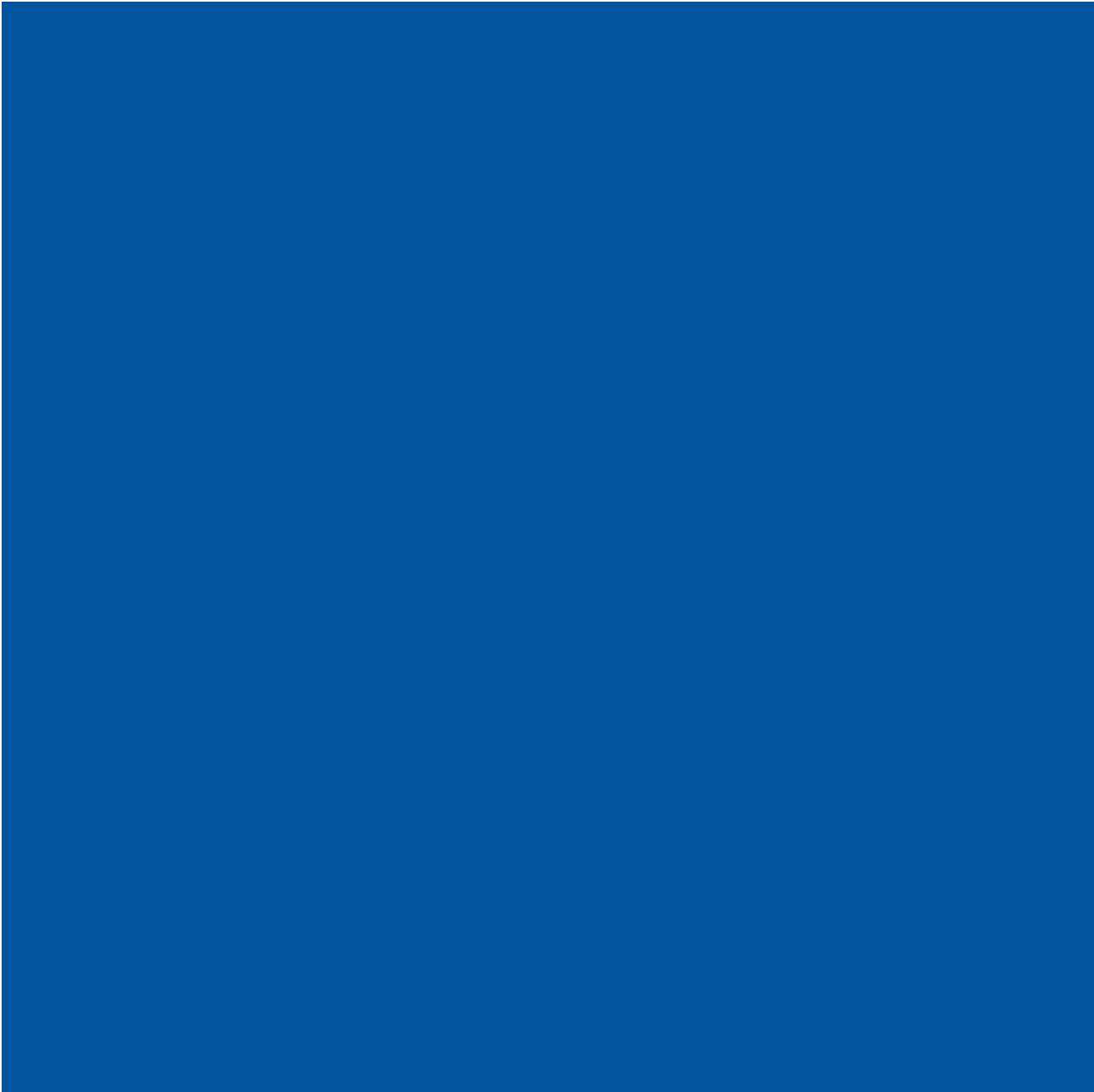


# Honduras





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# 1. Summary

2007 was the second year of the Zelaya administration. It was a year of mixed progress; the economic growth was the highest in eight years but the political and social development was much less positive. Both the political and social scenarios were fraught with tensions due to power conflicts and to neglect of social demands.

Swedish Development Cooperation was implemented in line with the Regional Strategy for Central America. From the country allocation, MSEK 121 was disbursed to Honduras. The planned budget support was not carried out due to the absence of a macroeconomic framework and other necessary pre-conditions. Sectors that received the major part of the disbursements were Human Rights and Democratic Governance (60%), and Natural Resources and Environment (13%). Issues brought up in the dialogue with the government, civil society and the donor community, were human rights, gender equality, sexual and reproductive rights, good governance and transparency, the poverty reduction strategy as well as harmonization and alignment.

## 2. Political, Economic and Poverty Development

### **Political Development**

In terms of political development 2007 was characterized by continued turmoil in both the political as well as the social spheres. In Government ministers and top officials were replaced. Tensions between the executive and the legislative branches of government escalated during the year, as the president of congress Roberto Micheletti (Liberal Party) openly and defiantly, in breach of the constitution, initiated his pre-campaign for the presidency in 2009. In this heavily politicized environment, many decisions by the cabinet or congress have seemingly been dealt with in the light of expected future political and/or economic gains for specific groups; an example was the handling of the proposed Telecommunications Law which was meant to break the state monopoly but it was not passed. In 2007 only nine laws were both passed by congress and ratified by the president while more than sixty laws were passed by congress but not ratified. In general 2007 was heavily marked by different tests of strength between different political interest groups. On his part the president launched the National Dialogue, in an attempt to get all important stakeholders in society to propose and discuss their national development priorities. The topic that has been identified as the top priority concern by most groups is the lack of physical and legal security and the increase of drug-related crime which spills over to citizen insecurity. The National Dialogue, which was ultimately supposed to lead to a national (development) plan, was due to culminate in the second semester of the present year but its public presentation has been postponed indefinitely. The high popularity ratings of the President from his first year in office dropped considerably as the dissatisfaction with the government grew during the course of 2007.

In the social area, strong tensions have also continued during the course of the year. Different professional associations, as well as broad groups within civil society continued to take to the streets during the whole period in protest on a number of issues. According to the Conflict Observatory supported by Sweden, there were a total of 237 social conflicts during 2007. In tens of thousands, groups have protested through street demonstrations and road blocks. The most common cause for conflicts is related to unsatisfied demands regarding basic needs. The second most common cause is related to disputes with regard to mismanagement of natural resources such as land, forests, water, minerals and marine resources. The third most common cause consists of labor and

salary disputes, followed by human and civic rights disputes. The Section for Development Cooperation in Honduras (SDC) noted protests during the year regarding wide-spread corruption, different sectoral salary issues, reduction of subsidies, the mining law, the new police law, and last but not least the steadily worsening security situation.

### **Economic Development**

The Honduran economy performed well during 2007 with higher than traditional growth rates (6.4%, the highest in eight years) and improvement of tax collection coupled to a tight fiscal policy, although inflation almost reached 9%. However, the factors behind this growth have been mainly external, emanating from global growth, migrant remittances (26% of GDP 2007) and improved prices on some important export goods such as coffee. The main contributors to GDP growth were the manufacturing sector (which accounted for 20.9%), agriculture, forestry and fishing (13.2%), financial intermediation (11.9%), and commerce (11.2%); they jointly accounted for nearly 57% of overall growth. International reserves decreased, at one point consisting of less than four months of imports. The current account deficit reached 3.2% of GDP as imports resulting from demand of consumer products grew and export earnings underperformed. Development cooperation accounted for 4% of GDP and around 17% of public expenditure. However, since domestic funding of public expenditure, to a high degree, is allocated to recurrent costs such as salaries and subsidies, external funds in reality represent a much more important contribution to development spending than what is reflected by its proportional contribution to the budget.

With regard to government policies, plans and budgets as well as budget execution, serious deficiencies remain. There is still, when half the administration period has passed, no Government Plan for the present mandate period; the revised Poverty Reduction Strategy (PRS) has not yet been approved and an acceptable medium term macro-economic policy framework is still missing (the last agreement with the Fund expired inconclusively in February 2007). During 2007 there was no PRS reporting. Government affairs continued to be managed in an ad hoc fashion. Some actions were controversial and not necessarily efficient, such as the installation of the military as managers of the national electricity company. The national energy company's deficits, a huge drain on public finances, are higher than the combined amount of development assistance, and there is no sign yet of a clear Government policy on how to come to terms with the problems in the sector. The telecommunications sector is another drain on public resources and its former manager is under police investigation on corruption counts as well as illegal possession of arms. Meanwhile, general budget execution remained slow due to institutional weaknesses, lack of coordinated government leadership and management, and inability or unwillingness to invest.

### **Corruption**

Corruption in Honduras is deeply rooted and present at all levels of society. Approximately MUSD 526 is lost to corruption annually, challenging the nation's ability to achieve sustained progress in the political, social, and economic spheres. The country's entrenched culture of impunity has many interrelated causes, ranging from a restricted media, low levels of citizen participation, and lack of transparency to institutional shortcomings such as weak judicial independence and unaccountable

legislators. Corruption Perception Indicators from Transparency International states that Honduras occupies place 131 out of 179 countries and is the worst country in Central America with a level indicative of uncontrolled corruption. Honduras failed the corruption indicator required for continued funding from the Millennium Challenge Account into 2008. Consequently, the trust in the public administration is very low.

### **Poverty Development**

Although growth was relatively high, its benefits continued to be unequally distributed. The widening gap between the well-off and the poor is of particular concern in Honduras which already has one of the highest degrees of income inequality in Latin America (Gini 0.59). The UNDP progress report on the Millennium Development Goals (MDGs) 2007 for Honduras points to wide geographical disparities with little progress in rural areas. Poverty has statistically diminished from 65% in 2005 to 62% in 2007, and extreme poverty has diminished even more, from 47% in 2005 to 38% in 2007. While the figures are questioned by some experts, the eventual drop is attributed to the effects of general economic growth and remittances rather than effective social policy. Although statistically poverty may have dropped, the actual number of women, men girls and boys living in conditions of poverty increased.

The exclusion suffered by a major part of the Honduran population has remained constant. The most vulnerable groups are children, young people, women and the elderly. Children, youth and women are particularly vulnerable due to exposure to violence, but also to early pregnancies and HIV and AIDS. The total fertility rate has declined from 4.4 in 2001 to 3.3 in 2005. Yet, teenage pregnancy rates remain high and are not declining. Ethnic minorities, although only between 10–15% of the population, are among the most vulnerable from a rights perspective as most live in extreme poverty and in ecologically vulnerable areas.

The daily chore of obtaining water in rural Honduras household water for those living in conditions of poverty is a heavy burden for women, girls and young boys. The water availability close to inhabited rural areas is furthermore negatively affected by forest degradation through illegal timber production, livestock production, agricultural activities, or simply by indiscriminate extraction for its use as a source of energy (fuel wood). The sanitation aspect has been deteriorating by the lack of safe garbage disposal sites, lack of sewage systems and increase of agro-toxic pollution of the water sources. The water and sanitation pilot activity financed by Sweden addresses these aspects.

### **Gender Equality**

Lack of gender equality remains a major obstacle for development. In general there are few women in elected positions. In December 2007, the National Women's Institute (INAM) and women's organizations lobbied that the percentage of women on the ballots be raised from 30% to 50% but this was not accepted in the end. Violence against women is common and one out of seven women is victim of physical abuse, with many more cases going unreported<sup>1</sup>. Altogether 9,400 cases of domestic violence were reported to the Public Ministry until December 2007<sup>2</sup>. Another issue of growing concern is the so-called "femicides" (assassination of women because of their sex). According to the Violence Observatory a

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<sup>1</sup> UNTV 21<sup>st</sup> Century television series programme number 2, Domestic Violence in Honduras

<sup>2</sup> Country Report on Human Rights Practices, Honduras, 2007, U.S. Department of State

total of 295 women were killed in 2007. These and many other issues concerning gender equality were pointed out at the 39<sup>th</sup> CEDAW session in New York in August 2007 where INAM, of behalf of the Government, presented the country's latest three reports.

### **Human Rights**

The human rights situation deteriorated further according to the recent US State Department country report on Human Rights Practices in Honduras 2007. The report cites increasing number of assassinations committed by members of the police and security forces and failure to provide due process of law; politization and corruption of the judiciary; and erosion of press freedom, among others. Of the 270,000 cases handled by the justice system only 2.5% have been brought to trial.<sup>3</sup> HR-activists as well as officials, prosecutors and judges working with HR-issues constantly receive threats. During 2007 five lawyers and a judge was murdered and also an environmental activist among many others. Journalists have also been murdered, and a number of journalists that have reported violations of the liberty of expression have lost their employments. The situation regarding economic, social and cultural rights is also of concern.

### **Security**

The security situation is worsening as well the wide-spread impunity for the authors of crimes. In 2007 there were around 49,9 violent deaths per 100,000, which is one of the highest figures in Latin America<sup>4</sup>. With a population of almost eight million, this means approximately 3,260 homicides every year. In most of the cases firearms have been used, indicating a high proliferation of firearms in the country<sup>5</sup>. Urban violence is increasing and the number of kidnappings more than tripled in relation to 2006. Organized crime connected to the drug trafficking, and in some cases connected to criminal youth gangs, maras, is considered to be the authors of much of the violence.

### **HIV and AIDS**

Honduras has the highest numbers of persons living with HIV in Central America, with an estimated 80,000 people living with the virus, whereof the majority is unaware of their status.<sup>6</sup> Main obstacles to scale up the response are weak national leadership, inefficient systems for prevention and care including parallel structures inherent in vertical initiatives such as the Global Fund, and influential donors and religious groups obstructing a coherent and positive message on condom use.

In 2007, as part of the elaboration of the new National AIDS strategy, an assessment of the HIV and AIDS situation in Honduras was made.<sup>7</sup> It was reported that important behavioral indicators have improved.<sup>8</sup> Also, it was concluded that the epidemiological estimates made in early 1990's

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<sup>3</sup> US Department of State, Honduras Country Report on Human Rights Practices 2007, March 2008

<sup>4</sup> Observatorio de la Violencia 2007

<sup>5</sup> In 80% of the cases firearms were used and recent statistics indicate that Honduras now occupy the first place in the world when it comes to homicides.

<sup>6</sup> Follow Up Report to the UNGASS Commitment. National AIDS Commission. Honduras, 2006. p.7

<sup>7</sup> PENSida III, 3<sup>rd</sup> National AIDS plan 2008–2012

<sup>8</sup> Male Garifuna population condom use has increased from 11% in 1998 to 58% in 2006. Men who have sex with men have increased condom use from 47% in 1998 to 76% in 2006. Mother to child transmission prevention increased from 5 000 screenings per year in 2001 to 45 000 screenings per year in 2005. Access to anti retroviral treatment has increased from 200 persons in 2002 to 5 000 persons in December 2005.

on HIV and AIDS are not as high as foreseen, suggesting that the epidemic has not only halted but begun to reverse in Honduras. The observed decrease indicates that the response in Honduras specifically with regard to the promotion of condom use, in spite of the obstacles indicated above, has had positive effects controlling the spread of the epidemic.

# 3. Swedish Development Cooperation – Overall Assessment of the Country Programme

The country strategy and the country programme portfolio composition were relevant and well adjusted to the situation and the development of the country. The key issues for dialogue during the year were the poverty reduction strategy, human rights violations and the need for access to justice for poor people, the fight against corruption and continued electoral and institutional reforms, as well as aid effectiveness issues. On the sector level the key topics were decentralization, improved access to services for poor people and the quality of services, as well as the improvement of conditions for sector-wide approaches. Gender equality was highlighted and Sweden coordinated the gender working group within the G 16. With regard to aid effectiveness Sweden was the coordinator for the working group on harmonization and organized the dialogue with government on how to improve progress towards better harmonization and alignment. Furthermore, Sweden also coordinated the working group on budget support.

The most important factor affecting Swedish development cooperation in Honduras during the period was the Swedish Government's decision on August 27 to phase out Swedish bilateral cooperation with Honduras by 2010. This decision caused much public debate and reflection. In the minds of many, contrary to the information offered by the Ambassador and SDC, the decision was associated with the publication and dissemination of the critical report by Institute of Social Studies and financed by Sweden, titled "What happened to the PRS?" and the state of corruption in the country.

With regard to disbursements, the disbursed MSEK 121 was considerably lower than the planned allocation of MSEK 240. The main deviation from the planned amount was the decision to not propose budget support (MSEK 80) or give further education sector support. Budget support was not considered due to the country's off-track situation with regard to the IMF, the lack of a macroeconomic framework and the lack of an approved revised version of the PRS. The reason to not disburse to the education sector was that the absorption capacity of the sector continues to be very low. The funds disbursed to the education sector in 2006 had at the end of 2007 still not been utilized.

**Table 1. Outcome of Disbursements by Sector within the Country Allocation 2007**

| <b>Sector</b>                                       | <b>Share in percent out of total 120.7 MSEK</b> |
|-----------------------------------------------------|-------------------------------------------------|
| General Budget Support                              | 0.0                                             |
| Human Rights and Democratic Governance              | 59.6                                            |
| Natural Resources and Environment                   | 13.3                                            |
| Health                                              | 7.0                                             |
| Education                                           | 0.1                                             |
| Infrastructure                                      | 9.9                                             |
| Project and Consultancy Fund and Costs of Personnel | 10.1                                            |

Due to the Swedish Government decision to end development cooperation to Honduras by 2010, the indicative country allocations for 2008, 2009 and 2010 are planned to be MSEK 90, MSEK 70 and MSEK 45 respectively. On December 19, the Government gave Sida the assignment to propose an exit strategy with the same overarching goals as the present strategy and with a reduction of the portfolio to two sectors, the governance and human rights sector including gender equality and the natural resources and environment sector. Measures to ensure sustainability of results will be a major issue for dialogue and action during the remaining years.

# 4. Specific Country Programme Overview of the Swedish Development Cooperation

## Summary

The Swedish support to infrastructure, housing as well as the water and sanitation sectors has shown visible and concrete results for people living in conditions of poverty. Progress made in this area has mainly been the provision of housing solutions and access to water and sanitation services, targeting the needs and rights of the urban and rural poor directly. Enhanced capacity in management and administration of water and sanitation systems has been accomplished at the local level. However, Sweden needs to follow up on municipalities' capacity to retain trained personnel as well as their capacity to manage and control decentralized resources to the local level.

The Swedish support to the health sector is another example of direct and concrete support targeting the needs and rights of both urban and rural people living in conditions of poverty. The Swedish support to the provision of essential health services has been given to areas representing approximately 40% of the population in Honduras. In 2007 alone, 43 new community health centres in rural areas were opened. The expansion of health services to the poorest rural areas have resulted in a significant decline in both the maternal and the infant mortality rate.

In a country where reliable information is insufficient, the Swedish support to the area of Human Rights and Democratic Governance has provided a strengthened platform for national debate on central development issues in Honduras. Support to the Human Development Report, the annual Transparency and Anti-corruption report and to the quarterly Observatory of Violence reports have resulted in the highlighting of sensitive issues in the country such as violence and security, poverty and corruption.

Sweden has brought up the issue of violations of Human Rights on the agenda of the Donor Group (G16) for the policy dialogue with the Government of Honduras. The long-term Swedish core support to the Gender Equality institute (INAM) resulted in enhanced institutional stability and aided INAM to strengthen its work on domestic violence against women and femicides. However, the role of INAM as one of the safeguards of HR remains a challenge and will need to be followed up.

The Swedish support to the electoral reform in Honduras has mainly lead to increased access of rural poor to civil registration, helping poor people assert their right to an identity and their right to fully participate in democratic processes. A concrete result at institutional level is an

improved information system within the Electoral Office. Although the institutions are in place, progress is slow and a major obstacle is the political environment which seriously affects these institutions. There is a need for Sweden to closely monitor the politicized context in which the electoral reform is being implemented, which constitutes a risk for fair and transparent elections in 2009 and in the future.

During 2007 some progress towards a more efficient fiscal management in Honduras was made, especially on the strengthening of public control systems, the tax and custom administration and the Public Financial Management reform in general.

However, in some cases as noted below, progress is still weak due to institutional capacity constraints and in other cases to the lack of political commitment to the reform agenda.

## **Human Rights and Democratic Governance**

The UNDP Democratic Governance Programme 2004–2007 proceeded according to plans and an evaluation was carried out during the year. In December a bridge agreement was signed for the first six months of 2008, to allow more time for an in-depth assessment of a final support 2008–2010. The evaluation of the Swedish support shows that especially two of the areas within the programme, Political Reform and Security and Justice, continue to have strategic significance for future interventions, due to their relevance as well as to the positive results obtained so far. In the Political Reform programme, ambitious and successful activities have been implemented regarding creation of awareness and the building of a much-needed consensus among the political parties which will be further built upon during the electoral years 2008–2009. The work has been done by exposing representatives from the parties to external experiences of management of political crisis and reform as well as to possible future political and economic scenarios. Capacity building was facilitated in terms of political party internal democracy and strategic thinking. Moreover, at the local level support was given to the consolidation of so-called transparency commissions in 10 municipalities in the country's poorest region. The programme on Small Arms Control, Security and Justice was instrumental in the creation of the university-based Violence Observatory, which is now a key data-base used by all institutions concerned with security, one very important result from this programme since the issues of violence is of great concern for the country and especially for the poor people. During the year a study on violence in schools was published and a further capacity development on violence, values and identity in schools was promoted. Apart from this, Sweden also participates in the donor working group on justice and security.

Sweden supports the elaboration and dissemination of the UNDP National Human Development Report (NHDR) and the National Reports on the follow-up of the Millennium Development Goals for the period 2004–2009. The activities around the elaboration and spread of these reports are participatory and aimed at enhancing the national dialogue on poverty and development. The second MDGS monitoring report was launched broadly in March 2007. In a country where reliable information is weak, the MDGS follow up provides solid research conclusions on the status of the progress towards MDGs. The difficulties to achieve poverty reduction targets are specifically mentioned, although progress has been made with respect to reduction of child malnutrition and under five mortality, and increase of literacy among young people as well as access to water and sanitation.

### **Election Authorities**

The second phase of the support to the strengthening and modernization of the Supreme Electoral Court (Tribunal Supremo Electoral, TSE) and of the National Civil Register (Registro Nacional de Personas, RNP) was concluded at the end of 2007. The support was given through the Organization of American States (OAS) who also supported with technical assistance within the programme Political and Electoral Reform. A Sida evaluation during the year concluded that there are many structural weaknesses remaining within the two institutions (among other issues, there is a problem of the high degree of political manipulation). However the Swedish support was extremely valuable in the modernization and computerization of the information through high-quality technical assistance. As a result of the project, rural poor increased their access to civil registration, enabling many legal procedures for them. The evaluation served as a valuable input for the new programme proposals on behalf of the institutions and for Sida's assessment for a final support that was initiated at the end of the year. Throughout the year the TSE also organized different opportunities for dialogue with State institutions to permit an effective use of the coming electoral reforms, which were finally passed by congress at the end of the year. The strengthening of the TSE as rector of the electoral process contributed to a commitment to do their very best to carry out impartial and transparent elections, bearing in mind that the professionalization of staff is a slow but nevertheless improving process. The support to the RNP is part of the support to electoral reform but shall also be seen in a larger context since the right to identity include much more than elections. Especially poor women, men, girls and boys are not being registered. Concrete results during the year have been the creation of procedures and systems for increased security when registering. Through the installation of a database, more than 5.3 million new or changed inscriptions have been digitalized for documentation and for inclusion in the national registry. Nevertheless, around one million identity cards need to be emitted in order for all citizens to be able to vote in the elections 2008–2009.

### **Human Rights**

Current support to the Human Rights Ombudsman (CONADEH) was extended until March 2008 and as a result the planned in-depth preparation was postponed until 2008. Denmark, also giving substantial support to CONADEH, appointed a national programme officer who is placed at the Sida offices as of January 2008, which allows for even better coordination on possible continuing/final support. CONADEH is the principal state actor when it comes to the promotion and defense of human rights in Honduras. It has a national coverage with regional offices in all parts of the country. In terms of attending individual cases of human rights violations and bringing those to justice there have been some improvements. However there is still a need to strengthen the policies and actions of the CONADEH in order for the institution to influence and play a strategic role in relation to public institutions. Human rights demands are high, but responsible authorities do very little to improve the situation. CONADEH's annual human rights report focuses primarily on social and economic rights. A couple of emblematic human rights cases that occurred where human rights defenders were killed, were not adequately taken care of either by CONADEH nor the judicial system as such but were raised by Sweden within the G16.

## **Gender Equality**

Sweden has supported the Honduran National Women's Institute (INAM) from its foundation. INAM is the national authority responsible for the National Plan for the Empowerment of Women 2002–2007, and for endorsing gender mainstreaming in the Government's planning and budgeting at the national and local level. The institutional support<sup>9</sup> that should have ended in June 2007 was extended for another year and hence the planned in-depth preparation for future support postponed until 2008. Concrete results throughout the year have been capacity development on each of the five working areas (health, education and media, economy, eradication and prevention of violence against women and participation and politics) in various parts of the country. In total around 5.500 persons participated in the different activities of which about 72% were women. For example, on eradication and prevention of violence against women, an executive commission to implement the plan from 2006 was conformed and capacity development was provided on the law on domestic violence and women's human rights. Furthermore, INAM participated in the 39<sup>th</sup> CEDAW session and presented the last three periodic reports. The CEDAW committee praised Honduras for a strong legal and policy framework to protect women's rights and for the set-up of INAM. However, the committee raised strong concern regarding the low level of protection of women's rights, e.g. reflected in the impunity that exists with regard to crimes against women, as well as the deficient capacity to mainstream gender sensitivity within State institutions, such as social services, judicial system and the police. During the year an internal evaluation and analysis of the current National Plan was conducted to serve as one important input for the new plan 2008–2015. Discussions with Government and civil society formed part of the evaluation and an excellent opportunity was given to deepen the debate further on public policies integrating gender equality with the different involved actors, as well as ratifying the commitment on behalf of the State on the adoption and implementation of the new plan.

## **Transparency, Anti-corruption and Free Flow of Information**

Support has been given to the National Anti-Corruption Council, CNA, since 2006. In May 2007 the first yearly report on transparency and corruption in the country was published. The report documented and highlighted the problems of corruption which has served as an input for the national dialogue. The report also contributed to define how a national system for transparency (Sistema Nacional de Integridad) could be constructed and used. The presence at the launching event of both the Cardinal and the ex presidential candidate in Costa Rica, two nationally and internationally well known personalities, helped to give this report a great deal of well-merited exposure. Since then 45 presentations have been held in 9 regions of the country. Several other studies were developed on issues of corruption and transparency and State authorities and media have been trained with regard to the Transparency and Access to Public Information Law (2006). Throughout the year, Sweden actively participated in the donor working group on Good Governance and Transparency. The group monitored the implementation of the Transparency Law, commented on the Government's plan against corruption and was active in commenting on the plan for the professionalization of public employees among other issues. The issue of corruption was further

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<sup>9</sup> Sweden is at the moment the only donor providing institutional support.

highlighted in a public debate in April, where SDC participated, through the publishing of the World Development Institute governance indicators, showing an increase of the perception of corruption in the country. This led to a probable halt in the funding to the Honduran state from the Millennium Challenge Account. On the other hand, at the local level the generally well-functioning Local Transparency Committees are proliferating.

### **Strengthening Civil Society**

Civil society is still weak in Honduras and needs to be further strengthened. Sweden has directly supported two civil society organizations; CEDOH and C-Libre. CEDOH (Honduran Centre for Documentation) was instrumental in leading the National Dialogue process where consultations were held all over the country to get consensus on important national priorities. In December a study was published on the de facto powers and the political system in Honduras. Unfortunately most precise references were taken out in the final version. Another thought-provoking analysis of the former president Maduro administration was published, with the title “Wounded Leviathan: an analysis of power, state and citizenship”. Apart from that, CEDOH continued to provide useful analysis on the current situation in the country. C-Libre is another think-tank with core support from Sweden (2004–2007) constituted by independent journalists working with transparency and free access to information. C-Libre was very active in both the formulation and the advocacy of the Transparency Law and has been monitoring its application.

The support to Swedish NGOs in Honduras aims at strengthening the Honduras civil society in its role to promote and defend democracy and human rights, local development, social and economic justice as well as gender equality. Within the bilateral programme, Sweden supported three Swedish NGOs in 2007 active within these areas in Honduras; Diakonia, Forum Syd and Swedish Cooperative Centre (SCC). The organizations implemented their programmes according to plans and played an important role in promoting coordination efforts within civil society which complemented the SDC country programme well. Especially their ability to connect to the needs at local level is of added value to the overall Swedish cooperation. For example, SCC supported a partner organization in the generation of an organized movement for social housing with the aim to improve living conditions for women, men, girls and boys living in conditions of poverty, social exclusion and exploitation. Diakonia has been working for a long time with local development with good results. This has included support for the development of synergies between civil society organizations and local governments including transparency and audit mechanisms. Both Diakonia and Forum Syd work with organizations that promote sexual and reproductive health and rights and the rights for people living with HIV and Aids, especially connected to gender issues. Organizations supported by Forum Syd further contributed to having had positions from Honduran civil society included in Honduras official position in the CA-EU association agreement-dialogue.

### **General Budget Support, PRSTAC and Fiscal Management**

The assessment on the General Budget Support for 2007 was initiated, but was not concluded among other reasons because of the incompleteness of the revised PRS, lack of a credible macro-economic framework, and limited progress in a number of other strategic areas. However, a com-

mitment was made on the part of Government to continue implementation of the reform agenda within public financial management. Sweden had planned for General Budget Support jointly with the World Bank's Poverty Reduction Support Credit (PRSC), along with a credit from Germany through KfW. Other possible budget support donors include Spain and the EC. The World Bank carried out two follow-up missions of its Poverty Reduction Support Technical Assistance Credit (PRSTAC) – with SDC participation – and for the preparations of PRSC II. No agreement was reached on the World Bank and KfW credits.

An assessment was conducted for bridging support (2007–2008) to the strengthening of the public control system in Honduras. This is done through an amendment of the current PRSTAC agreement with the World Bank. The Swedish contribution will support the introduction of the National System for the Control of Public Resources, SINACORP, and it also supports the national audit of teacher posts as well as the pilot programme to professionalize the civil service in key governmental institutions.

In the support of Fiscal Management the Swedish funds are targeted to the tax and customs administration (DEI) through co-financing with IDB. The implementation was slow but the pace increased during the second semester due to improved coordination between the different stakeholders. At last, Swedish funds from the 2004 disbursement to IADB are being used. A mid-term review was carried out in July with some positive signs; however, it is clear that the coordination between DEI and the Ministry of Finance needs to improve further. Improvements in the internal IADB routines in order to speed up procedures are also needed. The co-financing from Sweden is helping to enhance a more efficient tax and customs administration which will indirectly benefit the poor. DEI is also the first government institution to put in practice a merit-based recruitment of professional staff. At the end of 2007, the WB, IADB and Sweden initiated discussions on the possibility to coordinate all support to the Public Sector Reform in a programme-based approach.

## **Culture**

Sweden gave support to three regional cultural networks in Central America during the period 2002–2007. The networks include a theater cooperation managed by Dramatiska Institutet, a library cooperation through the Swedish Royal Library and museums cooperation through the Swedish National Historic Museum. To date, the library network has equipped 68 public libraries and trained 500 librarians for the management of public libraries. Also, 500 librarians have been trained in reading promotion, children's libraries management and information outreach for communities. A 20% increased number of library users have been registered over the past three years. In theater, the theater project has cooperated with 120 institutions and organizations in seven countries. Also, 6 national theater group networks have been created. Over 1,000 theater professionals have received training. The museums have also registered an increased number of visitors attributable to the increased access and functionality of the museums in terms of e.g. quality of exhibitions, attraction of the exhibitions, increased opening hours and better trained staff. By the end of 2007, it was decided to finalize the regional culture cooperation with a one and half year phase-out support to systematize experiences, consolidate results and ensure their sustainability. In Honduras, the mobile theater stage, which is not part of the regional programme, has made theater possible in poor and remote rural

areas where performances have stimulated civil participation and action to reduce poverty.

## **Natural Resources and Environment**

### **Water and Sanitation**

The Local Development Water & Sanitation Pilot Programme (2007-2008) to support municipal decentralization through local management of rural water supply and sanitation system initiated its activities in January 2007. The first five months of the programme were spent training the five municipalities in principles of transparency and decentralization and in procedures to facilitate management and administration of water and sanitation systems. The implementation modality of placing all responsibility on the municipalities is new for both the municipalities and the NGOs, but to date the pilot experience seems promising. Municipal commitment, empowerment and community response has been remarkable. However, municipal appropriation is still weak due to the difficulty to retain academically trained personnel within the municipalities and also due to the influence of the tradition of implementation being centrally rather than locally driven. Particularly the first aspect makes the municipalities highly dependent on NGO technical assistance and that limits their appropriation. The pilot phase of the programme is scheduled to end December 2008.

The results for 2007 of the water and sanitation pilot programme demonstrate a direct impact for 3,740 rural poor families (approximately 22,500 persons) who have benefited from the construction or reconstruction of 25 water systems. The health of the population is at less risk due to 40 water boards having been trained in water quality control and monitoring, and due to the establishment of ten chlorine banks. The programme has also had a strong impact in the local environmental conditions because of the three Municipal Environmental Units that have been created to enforce the environmental law at municipal level. From the organizational and sustainability perspective five Municipal Baseline studies on the condition of water and sanitation systems and service quality were concluded. 330 water boards were trained in system administration and 70 micro watersheds was protected.

## **Infrastructure and Local Development**

### **Infrastructure**

The completion of the *Choluteca Water System II* project was planned for the first semester of 2007. However, the construction company went through a financial crisis that forced the municipal water company Aguas de Choluteca to negotiate the finalization of the contract. To comply with IADB regulations and procedures, the water company and the municipality had to repeat the procurement process and select a capable company that was willing to finish the construction work. Additionally, when the rainy season started some design problems of the infiltration gallery relating to sediment loads of the river were discovered. These two events have resulted in substantial construction delays. The new company to carry out the remaining work was selected and all research and redesign of the infiltration gallery was finished. The new company will initiate construction in January 2008. The agreement was extended with no additional funds to September 2008. Despite all delays 1,200 to 1,500 households were incorporated to the recently repaired water network and they are receiving the service as planned. Due to the circumstances the programmed evaluation by IADB was postponed to 2008.

## **Housing**

After the institutional crisis of 2006 and the Government's failure to honor the agreement to make available counterpart funds designated for subsidies, Fundevi (the Foundation for the Development of Social Urban and Rural Housing) initiated a process of reorganization. The new Director and his team have been working on reorienting Fundevi to compete in the microfinance housing sector, and have had to retrain the whole staff and develop a new technical assistance concept to cope with the new working modality. Despite the limitation of subsidies Fundevi was able to provide housing solutions to 4,449 families, 82% of them urban and 18% rural in 2007.

The situation positions Fundevi on similar terms as microfinance and commercial banks. This situation has forced Fundevi's management to temporarily abandon credits for new housing and focus on micro credit, which has had the effect that more emphasis goes to improvement of existing houses rather than building new houses. On the positive side, Fundevi is now focused on its financial sustainability as a permanent activity. Even with the limitations of implanting a new working modality, Fundevi was able to operate successfully, overcoming the effects of the political turmoil, the misinformation to the public on credit issues and the lack of a clear national public housing policy. The so called uncollectables, that were Fundevi's Achilles' heel, have not increased and appear to be under control. The agreement was extended with no additional funds to end in December 2008. An evaluation of Sida's contribution was planned during 2007 but it was postponed as it was decided to carry out an institutional evaluation of Fundevi in coordination with KfW. Sida and KfW are the two most important agencies providing support to Fundevi.

Micro-credits is proving to be a good instrument for promoting and providing access to basic services within the social housing sector of Honduras. The access to services through micro-credits comes about as a direct result of FUNDEVI's microfinance activity. The results are improved provision and in most cases access to water, sanitation and electricity services to poor households. The numbers of families benefited are 877, which is equivalent to 4 835 persons in marginalized areas in the areas of Tegucigalpa, Choluteca and Tocoa. This approach so far is unique in Central American. During 2008 FUNDEVI is planning to evaluate the work undertaken in order to increase knowledge and understanding of the use of the micro credit tools in the area of housing. This will provide the necessary platform for knowledge sharing with other similar housing institutions in neighbour countries in Central America.

## **Health**

### **Access to Health**

Sweden has supported the Programme Access to Health with Equity and Decentralized Administration within the Ministry of Health (MoH) during 1996–2007. The programme was finalized in 2007. The Access to Health programme was implemented in 72 municipalities covering approximately 40% of the population in Honduras. The overall objective of the programme was to create decentralized health care for people living in conditions of poverty. An important programme activity was to set up of community health centers (UCOS) in the most remote areas in order to apply primary essential health care. UCOS addresses respiratory diseases, malaria and TB cases, high risk pregnancies, child malnutrition and gender based violence as well as implementation of vaccina-

tion and nutrition programmes. UCOS have proven to be cost-efficient, sustainable and well adjusted to local needs. The main result for 2007 are 43 new community health centers that have been opened through the Access to Health programme, providing essential health services to 28,600 women, men and children living in conditions of poverty.

During the past ten years, Honduras reports essential improvements of key health, nutrition and population indicators that are attributable to the Access to Health Programme. A significant reduction of under five mortality from 44 in 1996 to 30 in 2005 and a decline in the infant mortality rate from 34 in 1996 to 23 in 2005. Prenatal care coverage increased from 83 to 92 percent and the number of women receiving post natal care more than doubled from 34 to 73 percent. The total fertility rate declined from 4.4 in 2001 to 3.3 in 2005<sup>10</sup>. According to the Honduran Public Expenditure Review (Honduras Public Expenditure review 2007, the World Bank) these improvements are largely attributable to the Honduran Health system's continued expansion of prevention and promotion services with emphasis on Maternal and Child health as well as stronger community participation in health delivery models. Taking into account Honduras' recent rate of progress in key maternal and child health and nutrition indicators, and assuming that the pace is maintained until 2015, it is likely that the MDGs in these areas will be achieved. It is Sida's assessment that the Access to Health programme has contributed considerably to this development.

In terms of support to aid effectiveness within the health sector, Sweden provided advice to the health sector, including both the MoH and the Social Security Institute. During 2007 an operative multi annual plan for the sector was under development where for the first time the planning and budget units of these two main health service institutions have worked together to formulate a joint work plan for the sector. The tripartite coordination round table, where Sweden is a member of the technical group, was active during 2007 in producing a harmonization and alignment plan for the sector and to create consensus on the concept that a multi annual sectoral plan is a prerequisite for effective alignment of donors.

Sexual and reproductive health and rights are continuously at stake in Honduras, being subject to strong resistance from conservative groups in society e.g. politicians, religious movements, but also from donors, civil servants, parents, teachers etc. In 2007 a small progress was registered when a Special Commission within the Congress recognized earlier banned teachers guide books on sex education. Yet, the step from allowing a sex education teacher's guide to having good quality sex education integrated in school curricula is still long.

### **HIV and AIDS Support**

The National AIDS commission, CONASida, has been given a two-year support from Sweden covering the expenses for a CONASida coordinator position. The Congress is expected to take a decision on state funding for CONASida in 2008. Having a coordinator during 2007 has resulted in meetings on a regular basis, more efficient operative work and stronger steering and decision-making. CONASida has thus been revitalized and has spearheaded the work to produce a new National HIV/AIDS strategy, PENSida III. The strategy was completed successfully within its timeframe and was launched in December 2007.

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<sup>10</sup> Honduras DHS 2001, 2006

The National Aids Forum, a nation wide HIV/AIDS prevention and care umbrella NGO, received support during the period 2004–2007. Through Swedish support, the Forum finalized a strategic plan 2007–2011. This plan is expected to bring more efficiency and results orientation to the organization's work. During 2007, the Forum's most important result was to ensure civil society participation in the making of the third National HIV/AIDS strategy, PENSida III. Also the Forum played an important role in the coordination and active participation in several of the PENSida III working groups. Another important result is the Forum's achievement to ensure civil society's presence in various decision-making fora, such as the National AIDS Commission, the Country Coordinating Mechanism of the Global Fund and the Honduran Inter-institutional Medical Commission. In 2007, the Forum also organized and hosted the Honduras Second Civil Society Meeting on HIV/AIDS.

## **Education**

Sweden has supported the education sector in Honduras since the Education for All (EFA) Plan 2003–2015 was launched in 2003. The Agreement ended 31st of December 2007. The support was first channeled through a World Bank Trust Fund and then through a Pool Fund, a financial mechanism that was strongly promoted by Sweden as a step towards a programme based approach. During 2007, Honduras made progress in all six objectives of the Education for All programmes. Nevertheless, the progress is slow and at the current pace Honduras will not be able to reach the MDGs for 2015. In 2007, a new Minister and higher management team of the Ministry of Education (MoE) were appointed. This resulted in positive changes in terms of ownership, leadership, decision-making and management capacity. On the other hand, the ministry suffers from the weak institutional memory of public administration in Honduras as well as the fact that the EFA initiative is strongly donor driven.

During 2007, the MoE continued to prioritize its extension of pre-basic education throughout the country as a means of combating repetition and desertion in basic education. Honduran statistics show that children who attend pre-basic education are more likely to succeed in completing the first three school-years without repetition. In turn those students are much more likely to complete their full basic education by the age of 12. In 2007, pre-basic education coverage increased to 56%, as compared to 41% coverage in 2006 and 34% in 2005. At this pace, it is deemed feasible that the goal of 100% pre-basic education coverage for 2015 will be reached.

The new salary agreement with teacher's organizations and the public expenditure in the sector, especially salaries, were analyzed. A census and audit of teachers' posts, regarded as necessary for a reliable and updated human resource base in the sector is ongoing and is financed mainly by Sweden and the World Bank. The audit focuses on the more than 5 000 teachers' positions that are considered irregular and it is expected to be finalized in 2008.

A Sida evaluation of the Swedish contribution to EFA was planned for 2007. However, in order to harmonize donor procedures, a joint mid-term evaluation will be carried out at the latest in 2009 by all donors supporting EFA. The mid-term evaluation will include the results to which Sweden has contributed during the period 2004–2007.

## **Research Cooperation**

The Sida Research cooperation with UNAH continues to improve especially in the areas of research training. Three new PhD-students have initiated their studies at Swedish universities in the areas of health and engineering. In total there are eight UNAH staff on the PhD-programme. The ICT-project aimed at providing UNAH researchers, lecturers and students with internet connectivity began to implement the ICT Master Plan by procuring necessary equipment and capacity building efforts among staff. The reform work at UNAH has not advanced as planned due to resistance to the reform and weak leadership. KPMG, which has been assisting UNAH in the reforming the administrative and financial systems, considers that although improvements have been made, these systems are still not apt to handle external funds. An independent consultant has on behalf of Sida made an evaluation of the cooperation and finds that although there are delays in the implementation of reform, most of the cooperation has been successful and is worth continuing. UNAH doubled its own contribution to research in 2007 from MSEK 4 to the total amount of MSEK 8 which is promising for the sustainability of the created capacity

# 5. Office and Administrative Issues

In the beginning of 2007, the personnel amounted to 18 employees (Head of cooperation, Head of administration, Economist, two sent-out Programme Officers, two National Programme Officers, one BBE (Junior Professional), 5 assistants, three drivers and two other support services). One Programme Officer and the Economist terminated their contracts in July. The Programme Officer the area of Democracy and Human Rights was replaced in Jan 2008. SDC had a short-term gap-filling support from Sida headquarters during September to November 2007. The Economist was replaced in Aug 2007 and the BBE finished in Aug 2007. Two local staff members resigned at the end of May (the assistant to the head of SDC and the NPO for social sectors). Recruitment for a replacement of the assistant was carried out. Some internal changes in the division of work responsibilities were made and a new archivist/assistant was recruited. As the NPO that resigned in May was not replaced, the total number of staff since Aug 2007 was down to 16 (Head of Cooperation, Head of Administration, Economist, two POs, one NPO, five assistants, three drivers and two other services).

During May 2007 the SDC held a two-week long team building workshop for the entire personnel with support from an external consultant. The seminar was very appreciated by SDC staff and resulted in a significant improvement in the team spirit at the office. As a result of the decision to phase-out the office by 2010 and the impact that the decision had on the working spirit, the SDC office decided to have the second team building session in November 2007, earlier than planned, in order to maintain the working team spirit at the office. The same external consultant gave SDC support during the November 2007 seminar and it has been decided that the consultant will continue supporting the office on a regular basis during the whole phase out process.

SDC had one planning day outside the office in February 2007 and one in October 2007, the latter together with the ambassador and the head of Administration from the Embassy in Guatemala. In total, the ambassador visited SDC five times during 2007. A Violence against Women and an HIV and AIDS seminar was held for all personnel, with a practical exercise ("Walking in her shoes"), which took place the day of the International Day for HIV and AIDS. In addition, several lunch seminars were held during 2007 among them a seminar on Violence Statistics by Julieta Castellanos, and another on Transparency and Anti-Corruption by Sergio Membreño/CNA.

The UD/Sida inspection team visited SDC for three days in Dec 2007 and the UD/Sida Health Clinic in Stockholm made an inspection of the availability of medical services in Honduras. An up-dated version of the Controller function was decided on in November. The budget for running costs 2007 was SEK 4,300,000 with a 100% utilization.

# Annex 1

## Fact Sheet

**Cuadro No. 1**  
**HONDURAS**  
**MAIN MACROECONOMIC INDICATORS**

|                                                                 | 2000   | 2001 <sup>(p)</sup> | 2002 <sup>(p)</sup> | 2003 <sup>(p)</sup> | 2004 <sup>(p)</sup> | 2005 <sup>(p)</sup> | 2006 <sup>(p)</sup> | 2007 <sup>(e)</sup> |
|-----------------------------------------------------------------|--------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PRODUCTION</b>                                               |        |                     |                     |                     |                     |                     |                     |                     |
| Nominal GDP, in MM of US\$                                      | 6,032  | 6,328               | 6,510               | 6,868               | 7,446               | 8,141               | 8,351               | 9,308               |
| Real GDPI (Base 1978)                                           | 7,138  | 7,324               | 7,523               | 7,785               | 8,177               | 8,176               | 8,509               | 9,022               |
| Annual Rate of Growth                                           | 5.7%   | 2.6%                | 2.7%                | 3.5%                | 5.0%                | 4.5%                | 6.0%                | 6.0%                |
| P.I.B. Nominal por habitante en US\$                            | 915    | 968                 | 971                 | 998                 | 1,055               | 1,124               | 0                   | 0                   |
| Annual Rate of Growth                                           | 7.4%   | 5.8%                | 0.3%                | 2.8%                | 5.7%                | 6.6%                | 2.2%                | 2.2%                |
| <b>BALANCE OF PAYMENTS (MM US\$)</b>                            |        |                     |                     |                     |                     |                     |                     |                     |
| Exports F.O.B.                                                  | 1,436  | 1,375               | 1,364               | 1,384               | 1,581               | 1,733               | 1,981               | 2,052               |
| Annual Rate of Growth                                           | 18.0%  | -7.8%               | 0.1%                | 1.4%                | 14.2%               | 13.0%               | 14%                 | 4%                  |
| Imports C.I.F.                                                  | 2,933  | 3,041               | 3,081               | 3,361               | 4,041               | 4,264               | 5,037               | 5,885               |
| Annual Rate of Growth                                           | 6.4%   | 0.3%                | 1.2%                | 9.8%                | 20.0%               | 8.7%                | 18%                 | 17%                 |
| Current Account Balance                                         | -246   | -303                | -241                | -292                | -391                | -242                | -528                | -501                |
| Current Account Deficit/GDP                                     | 4.1%   | 4.8%                | 3.7%                | 4.3%                | 5.3%                | 3.0%                | 1.9%                | 3.6%                |
| Variation on the International Monetary Net Reserves (RMIN)     |        |                     |                     |                     |                     |                     |                     |                     |
| (-) increase                                                    | -119   | -148                | -214                | 88                  | 107                 | -355                | -2444               | -351                |
| Balance of the RMIN                                             | 1490   | 1638                | 1852                | 1764                | 1657                | 2012                | 2,444               | 2,795               |
| <b>EXTERNAL DEBT (MM US\$)</b>                                  |        |                     |                     |                     |                     |                     |                     |                     |
| Balance of Public External Debt                                 | 3,723  | 3,790               | 4,003               | 4,327               | 4,717               | 4,245               | 3,010.80            | 2,400               |
| Annual Rate of Growth                                           | 0.0%   | 1.8%                | 5.6%                | 8.1%                | 9.0%                | -10.0%              | -29%                | -20%                |
| External Debt / GDP                                             | 61.7%  | 59.9%               | 61.5%               | 63.0%               | 63.3%               | 52.1%               | 32.4%               | 27.0%               |
| Service of the public external debt                             | 717    | 288                 | 190                 | 170                 | 235                 | 200                 | 161                 | 160                 |
| <b>PUBLIC FINANCES (MM of Lempiras)</b>                         |        |                     |                     |                     |                     |                     |                     |                     |
| Current Expenditures                                            | 15,559 | 18,390              | 19,606              | 23,133              | 26,411              | 30,226              | 34,207.10           | 36,536.60           |
| Annual Rate of Growth                                           | 20.8%  | 18.2%               | 6.6%                | 18.0%               | 3.0%                | 20.4%               | 13.2%               | 6.8%                |
| Current Income                                                  | 15,884 | 17,982              | 19,776              | 22,304              | 24,514              | 28,671              | 33,036.30           | 37,637.50           |
| Annual Rate of Growth                                           | 4.1%   | 13.2%               | 10.0%               | 12.8%               | 18.4%               | 13.9%               | 15.2%               | 13.9%               |
| Net Defici                                                      | -5075  | -7612               | -5077               | -6767               | -4,717              | -4,252              | -2,404              | -4,985              |
| Deficit % of the GDP                                            | -5.7%  | -7.7%               | -4.7%               | -5.6%               | -3.1%               | 2.6%                | -1.2                | -2                  |
| Current Income / GDP                                            | 16.3%  | 16.2%               | 15.9%               | 16.3%               | 19.2%               | 19.2%               | 19.5%               | 18.4%               |
| <b>MONEY AND CREDIT (balance to Dec. in MM of Lempiras)</b>     |        |                     |                     |                     |                     |                     |                     |                     |
| Money Supply                                                    | 10,943 | 11,515              | 13,192              | 15,804              | 17,499              | 20,996              | 25,195              | 30,915              |
| Annual Rate of Growth                                           | 4.7%   | 5.2%                | 14.6%               | 19.8%               | 10.7%               | 15.0%               | 22%                 | 17%                 |
| Total Liquidity                                                 | 43,925 | 50,116              | 56,733              | 64,752              | 77,251              | 93,455              | 106,841             | 123,024             |
| Annual Rate of Growth                                           | 18.2%  | 14.1%               | 13.2%               | 14.1%               | 19.3%               | 21.0%               | 14%                 | 15%                 |
| Total Domestic Credit                                           | 25,026 | 29,412              | 31,405              | 40,311              | 44,525              | 53,692              | 71,269              | 89,022              |
| Annual Rate of Growth                                           | 22.8%  | 17.5%               | 6.8%                | 28.4%               | 9.9%                | 17.4%               | 32.7%               | 24.9%               |
| Credit to the Private Sector                                    | 36,384 | 40,808              | 43,905              | 49,294              | 57,194              | 67,334              | 86,104              | 104,229             |
| Annual Rate of Growth                                           | 13.6%  | 12.2%               | 7.6%                | 12.3%               | 15.5%               | 18.0%               | 27.9%               | 21.1%               |
| <b>PRECIOS (Tasa de variación anual)</b>                        |        |                     |                     |                     |                     |                     |                     |                     |
| Consumer Price Index (To December of Each Year)                 | 10.1%  | 8.8%                | 8.1%                | 6.8%                | 9.2%                | 7.7%                | 6.0%                | 6.0%                |
| Wholesale Prices Index (Annual Averagel)                        | 11.1%  | 9.6%                | 7.7%                | 7.7%                | 8.2%                | 8.0%                | 7.4%                | 7.4%                |
| <b>EXCHANGE RATE (Lempiras to US \$1)</b>                       |        |                     |                     |                     |                     |                     |                     |                     |
| Simple Average in the Financial System to December of Each Year |        |                     |                     |                     |                     |                     |                     |                     |
| Buy                                                             | 15.14  | 16.05               | 17.07               | 17.93               | 18.59               | 18.87               | 19.15               | 19.44               |
| Sell                                                            | 15.31  | 16.05               | 17.07               | 17.93               | 18.81               | 19.09               | 19.38               | 19.67               |
| Non-Official Simple Average to December of Each Year            |        |                     |                     |                     |                     |                     |                     |                     |
| Buy                                                             | 14.86  | 15.44               | 16.33               | 17.30               | 18.57               | 18.86               | 18.86               | 18.86               |
| Sell                                                            | 15.16  | 15.79               | 16.81               | 17.73               | 18.68               | 18.96               | 18.96               | 18.96               |
| <b>INTEREST RATE (Weigthed Average)</b>                         |        |                     |                     |                     |                     |                     |                     |                     |
| Active                                                          | 25.0%  | 22.2%               | 20.9%               | 18.0%               | 18.3%               | 18.0%               | 13.8%               | 12.2%               |
| Pasive <sup>1</sup>                                             | 14.7%  | 14.1%               | 12.0%               | 11.0%               | 10.8%               | 11.0%               | 7.6%                | 7.4%                |

<sup>1</sup> Tasa de interés para Certificados de Depósito a seis meses.

(p) Preliminar Banco Central de Honduras diciembre 2006

(e) Estimaciones CIPRES-FIDE junio 2007

Fuente: Elaboración propia con base en cifras del Banco Central de Honduras y de la Secretaría de Finanzas, Tegucigalpa 2006.

# Annex 2

## Current Planing Overview

### Country report - Honduras

Outcome and forecast in TSEK

**Delimitation:**

**Status: I, P, A and C**

**Region/Country: Honduras**

**Other: agr end > 200700 or Outcome <> 0**

|                         |       |
|-------------------------|-------|
| <b>Responsible Unit</b> | (All) |
| <b>Allocation Frame</b> | (All) |

|                                             |                                                 |            | Data           |               |                |               |
|---------------------------------------------|-------------------------------------------------|------------|----------------|---------------|----------------|---------------|
| Allocation Account                          | Main Sector                                     | Status     | Outcome 2007   | Outcome 2008  | FC 2008        | FC 2009       |
| 15524 Honduras                              | 01 Health                                       | Planned    | 0              | 0             | 1 500          | 750           |
|                                             |                                                 | Agreed     | 1 312          | 0             | 988            | 0             |
|                                             |                                                 | Completed  | 7 128          | 0             | 1 690          | 0             |
|                                             | <b>01 Health Total</b>                          |            | <b>8 441</b>   | <b>0</b>      | <b>4 178</b>   | <b>750</b>    |
|                                             | 02 Education                                    | Completed  | 97             | 0             | 0              | 0             |
|                                             | <b>02 Education Total</b>                       |            | <b>97</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>      |
|                                             | 04 HR & Democratic governance                   | Indicative | 0              | 0             | 19 825         | 30 150        |
|                                             |                                                 | Agreed     | 71 879         | 8 507         | 39 785         | 5 000         |
|                                             | <b>04 HR &amp; Democratic governance Total</b>  |            | <b>71 879</b>  | <b>8 507</b>  | <b>59 610</b>  | <b>35 150</b> |
|                                             | 07 Infrastructure                               | Agreed     | 11 968         | -4            | 0              | 0             |
|                                             | <b>07 Infrastructure Total</b>                  |            | <b>11 968</b>  | <b>-4</b>     | <b>0</b>       | <b>0</b>      |
|                                             | 09 Natural resources&environm.                  | Planned    | 0              | 0             | 22 000         | 28 500        |
|                                             |                                                 | Agreed     | 16 048         | 0             | 0              | 0             |
|                                             |                                                 | Completed  | 57             | 0             | 0              | 0             |
|                                             | <b>09 Natural resources&amp;environm. Total</b> |            | <b>16 105</b>  | <b>0</b>      | <b>22 000</b>  | <b>28 500</b> |
| 15524 Honduras                              | 11 Other                                        | Agreed     | 5 239          | 244           | 7 844          | 0             |
|                                             |                                                 | Completed  | 6 937          | 0             | 0              | 0             |
|                                             | <b>11 Other Total</b>                           |            | <b>12 176</b>  | <b>244</b>    | <b>7 844</b>   | <b>0</b>      |
|                                             | (blank)                                         | Indicative | 0              | 0             | 7 340          | 5 000         |
|                                             | <b>(blank) Total</b>                            |            | <b>0</b>       | <b>0</b>      | <b>7 340</b>   | <b>5 000</b>  |
| <b>15524 Honduras</b>                       | <b>Total</b>                                    |            | <b>120 666</b> | <b>8 747</b>  | <b>100 972</b> | <b>69 400</b> |
| 15551 Research                              | 03 Research                                     | Planned    | 0              | 0             | 4 250          | 8 500         |
|                                             |                                                 | Agreed     | 9 116          | 870           | 11 266         | 0             |
|                                             | <b>03 Research Total</b>                        |            | <b>9 116</b>   | <b>870</b>    | <b>15 516</b>  | <b>8 500</b>  |
| <b>15551 Research</b>                       | <b>Total</b>                                    |            | <b>9 116</b>   | <b>870</b>    | <b>15 516</b>  | <b>8 500</b>  |
| 15561 Non-governmental organisations        | 01 Health                                       | Agreed     | 272            | 77            | 277            | 202           |
|                                             |                                                 | Completed  | 0              | 0             | 0              | 0             |
|                                             | <b>01 Health Total</b>                          |            | <b>272</b>     | <b>77</b>     | <b>277</b>     | <b>202</b>    |
|                                             | 02 Education                                    | Agreed     | 636            | 186           | 642            | 682           |
|                                             |                                                 | Completed  | 0              | 0             | 0              | 0             |
|                                             | <b>02 Education Total</b>                       |            | <b>636</b>     | <b>186</b>    | <b>642</b>     | <b>682</b>    |
|                                             | 04 HR & Democratic governance                   | Agreed     | 3 883          | 797           | 3 042          | 388           |
|                                             |                                                 | Completed  | -29            | 0             | 0              | 0             |
|                                             | <b>04 HR &amp; Democratic governance Total</b>  |            | <b>3 854</b>   | <b>797</b>    | <b>3 042</b>   | <b>388</b>    |
|                                             | 05 Conflict, peace & security                   | Agreed     | 55             | 4             | 12             | 13            |
|                                             | <b>05 Conflict, peace &amp; security Total</b>  |            | <b>55</b>      | <b>4</b>      | <b>12</b>      | <b>13</b>     |
|                                             | 07 Infrastructure                               | Agreed     | 885            | 234           | 914            | 0             |
|                                             | <b>07 Infrastructure Total</b>                  |            | <b>885</b>     | <b>234</b>    | <b>914</b>     | <b>0</b>      |
|                                             | 08 Trade, business & fin. syst                  | Agreed     | 414            | 110           | 427            | 37            |
|                                             | <b>08 Trade, business &amp; fin. syst Total</b> |            | <b>414</b>     | <b>110</b>    | <b>427</b>     | <b>37</b>     |
| 15561 Non-governmental organisations        | 09 Natural resources&environm.                  | Agreed     | 3 956          | 893           | 3 485          | 51            |
|                                             | <b>09 Natural resources&amp;environm. Total</b> |            | <b>3 956</b>   | <b>893</b>    | <b>3 485</b>   | <b>51</b>     |
|                                             | 11 Other                                        | Agreed     | 388            | 22            | 78             | 57            |
|                                             |                                                 | Completed  | -12            | 0             | 0              | 0             |
|                                             | <b>11 Other Total</b>                           |            | <b>376</b>     | <b>22</b>     | <b>78</b>      | <b>57</b>     |
| <b>15561 Non-governmental organisations</b> | <b>Total</b>                                    |            | <b>10 448</b>  | <b>2 324</b>  | <b>8 876</b>   | <b>1 430</b>  |
| Allocation Account                          | Main Sector                                     | Status     | Outcome 2007   | Outcome 2008  | FC 2008        | FC 2009       |
| 15571 Humanitarian                          | <b>05 Conflict, peace &amp; security Total</b>  |            | <b>96</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>      |
|                                             | 06 Humanitarian assistance                      | Agreed     | 124            | 14            | 14             | 0             |
|                                             |                                                 | Completed  | 0              | 0             | 0              | 0             |
|                                             | <b>06 Humanitarian assistance Total</b>         |            | <b>124</b>     | <b>14</b>     | <b>14</b>      | <b>0</b>      |
| <b>15571 Humanitarian assistance</b>        | <b>Total</b>                                    |            | <b>220</b>     | <b>14</b>     | <b>14</b>      | <b>0</b>      |
| <b>Grand Total</b>                          |                                                 |            | <b>140 450</b> | <b>11 955</b> | <b>125 377</b> | <b>79 330</b> |

## Country report - Honduras

Outcome and forecast in TSEK

Delimitation:

Status: I, P, A and C

Region/Country: Honduras

Other: (agr end > 200700 or Outcome <> 0)

Responsible Unit (All)

|                                  |                                      |                                |           |            | Data         |              |         |         |
|----------------------------------|--------------------------------------|--------------------------------|-----------|------------|--------------|--------------|---------|---------|
| Allocation Frame                 | Allocation Account                   | Main Sector                    | Agreement | Agr_Period | Outcome 2007 | Outcome 2008 | FC 2008 | FC 2009 |
| Inside country allocation        | 15524 Honduras                       | 01 Health                      |           |            | 8 441        | 0            | 4 178   | 750     |
|                                  |                                      | 02 Education                   |           |            | 97           | 0            | 0       | 0       |
|                                  |                                      | 04 HR & Democratic governance  |           |            | 71 879       | 8 507        | 59 610  | 35 150  |
|                                  |                                      | 07 Infrastructure              |           |            | 11 968       | -4           | 0       | 0       |
|                                  |                                      | 09 Natural resources&environm. |           |            | 16 105       | 0            | 22 000  | 28 500  |
|                                  |                                      | 11 Other                       |           |            | 12 176       | 244          | 7 844   | 0       |
|                                  |                                      | (blank)                        |           |            | 0            | 0            | 7 340   | 5 000   |
|                                  |                                      | 15524 Honduras                 | Total     |            |              | 120 666      | 8 747   | 100 972 |
|                                  | Inside country allocation Total      |                                |           |            | 120 666      | 8 747        | 100 972 | 69 400  |
| Outside country allocation       | 15551 Research                       | 03 Research                    |           |            | 9 116        | 870          | 15 516  | 8 500   |
|                                  | 15551 Research                       | Total                          |           |            | 9 116        | 870          | 15 516  | 8 500   |
|                                  | 15561 Non-governmental organisations | 01 Health                      |           |            | 272          | 77           | 277     | 202     |
|                                  |                                      | 02 Education                   |           |            | 636          | 186          | 642     | 682     |
|                                  |                                      | 04 HR & Democratic governance  |           |            | 3 854        | 797          | 3 042   | 388     |
|                                  |                                      | 05 Conflict, peace & security  |           |            | 55           | 4            | 12      | 13      |
|                                  |                                      | 07 Infrastructure              |           |            | 885          | 234          | 914     | 0       |
|                                  |                                      | 08 Trade, business & fin. syst |           |            | 414          | 110          | 427     | 37      |
|                                  |                                      | 09 Natural resources&environm. |           |            | 3 956        | 893          | 3 485   | 51      |
|                                  |                                      | 11 Other                       |           |            | 376          | 22           | 78      | 57      |
|                                  | 15561 Non-governmental organisations | Total                          |           |            | 10 448       | 2 324        | 8 876   | 1 430   |
|                                  | 15571 Humanitarian assistance        | 05 Conflict, peace & security  |           |            | 96           | 0            | 0       | 0       |
|                                  |                                      | 06 Humanitarian assistance     |           |            | 124          | 14           | 14      | 0       |
|                                  |                                      | 15571 Humanitarian assistance  | Total     |            |              | 220          | 14      | 14      |
| Outside country allocation Total |                                      |                                |           | 19 784     | 3 208        | 24 406       | 9 930   |         |
| Grand Total                      |                                      |                                |           | 140 450    | 11 955       | 125 377      | 79 330  |         |



*Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.*



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