women continue to live situations of violence. The number of cases of domestic violence taken to the national courts grew to 10,392 in 2004 and to 11,850 in 2005. Only 10% of these cases led to legal proceedings ending in a sentence. In spite of the growth in the number of cases, the Government still fails to hasten the access of women to a fair trial. Courts specialized in domestic violence required by law have not been implemented yet.

The number of women that die each year from violent deaths is growing. In 2003, 138 women were victims of femicide, a figure that rose to 168 in 2004 and to 171 in 2005.<sup>2</sup> These crimes showed aggravating characteristics and reflect great cruelty against the female body.

So far, the battle waged by the Colectivo de Mujeres Contra la Violencia (Women's Association Against Violence) for the Government to take measures to put an end to the high percentage of femicides and violence against women has not made any progress.

### The strategy toward the MDGs

After Hurricane Mitch hit Honduras in October 1998, and as part of the demands from international

<sup>1</sup> Data from Foro Social de la Deuda Externa en Honduras (FOSDEH) <www.fosdeh.net> and Ministry of Finance <www.sefin.gob.hn>.

<sup>2</sup> Data from the General Board of Criminal Research.

financial institutions, the Government drew up the PRS, a programme aimed at reducing poverty by 24% during the following 15 years as well as reducing inequalities. The PRS Fund is made up of funds that international donors have pardoned from the country's foreign debt service.

A Consulting Council to the PRS (CCPRS), formed by Government officials and civil society members and – more recently – with women's participation, was created to implement the Strategy. Sector Bureaus were also set up formed by representatives of the Government, international cooperation and civil society. Seven Bureaus were in operation during the previous Administration.

One of the major objections against the operation of the Sector Bureaus is that they have squandered funds in consultancies aimed at improving only technological aspects of the new institutions. Furthermore, proposals presented by civil society were not taken into consideration. Finally, the Bureaus were also criticized for their high degree of politicization and it was proposed that they become more engaged with the local and national implementation of the PRS.

Civil society organizers have continuously complained about the funds allotted to the PRS. Instead of increasing, these funds have fallen from the HNL 4 billion (USD 221 million) announced by the previous Government for the CCERP to a mere HNL 2.7 billion (USD 142 million). The new administration of President Manuel Zelaya Rosales allotted only USD 47 million for this purpose. Of these, Congress decided USD 37 million would be distributed through the local administrations.

The decision taken by Congress caused a series of reactions from the CCERP and civil society in general which led to the massive resignation of Council members. Public mobilizations led to negotiations with the Government calling for it to support the decisions taken by the CCERP in relation to the priority granted to each project and what percentages of the funds would be distributed.

According to the experts, the amount invested in the ERP does not reach the rate needed per year to reduce poverty from its current 64% to 42% by 2015. For that to happen, Honduras should have annual poverty reduction rates of 1.5%. Only nine years are left for the deadline and it is not foreseeable that the goal will be met in time.

Of the amount assigned to PRS projects in agreement with civil society, less than 2% will go to special programmes for women. This reveals an inconsistency between the Strategy's aims – which includes gender cross-cutting – and the scarcity of funds meant to fight poverty among women.

A large part of the funds assigned to the ERP was demagogically allocated to comply with electoral campaign promises, such as free tuition fees for one year (a measure which does not solve the issue of education quality) or the appointment of 2,000 new agents to the police force in order to address the problem of crime, but the essential structural problem of violence –gender violence in particular – has not been addressed.

## A questionable budget

The national budget should be one of the means available to a country of meeting the MDGs and therefore cutting poverty by half by 2015. However, regional budgets – and especially Honduran budgets – have done little to change an economic and social situation whereby the wealthy sectors accumulate more riches and the poor continue to be poor.

As of 2000 the tax policy has been regressive, since the State receives more taxes from the lower income groups than from the wealthier segments of the population. This clearly reveals how it is the most underprivileged who support a PRS whose results are very different from what was expected. With the approval of the FTT, Honduras will no longer receive more than HNL 1.2 billion (USD 63.25 million) each year in taxes and its national interests will be jeopardized by, e.g., having to take generic drugs off the market.

Education and health absorb 42% of resources in the national budget.<sup>3</sup> However, these resources are not reflected in investments that imply an improvement in services, a better quality education or a wider health coverage. In 2005 and early 2006 there was an evident shortage of drugs in health services, to the point that urgent purchases had to be made to fulfil demand.

MDGs 5 and 6 seek to reduce maternal mortality by three fourths and combat HIV-AIDS. However "malnourishment levels among the indigenous and Garifuna population in the country are significant, with malnourishment levels in children under 14 estimated at 95% and a maternal mortality rate among the highest in Latin America: 147 per 100,000 live births" (Coiproden, 2005). In addition, "between 1985, when the first AIDS cases appeared, and November 2005, the country had a total of 22,366 people infected with HIV, of which 41.8% are women. These data show a rise in HIV-AIDS cases among women" (Public Health Ministry, 2005).

Government agencies that care for social groups in vulnerable conditions are those that receive the lowest budget. The percentage allotted to all of the agencies with social goals<sup>4</sup> add up to 2.1% of the total national budget, while the National Women's Institute receives only 0.03% of that total.

One of the deficiencies of the country's budget system is the lack of references for operational plans of a general, sectorial and institutional nature based on an evaluation of the impact of the various programmes. Also, the Government boasts of gender cross-cutting in the national budget, but the administration of president Ricardo Maduro (2002-2006) closed down the Gender Unit created by the Secretary of Finance in order to monitor through indicators the production and implementation of budgets.

3 FOSDEH. *Análisis del Proceso Presupuestario en Honduras*. p. 93.

4 Instituto Hondureño de la Niñez y la Familia, Instituto Hondureño para la Prevención del Alcoholismo, Drogadicción y Farmacodependencia, Patronato Nacional de la Infancia, Instituto Nacional de la Mujer, Programa de Asignación Familiar and Instituto Nacional de Juventud.

## Key issues

The Maduro administration complied with the tax demands of international financial institutions and those deriving from the FTT, while it favoured the interests of the country's most powerful corporations. This was reflected in a rise in fuel prices, which caused a reaction from the population in general and from the taxi-drivers' union in particular, which paralyzed Tegucigalpa by blocking the city's main access roads. The energy crisis at the end of Maduro's government has been inherited by the Liberal Party administration, which came to office with the promise of lowering the price of fuel and applying the recommendations of the Commission of Experts appointed to bring solutions to the crisis.

Another source of tension in the country has been the mining concessions. More than 31% of the national territory has been given over to foreign metal and non-metal mining companies. The measure caused a sharp reaction from social movements, especially from environmentalist groups. Such is the case of former presidential candidate from the Democratic Unification Party Juan Almeyda Bonilla, who in the last two years has questioned the Government for the way in which it hands the country away without taking into consideration environmental depletion and the quality of life of Hondurans.

Leaders of women's movements claim that the failure to appoint politicized women with clear views of women's rights to the various spaces of power is one of the major obstacles to an equitable distribution of resources aimed at fighting poverty. It is mostly men, rather than women, who make up the Government, civil society and international cooperation circles.

The current neoliberal model is exclusive, patriarchal and based on a double standard, since in theory it favours democracy, social justice and equity, while in practice it takes political decisions leading to the exclusion and the discrimination of the majority of its people, including women. ■

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