

# Environment and Poverty in Honduras in the Context of the Poverty Reduction Strategy

## Honduras Country Review



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**'Have the Lessons of Mitch been Forgotten'?:  
Environment and Poverty in Honduras in the context of the Poverty Reduction  
Strategy**

**HONDURAS COUNTRY REVIEW**

**R. F. Benítez Ramos, A. Barrance and H. Stewart**

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## Executive Summary

Honduras produced its Poverty Reduction Strategy Paper (PRSP) in 2001. The research presented here forms part of a four country study aimed at reviewing the drafting and implementing process of the Poverty Reduction Strategies in each country to analyse if, why and how pro-poor environmental policies, activities and outcomes are being integrated.

A review of events over the past 50 years in Honduras, since the emergence of the organised civil sector around the time of the successful banana company strike in 1954, shows that a limited number of central narratives have been expressed throughout, by the stakeholders involved, while others have been more transient. Civil society narratives throughout have principally been concerned with achieving increased equity of access to power and natural resources, while Government narratives have been largely related to the economic potential of natural resources. More transient themes have included the question of how best to realise the potential of natural resources, with the nationalisation of tree and forest resources in the mid 1970s giving way in the early 1990s to a neo-liberal approach emphasising private sector involvement.

The trauma of Hurricane Mitch in 1998 had a significant effect on all stakeholder sectors, as reflected in the emergence of new narratives. Memories of early similar experiences led civil society to claim an increased role in decision-making in relation to reconstruction, in order to ensure that the interests of the poor were adequately taken into account; their achievement of this goal was helped by pressure from international (principally bi-national) cooperation agencies. Another important narrative which gained prominence at this time was that of environmental vulnerability, together with recognition of the need for integrated solutions to issues concerning environment and poverty. These narratives were largely carried through and applied in the preparation of the PRSP, following an extensive process of discussion between January 2000 and May 2001. To a large extent, and largely as a result of civil society exercising its newly gained position at the negotiating table with the Government, the narratives in the PRSP reflected those expressed by both civil society and Government. Key narratives inadequately included, however, included the importance of inequity as a root cause of poverty, and the need for decentralised approaches to poverty reduction and environmental management.

Despite a promising start, disillusionment soon set in with the Sector Commissions (*mesas sectoriales*) established to provide follow-up to the implementation of the PRSP. A number of civil society organisations came to feel that their interests were not being considered seriously by the Government, and that the Government was principally interested in promoting its own plans and initiatives, rather than being genuinely committed to promoting civil society participation. For many this was confirmed by the unilateral decision by the Government to introduce a simplified Sector Wide Approach to Planning (SWAp) to the Sector Commissions; in addition to being taken as an example of the Government's tendency to impose its own approaches, serious questions have been raised over the functioning of the SWAp, in particular with relation to the capacities of the environment sector ministry SERNA to promote the cross-cutting application of environmental issues. One expression of frustration with the avenues of formal dialogue available has been the resurgence of protest-based environmental activism in the form of the March for Life movement.

A number of barriers are identified which have led to the lessons of Mitch being forgotten in recent years, particularly in regard to the value of civil society participation, environmental vulnerability and the need for integrated solutions to environmental and poverty issues. These include: political expediency and short-termism, leading to short-cut solutions; mistrust between Government and civil society regarding their respective motives; limited institutional capacities, for example in relation to the promotion and application of integrated solutions to environmental and poverty issues; and lack of civil society coherence, making it difficult to present a consistent, unified front and bring the available technical capacities to bear in the development of convincing technical proposals.

A number of promising initiatives do exist, which give some hope for the future. Key themes to be pursued in the future, in order to result in satisfactory pro-poor environmental outcomes, include: the development of improved mechanisms for dialogue between typically polarised and mistrusting stakeholders; the pro-active involvement of international agencies, both to promote civil society interests actively and to act as a neutral mediator and facilitator; the application of integrated approaches at project, as well as policy, level; and alternative approaches to agency interventions, working directly with beneficiary populations rather than Government institutions and focusing in structural as well as technical issues.

## Acronyms

AFE-COHDEFOR	State Forestry Authority-Honduran Corporation for Forestry Development
AMHON	Association of Municipalities of Honduras
CIDA	Canadian International Development Agency
COHDEFOR	Honduran Corporation for Forestry Development
CONASA	National Commission for Sanitation and Water
DINADERS	National Directorate for Sustainable Rural Development
DFID	Department for International Development
ERSAPS	Regulatory Entity for the Drinking Water and Sanitation Sector
EU	European Union
FEHCAFOR	Honduran Federation of Agroforestry Cooperatives
FOSDEH	Social Forum for the External Debt in Honduras
GEF	Global Environment Facility
GTZ	German Technical Assistance
HIPC	Highly Indebted Poor Country
IADB	Interamerican Development Bank
IDS	Institute of Development Studies
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
LMDSA	Law for the Modernisation and Development of the Agricultural Sector
LUPE	Land Use Productivity Enhancement
MARENA	Natural Resource Management in Priority Watersheds Project
MDG	Millennium Development Goals
MPNRT	Master Plan for National Reconstruction and Transformation
PDBL	Broadleaved Forest Development Project
PRONADERS	National Programme for Sustainable Rural Development
PRONAFOR	National Forestry Programme
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SAG	Ministry of Agriculture and Livestock
SANAA	National Autonomous Aqueduct and Drainage Service
SERNA	Ministry of Natural Resources and Environment
SWAp	Sector Wide Approach
UMA	Municipal Environmental Unit
UNAT	Technical Support Unit
UNDP	United Nations Development Programme

## Foreword

*'The lessons of Mitch have been forgotten...the country is much more vulnerable than before Mitch'* (comment from member of donor agency, September 2004).

This report presents the results of a study carried out in Honduras between August and October 2004. This research, part of a four country study<sup>1</sup>, aimed at reviewing the drafting and implementing process of the Poverty Reduction Strategy to analyse if, why and how pro-poor environmental<sup>2</sup> policies, activities and outcomes are being integrated. The research also examined how the PRSP process has affected environmental related policy choices, institutional changes, staffing & budgets, public debate and civil society awareness and ultimately improved environmental outcomes.

This research project was initiated and conceptualised in the framework of the Poverty Environment Partnership (PEP), an informal network of around 30 donor- and non-governmental organizations that works on strengthening the nexus between poverty reduction and environmental protection in development cooperation. Within the PEP, CIDA, DFID and GTZ funded and managed the research process. The research was conducted by the Institute of Development Studies (IDS), Sussex, in collaboration with national and international consultants.

Honduras is a country that has experienced colonialism, military rule and, most recently, democracy. The Honduras PRSP develops out of former poverty reduction plans, such as the Master Plan for Reconstruction and Transformation (MPRT) which was implemented after Hurricane Mitch swept through the land in 1998. The PRSP aims to define the causes of poverty and to develop a strategy to reduce Hondurans' poverty. As Honduras is highly dependent on primary production – especially agriculture, forestry and mining – and very susceptible to environmental damage through natural processes, the linkages between the environment, poverty and development are crucial. In this research we focused on the poverty reduction strategy, aiming to explore the nature of various stakeholders' involvement in its production, to understand how environment/poverty linkages are conceptualised and what implications this may have in the implementation of poverty reduction strategies.

This comparative research has the following aims across all four countries of research:

- Demonstrate if and why (and why not) different stakeholders in low-income countries see environmental issues as important to poverty reduction – and the requisites for dealing with environmental issues in ways that are intelligible to (non-environmental) decision-makers.
- Provide practice-oriented policy recommendations for governments, civil society and development agencies on effective strategies (e.g. building alliances, effective communication) for how to mainstream environment into policy.
- Indicate if and how a PRS with 'good' environment language leads to effective implementation and follow-up, and translates into actual changes 'on the ground'.

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<sup>1</sup> The other countries are Ghana, Uganda and Vietnam.

<sup>2</sup> The term 'environment' is widely defined to cover major natural resources (water, land, forests, fisheries and coastal resources etc.) and environmental hazards to water, land and air (both indoor and outdoor).

- Evaluate the value added of upstream 'environmental mainstreaming' and if the financial investments provide value for money.
- Identify key next steps to advance the process and implementation of environment integration – with some suggested recommendations and priorities for key stakeholders and for international development agencies

## **Methodology**

In order to consider the manner in which environmental issues have been incorporated into poverty reduction strategies, it is necessary to understand how 'environmental problems' and their links with poverty are understood in Honduras. Although this may vary among different people and institutions according to their diverse perspectives and interests, views of environmental problems frequently take the form of narratives or brief 'stories' that identify a problem, its causes and possible solutions. During this research we sought to identify the range of prevailing narratives about environment and poverty-environment linkages in Honduras, through (a) a review of PRSP documents; (b) scanning of other available documentation and websites, including government and NGO reports and publicity; (c) brief conversations with a wide range of actual or potential stakeholders (see Appendix Two). This enabled us to examine the degree to which the PRSP process is known amongst environmental stakeholders and to assess what views of the environment have entered the debate. It also facilitated an examination of the manner and extent to which environmental issues have been linked to poverty reduction. In order to understand the various processes associated with PRSP production, we sought to establish a list of key stakeholders and to interview as many representatives from this list as possible. Research in Honduras took place during August and early September 2004. Interviews with key informants examined the environmental-poverty linkages and/or the processes by which actors and issues had been involved in the drafting and implementation of the PRSP. Interviewees were selected in order to include representatives of government, civil society organisations and international cooperation agencies. The themes for discussion in the interviews were defined in an initial scoping workshop involving researchers from the four countries involved, in order to strike a balance between attuning to the needs of each country and focusing on common issues which permit inter-country comparison. A list of informants interviewed is presented in Annex 1.

Examples of 'successful' and 'unsuccessful' integration of environmental issues into the PRSPs, presented below in the form of case studies, facilitate an integration of the narratives, actors, networks and spaces, with a consideration of broader national and international processes, bureaucratic contexts and political or commercial interests. The case studies included in this report concern new legislation for the water and forestry sectors of Honduras. Through these case studies we explore the question of implementation and ask what successes have resulted from environmental stakeholders' participation.

## Chapter One: Introduction

Honduras produced its Poverty Reduction Strategy Paper (PRSP) under the government of the Liberal Party President Carlos Flores Facussé in 2001. The decision to produce and implement a national plan for poverty reduction was based on low economic growth, high national debt, extensive poverty and vulnerability to natural disasters. Following an extensive process of discussion between January 2000 and May 2001, Honduras produced its Interim PRSP in April 2000 and published the final version in August 2001.

During the production of the PRSP, the Government sought to consult widely with civil society. Subsequently, as part of the Medium Term Implementation Process of the PRSP, a large number of Sector Commissions (*Mesas Sectoriales*)<sup>3</sup> were established 'to strengthen follow-up and tripartite dialogue between Government, civil society and the international cooperation agencies'.<sup>4</sup> In 2002, a new National Party government was elected under the leadership of President Ricardo Maduro. With the aim of 'increasing efficiency and effectiveness', and 'strengthening coordination with international cooperation agencies and civil society', this government replaced the initial thematic division of the Commissions (which included commissions on the macro-economy, the environment and transparency) with a Sector-Wide Approach (SWAp). This resulted in the formulation of six Commissions related to Education, Health, Water, Agroforestry, Security and Justice, and Productive Sectors and Economic Infrastructure. Other sectors which had previously been organised on the basis of Sector Commissions, such as the environment, the macro-economy, gender, decentralisation, transparency and competitiveness, were converted into cross-cutting themes which, in theory, would be applied to each of the sectors defined under the Sector Wide Approach.

In a review of 50 PRSPs worldwide, carried out by the World Bank (Bojö and Reddy 2003), Honduras is ranked as a high scoring country which developed some environmental issues in its interim PRSP, but which has shown considerable improvement in the full PRSP. The same review further commends the full PRSP for including long term environmental goals; for preparing sectoral budget allocations in relation to target achievement of targets; and for the recognition that natural disasters pose risks to the poor's vulnerability.

### Poverty and the Environment in Honduras

Large sections of the population, in both rural and urban areas, live in conditions of high vulnerability to environmental risks. Many neighbourhoods in urban areas, especially those with lower income levels typically set up by recent immigrants, have been established on steep land which is susceptible to landslides, or in flood plain areas susceptible to flooding. Similar risks affect agriculture: steep land agriculture is at risk from landslides, while the valley lands, which tend to be dominated by more sophisticated commercial agriculture, are affected by flooding. These extreme hydrological events are typically linked to periodic meteorological phenomena such as tropical storms and hurricanes, such as Hurricane Mitch which affected the country in late 1998. In addition to these direct impacts, the urban

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<sup>3</sup> The 14 sector commissions established in response to the MPNRT were as follows: Education; Health; Natural Resources and Environment; Prevention, Mitigation and Attention to Disasters; Decentralization and Municipal Strengthening; Justice; Transparency; Housing; Bridges and Roads; Water and Sanitations; Micro, Small and Medium-Scale Business; Rural Development and Food Security; Macroeconomy; Agroforestry and Fisheries.

<sup>4</sup> [http://www.cooperantes.gob.hn/mesas\\_que.html](http://www.cooperantes.gob.hn/mesas_que.html)

and rural economies are vulnerable to damage to infrastructure resulting from such events, such as the washing out of roads and bridges.

In recent decades, poverty and environmental degradation has led to high rates of emigration from many areas of the countryside. In the 1980s, recurrent droughts led to significant migration from the dry south to the humid zone agricultural frontier, in the north and east of the country. Similar processes of emigration occurred in the 1990s, from the chronically poor west; in part, this migration responds to agrarian reform policies which opened up land at the agricultural frontier for settlement.

Del Cid et al (1999) distinguish between entrenched poverty in the south and particularly the west of the country, which is linked to patterns of exclusion from land and power which date back to early Colonial and post-Colonial times; and the 'transitory poverty' of the agricultural frontier, which may be overcome as immigrant communities consolidate and acquire access to infrastructure.

The economy of Honduras in the Colonial and post-Colonial periods has traditionally been highly dependent on primary production, including agriculture, forestry and mining. For much of the first half of the 20<sup>th</sup> century it relied primarily on the production of bananas for export, by foreign companies who exercised high levels of control over the political system. Investments in infrastructure development during this time established a pattern of indebtedness which has persisted to the present day. Development of the agricultural export sector was further promoted in the second half of the 20<sup>th</sup> century under the US-sponsored Alliance for Progress; a number of the crops promoted as a result, such as cotton and melons, have been characterised by boom and bust cycles and negative impacts on the local environment and human health, due to the inappropriate use of pesticides. Economic dependence on export commodities such as coffee, melons and minerals has created a condition of vulnerability to fluctuations in global markets. Economic liberalisation, meanwhile, is seen as a positive opportunity by the government and larger manufacturing sectors, but viewed with mistrust by smaller producers who doubt their capacity to compete with the products of economically and technologically more developed nations, whose producers in many cases benefit from subsidies.

Despite the magnitude of the country's forest resources, their economic potential is as yet far from being realised in a sustainable and equitable fashion. Major obstacles have been inefficiency, corruption and lack of regulatory capacity on the part of the Government. In recent years the economy has undergone a degree of diversification with the growth of the '*maquila*' manufacturing sector, whereby foreign companies have taken advantage of cheap Honduran labour and favourable fiscal conditions. This has contributed significantly to employment opportunities but has also led to social problems, with the attraction of rural population to the urban centres where the *maquilas* are located. Other opportunities for diversification, such as tourism, are as yet poorly developed, to some extent as a result of concerns over security. Recent years have also seen the expansion of the internal service sector, associated with the growth of a largely urban middle class.

## **Governance**

Governance conditions in Honduras are seriously deficient. This is largely a legacy of the colonial system which the country inherited following independence, and was compounded in the early 20<sup>th</sup> century by interference in the country's internal affairs by foreign banana companies. Much of the 20<sup>th</sup> century was characterised by unconstitutional, military-

dominated governments. The use of the country by the US as a base for operations against the perceived communist threats in neighbouring countries, during the Cold War period of the 1980s, perpetuated the dominant role of the military and otherwise continued to undermine governance conditions, even after the return to constitutional rule in 1982. The role of the military was significantly reduced through reforms undertaken during the government of President Reina (1994-1998). However, democracy in Honduras remains far from perfect, being strongly bipartisan and influenced by traditional affiliations rather than policy issues. Poorly developed government structures and the dominant position of the 'informal' sector of the economy, meanwhile, mean that the capacity of the government to collect fiscal revenue is limited.

During the Cold War period, international cooperation was dominated by the USA, through its Agency for International Development. Large loans were also taken on from the Inter American Development Bank (IADB), for example to finance investments by the State in the forestry sector. Poor management and corruption, however, resulted in many cases in these loans only serving to increase the indebtedness of the country. Further large loans have been taken out with agencies such as the IADB and the International Fund for Agricultural Development (IFAD) to finance rural development projects.<sup>5</sup> Its high degree of dependence on external funding has led Government policies to be highly subject to conditions imposed by agencies such as the World Bank and the International Monetary Fund (IMF). It was in this context, of high indebtedness, widespread poverty, high vulnerability to environmental disasters and widespread corruption within government, that Honduras set out to develop its poverty reduction strategy. This PRSP has been well received by the World Bank and the IMF and, in 2003, the IMF declared Honduras to be a Highly Indebted Poor Country (HIPC) that was eligible for large scale debt relief.

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<sup>5</sup> <http://www.pronaders.hn>

## Chapter Two: Environment narratives and pro-poor policy making

In Honduras, there has long been a clear recognition that poverty and environment are interrelated factors. A study carried out in 2001<sup>6</sup> confirmed that stakeholders in Central America perceived the causes of poverty (defined as a shortage of different forms of 'sustainable livelihood' capital – physical, natural, financial, human and social) to be multiple and characterised by complex interrelations. The key factors identified were the degraded condition of natural capital and the inability of people, for physical, financial, human and/or social reasons, to enjoy access to the goods and services provided by natural resources.

Official priorities and perceptions in Honduras regarding links between the environment and poverty have, however, been subject to wide swings over the last decade. In examining the PRSP process and the manner in which environmental factors have been incorporated into government policy processes, four phases can be identified. The first phase, prior to hurricane Mitch is characterised by a vision of environmental degradation as a consequence of natural resource use processes. The economic difficulties experienced by Honduras prior to the 1990s were exacerbated in the late 1990s by severe droughts, forest fires and Hurricane Mitch. Hurricane Mitch affected almost the entire population of Honduras: more than 5000 people were killed and the damages were estimated at \$8.5 billion (ref). Hurricane Mitch therefore is seen to have triggered a second phase of government planning in which environmental vulnerability received priority. This was followed by the PRSP process, which built on the structures established to deal with the aftermath of hurricane Mitch, and which emphasised the relationship between poverty and the environment. Subsequently, in the fourth phase, the election of the Maduro government has led to an increase in the emphasis on macro-economically focused planning and a reduction in the profile of environmental issues. These four phases, and the key environmental events associated with each, are summarised in Table 2.1).

In addition to examining these four phases of environmental awareness and policy making, this chapter examines the narratives through which environmental degradation is explained. In so doing, it argues that the PRSP and government policy has tended to interpret environmental degradation in terms of technical explanations that seek to maximise the potential of natural resources. In contrast to this, civil society actors and local stakeholders offer alternative narratives of environmental degradation, which address questions of inequality and examine who has access to and control over natural resources. These narratives have not, however, come to be included in the PRSP process.

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<sup>6</sup> 'A Demand Study of the Priority Researchable Constraints for Four Groups of Forest-Dependent Poor People in the Management of Forest and Tree Resources in Central America' funded by DFID Forest Research Programme in 2001. The opinions expressed by those interviewed in Honduras were largely typical of those in other parts of the region (Barrance, 2001).

**Table 2.1: Key historical events of relevance to poverty/environment issues**

Phase	Event	Year	Details and implications
F I R S T  P H A S E	Banana company strike	1954	First major expression of the power of civil society (trade unions)
	Decree 103: COHDEFOR Law	1974	Nationalisation of forests, formation of COHDEFOR, establishment of Social Forestry System
	Decree 170: Agrarian Reform Law	1976	Agrarian reform initiative, under the Government of Oswaldo López Arellano. Coincided with major reform of the forest sector.
	Inauguration of President Suazo Córdoba	1982	Restoration of constitutional rule for first time for decades
	Stone Container affair	1992	Civil society opposition leads to Government backing down on proposal to grant large logging concession to US-based Stone Container Corporation
	Decree 31-92: Law for the Modernization and Development of the Agricultural Sector		Effective end to the agrarian reform process; reversal of the 1974 nationalisation of forests
	Creation of SERNA	1996	Separation of agriculture/livestock and natural resources/environment into separate ministries
S E C O N D  P H A S E	Inauguration of Liberal Party President Carlos Flores Facussé	1998	5 <sup>th</sup> democratically elected Government in succession
	Severe drought and forest fires throughout Central America and Mexico		Energy crisis due to low levels of reservoirs
	Hurricane Mitch		More than 5,000 people killed, 75 per cent of the population affected; cost of damage estimated at \$8.5 billion.
	Stockholm Consultative Group meeting	1999	Government presents proposal for Master Plan for National Reconstruction and Transformation (MPNRT) Interforos presents 'counter-proposal' for MPNRT US \$ 2.7 billion pledged for reconstruction
T P H H I A  R S D E	Commencement of discussion of new forestry law	1999-2000	Law extensively discussed but not passed due to lack of consensus
	Organisation of Sector Commissions	2000	'Mesas sectoriales' established for drafting and follow-up to the MPNRT and PRS.
	PRSP drafting process	2000-2001	Multi-stakeholder meetings involving an estimated 3,500 people
F O U R T H  P H A S E	Inauguration of National Party President Ricardo Maduro	2002	6 <sup>th</sup> democratically elected Government in succession
	Honduras declared HIPC	2003	Declaration of Honduras as a Highly Indebted Poor Country by the IMF raises the possibility to dedicate resources to the PRSP
	First 'March for Life'		March from Olancho Department to Tegucigalpa to protest against poor management of forestry resources and impacts on local communities
	Reorientation of Sector Commission organisation	2004	Government announces application of Sector Wide Approach to Sector Commissions, with reduction of number of Commissions and designation of Environment as a cross-cutting theme
	Second draft of forestry law discusses		Law shelved due to opposition from civil society groups.
	Second 'March for Life'		Second march commences in different parts of the country, converging on the capital.
	Drafting of National Forestry Programme (PRONAFOR)		PRONAFOR drafted to develop the profile of the forestry sector within the 'Agroforestry' Sector Commission. Yet to be broadly discussed.
	Review workshop of Sector Commissions		Tripartite workshop gives general support to restructured Sector Commissions but also recommendations for improvements in their functioning

## **Phase One: Pre-Mitch - Natural Resource Management as a Vehicle for Poverty Reduction.**

The first phase studied here begins in the mid-20<sup>th</sup> century, coinciding with the emergence of one facet of civil society, the trade union movement, and concludes on the eve of the disastrous Hurricane Mitch in 1998. Policies during this period were influenced by a series of narratives.

Policies in the 1960s and 1970s may be characterised as being dominated by a 'social potential' narrative in relation to natural resources. Although the Governments of this period were populist-military in nature and unconstitutional (resulting from a *coup d'état*), some of their policies coincided with the interests of the grassroots civil society organisations, whose gathering strength following the successes of the nascent trades union movement in the mid 1950s, alerted the military Governments to take cognisance of the conditions of the rural poor (Sobhan 1993). Firstly, one conceptualisation of poverty and environmental linkages, namely the lack of land for poor rural people to cultivate, led to the prioritisation of agrarian reform programmes. Secondly, the 1974 'COHDEFOR Law' (Decree 103) recognised the economic potential of the country's significant tree and forest resources and aimed, through their nationalisation and the establishment of a Social Forestry System (overseen by the new Honduran Corporation for Forestry Development COHDEFOR), to maximise their social benefit. It was hoped that the resulting incomes would help to finance the agrarian reform programmes. This vision was shared by the InterAmerican Development Bank which funded much of the subsequent state investment in the forest sector. The grassroots organisations, meanwhile, saw this as an opportunity to secure access to agricultural and forest resources from which they had previously been excluded.

In practice, the results of these well-intentioned policies to implement reform measures to benefit the poor and simultaneously enhance environmental conditions were disappointing. The agrarian reform and social forestry initiatives were limited in scale and sustainability, largely due to the inadequate provision of organisational, technical and financial support to their beneficiaries (Sobhan 1993). Since its creation in 1974, meanwhile, COHDEFOR has been subject to long running criticisms of institutional corruption and ineffectiveness, which have severely limited its ability to manage nationalised forests in the national benefit and to promote the Social Forestry System.

Other problems arose from the manner in which the agrarian reform movement and rural development programmes were conceptualised and their underlying implications. The agrarian reform process had severe negative impacts on the natural resources of agricultural frontier areas, requiring landowners or beneficiaries of land distribution to maintain lands cleared of vegetation in order to demonstrate occupancy and avoid confiscation.

The passing in 1992 of the Law for the Modernisation and Development of the Agricultural Sector or LMDSA (Decree 31-92) reflected a shift in the dominant 'social potential' narrative to one of 'economic potential'. The use of natural resources was still recognised as crucial for the alleviation of poverty and promotion of economic growth; however, in recognition of the inefficiencies of the earlier populist nationalisation approach of the early 1970s, the LMDSA reflected a neo-liberal approach, with increased private involvement in agriculture and resource use. It considered the promotion of economic growth as the key

means of poverty reduction (through the generation of employment and the economic multiplier effect), instead of the earlier promotion of direct participation of the poor in resource management. The LMDSA represented the effective end of the agrarian reform process in Honduras; indeed, in the first few years after the passing of the law more than 30,000 ha of land which had been delivered under the agrarian reform process were sold, more than half of these to two transnational banana companies (Wopold-Bosien 2000). In the forestry sphere, one of the initiatives of the LMDSA was to shift the role of the State from direct involvement in forest management to a regulatory role, with the conversion of COHDEFOR into the State Forest Authority (AFE-COHDEFOR).

In part due to realisation of the negative environmental impacts of the policies up to that point, another dominant narrative emerged in the 1980s and early 1990s, that of a 'deforestation crisis'. Government rural development programmes in this period reflected a broad recognition of the importance of land degradation as both a significant cause and an effect of poverty, and of the significance of environmental vulnerability. The USAID-sponsored Natural Resource Management Project,<sup>7</sup> for example, focused strongly on the promotion of reforestation and soil conservation measures in order to increase the sustainability of smallholders' agricultural production, while the reforestation activities promoted by the GTZ-funded Honduran-German Food Security Cooperation project (COHASA) in the south of Honduras were to a large extent motivated by the devastating effects of an extreme rainfall event in the early 1980s (Kastl 1994).

The technical assumptions on which such initiatives were based have since been subject to question, however: for example, relatively little analysis was carried out of ecological and productive aspects of the perceived problem of firewood extraction (addressed by reforestation activities such as those promoted by COHASA) under different combinations of biophysical conditions and land use, beyond simple quantification of extraction levels.<sup>8</sup> Kaimowitz (2001 and 2005) qualified some of the assumptions about the linkages between deforestation and water supply as 'half truths' and 'useful myths'; while other researchers (e.g. Hellin 1999) have highlighted soil moisture as a more significant limiting factor for smallholder production than soil erosion, which has more commonly been addressed by project interventions. In addition, such initiatives, focused on addressing the environmental impacts of smallholders, largely failed to take adequately into account the impacts that large commercial concerns such as ranchers and banana producers had on the environment.<sup>9</sup>

## **Phase Two: The 'Wake-up Call' of Mitch - Prioritising Environmental Management**

When Hurricane Mitch struck Honduras in October 1998, flash floods and landslides cost thousands of lives and caused massive damage to infrastructure. The event was seen as a wake-up call by many, who identified deforestation as the main reason for the severity of the floods. As a result, watershed management and forest protection were placed at the head of the agendas of government, funding agencies, NGOs and civil society organisations. At the Stockholm conference of 1999, organised to prioritise and coordinate

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<sup>7</sup> This later developed into the Land Use Productivity Enhancement project (LUPE)

<sup>8</sup> The Energy Directorate of SERNA has recently questioned commonly-held assumptions regarding the negative impacts of firewood use on forest resources (Director de Energía, SERNA, pers. comm.)

<sup>9</sup> A number of authors (e.g. DeWalt 1983) have highlighted the significance of developed-country demand for Latin American beef in motivating deforestation; however Edelman (1995) considers this argument simplistic and points instead to factors such as the important role that Central American political actors have had in shaping the conditions in which cattle producers operate.

national and donor investments in reconstruction, 'environmental and social vulnerability' was identified as one of the country's four pillars for development. Environmental management came to be routinely included as an important or dominant component in rural development projects, such as the IADB-funded Natural Resource Management in Priority Catchments project (MARENA). At a policy level, the hydrological catchment has come to be recognised as the principal unit for the planning of natural resource management by SERNA and AFE-COHDEFOR (however municipalities remain the principal geographical unit for administrative purposes). The current proposal to implement a Territorial Land Use Planning Law, which originated in this period, represents an additional indication of the priority given to sound resource planning.

Box 2.1: The 'Stockholm principles' set out in the Stockholm Declaration of May 28, 1999, can be summarised as follows:

- Reduction of social and ecological vulnerability in the region.
- Reconstruction and transformation based on an integrated approach of transparency and good governance.
- Consolidation of democracy and good governance, reinforcing the processes of decentralisation of government functions and powers, with the effective participation of civil society.
- Promotion of the respect for human rights in general, with a particular emphasis on promotion of the equality of women, children, ethnic groups and other minorities.
- Coordination of donor efforts within the framework of priorities established by governments in the region.
- Intensified efforts to reduce the external debt burden.

Even after the change in the role of COHDEFOR implied by the 1992 LMDSA, in the post-Mitch period the international community continued to consider institutional incapacity and corruption as among the main obstacles to sustainable development in the country. In the forestry sector, this was shown in 1999 by the US Agency for International Development's (AID) suspension of support to AFE-COHDEFOR, during the period of leadership of Antonio Ortez Turcios,<sup>10</sup> and by the UK's Department for International Development's decision to emphasise attention to issues of governance and corruption.

Hurricane Mitch also functioned as a wake-up call to Honduran civil society. Motivated to a large extent by memories of the mismanagement of aid funds received following previous natural disasters in the region such as the Managua earthquake in Nicaragua in 1972 and Hurricane Fifi in Honduras in 1974, diverse civil society organisations joined forces to demand a role in the reconstruction process, both directly and indirectly, through ensuring the accountability of the Government's response and participation in the definition of reconstruction strategies. At the Stockholm Conference of 1999, the resulting grouping of civil society organisations, named Interforos,<sup>11</sup> presented a 'counter-proposal' to the

<sup>10</sup> Charges brought against Lic. Ortez Turcios, of abuse of authority and falsifying documents in the form of commercial logging licenses, were dismissed in the year 2000 (<http://www.marrder.com/htw/mar2000/national.htm>), also see <http://www.laprensahn.com/natarc/9909/n20005.htm>

<sup>11</sup> Made up of the Citizen Forum, the Caritas Forum, the Association of Non-Governmental Organizations for Development, the Social Forum for the External Debt in Honduras (FOSDEH), the National Forum for Migrations in Honduras (FONAMIH), the Coordinator of Private Institutions 'In Favour of Children and their Rights' (COIPRODEN), the

Master Plan for National Reconstruction and Transformation presented by President Carlos Flores. Interforos, working in association with ASONOG (the Association of Non-Governmental Organisations) had organised five regional workshops in which local organisations were taught how to articulate their ideas. These workshops then became the basis for the counter proposal. This long-term Proposal for National Reconstruction and Transformation was, structured around four cross-cutting themes: democratic strengthening; culture for transformation; transparency and citizen control; and sustainability, equity and the combat of poverty.<sup>12</sup> It opposed the governments' official PRSP, which it saw as exclusively economic in orientation, by emphasising inequalities in wealth distribution and the manner in which the political system excluded certain social groups (Possing, 2003: 25).

During this second phase, the dominant narrative influencing policies was therefore one of 'environmental and social vulnerability', reflecting concerns which had begun to emerge earlier in the 1980s and 1990s under the 'deforestation crisis' narrative, but given added importance by the experiences of Mitch. The Government's approach still reflected the principles of the LMDSA, based on the promotion of economic growth as the key to poverty reduction and, in turn, reduced pressure on natural resources and reduced vulnerability. The narrative of civil society, by contrast, stressed 'exclusion and inequality' as the key factors which exacerbate environmental and social vulnerability and which therefore needed to be addressed. Donors, meanwhile, stressed projects that were intended to bring about the relief of environmental stress and rehabilitation, based largely on technical considerations of watershed management; at the same time, however, a number (such as the UK's Department for International Development) came to recognise the addressing of issues of governance and corruption as the sine qua non of sustainable development and poverty reduction.

### **Phase Three: The PRSP - Environmental Narratives in Policy and Planning**

The third phase described here relates to the preparation of the Poverty Reduction Strategy Paper and the formation of the associated mechanisms for consultation.

The content of the 2001 PRSP was influenced to a large extent by the Master Plan for National Reconstruction and Transformation (MPNRT) which emerged from the Stockholm process in 1999. In turn, the MPNRT, in its eventual format, represented a compromise between the document taken to Stockholm by the Government and the counter-proposal presented by civil society organisations. The analysis presented in the PRSP identifies a number of links between environment and poverty. Because these views of environmental problems identify a problem, its causes and possible solutions, we present them here in the form of narratives. We then present a number of alternative narratives in relation to the environment and poverty linkage, stated by the interviewees included in this study, which were absent from the PRSP document.

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Federation of Organizations for the Development of Honduras (FOPRIDEH) and the Permanente Commission for Reconstruction (CPR)

<sup>12</sup> [http://rds.org.hn/estocolmo/propuestas/prop\\_05/prop\\_05a.htm](http://rds.org.hn/estocolmo/propuestas/prop_05/prop_05a.htm)

## **Mainstream environmental narratives included in the PRSP**

### **Narrative One: 'The vicious cycle: poverty causes environmental degradation which in turn entrenches poverty'**

The conditions of poverty and exclusion from social services, prevalent in rural areas, especially in the southern, south-central and western parts of the country, have caused them to become areas of population expulsion. The PRSP analysis (see Box 2.2) describes how, in areas of population expulsion, the population is engaged mainly in agricultural activities on lands better suited to forestry; this inappropriate use of soils has generated an accelerated environmental degradation and has caused a decline in the productivity of agricultural activities, creating a vicious circle of 'poverty → environmental deterioration → more poverty'. The situation is considered as having multiple causes, mainly related to poverty, irrational and disorderly land use, disarticulated sectoral policies, an ineffective legal and institutional framework, and lack of an environmental culture in the population.

#### **Box 2.2: The PRSP on the poverty-environment-poverty vicious circle:**

*'High indices of poverty and unsatisfied basic needs in rural areas, especially in the south, centre-south and west of the country, have converted these into zones of constant population expulsion. Migratory flows have principally occurred in recent years towards the most important cities of the country, as well as to rural population attraction zones of great ecological fragility. Currently, urban-urban migration predominates, with rural-rural migration in second place. This process has led to an accelerated loss of natural resources, increasing environmental degradation in both urban and rural areas and an increase in vulnerability to natural disasters'* (Executive Summary paragraphs 12-14).

*'...there is a strong correlation between the areas of greatest deforestation and degradation of forests, soils and water resources, and the municipalities with the greatest and most persistent poverty ...'* p. 49

*'There is a well recognised association between environmental deterioration, high levels of poverty and increase vulnerability to natural disasters. Under this premise, both the PMRTN and the PRS propose measures aimed at strengthening environmental and risk management, through the strengthening of legal and institutional aspects, planning and the application of instruments necessary increase the coordination and normative roles of the institutions linked to environmental management and risk mitigation. At the same time, measures are proposed which aim to promote citizen participation in the care and protection of the environment and in disaster prevention, mitigation and recovery.* Pp. 63

### **Narrative Two: 'The large scale migration of people causes rural and urban environmental degradation'**

The resulting process of migration to urban centres, followed by spontaneous settlement in areas which are typically at high risk of flooding and landslides and lack adequate land use and urban development planning, is identified in the PRSP as leading to problems of increased environmental vulnerability, environmental deterioration and pollution, with major impacts on human health. Rural-rural migration, albeit secondary in scale to rural-urban migration, is cited as contributing to the expansion of the agricultural frontier, especially in

broadleaf-forest. This stimulates slash-and-burn agriculture and spearheads the advance of ranchers and farmers willing to buy deforested lands.

### Box 2.3: The PRSP on migration and environmental degradation

*'The growing population of urban immigrants, added to the lack of plans for territorial land use planning and urban development, has contributed to the aggravation of problems of environmental degradation and pollution, with significant impacts on human health. According to the Environmental Profile of Honduras (1990-1997), water resources are the main recipient of the country's environmental problems, being affected by factors such as pollution resulting from insufficient sanitary infrastructure and the sediment load resulting from the degradation of upper watersheds. Added to this is the growing chemical pollution arising from the leaching of fertilisers and pesticides, domestic and industrial waste waters and solid wastes; and the existence of high levels of atmospheric pollution in the main cities'. Executive Summary paragraph 13.*

*'The realisation of subsistence activities on soils considered as only suitable for forestry is directly related to the high levels of poverty in rural areas. This cycle begins with the felling and burning of forests to obtain land where farming and livestock activities can be carried out, resulting, given in their natural unsuitability for this type of activities, in their abandonment after a short period and the search for new forested lands in which to start the cycle over again. As a result, it is estimated that the forest resource has been disappearing at a rate of more than 80,000 ha per year'. Executive Summary paragraph 13*

To mitigate adverse effects on natural resources and the environment, the original Government document taken to Stockholm<sup>13</sup> focused on the implementation of a National System of Protected Areas, a decentralised system of land use planning, active participation of civil society in environmental protection, and the incorporation of environmental themes at all levels in the educational system, together with a risk management system and accompanying legislation. It also proposed increasing levels of sustainable forest management. Among the recommendations of the civil society document,<sup>14</sup> meanwhile, were: the application of the watershed-based approach to resource management, with regional and local plans for the use and management of water, soils and forests; improved environmental regulation; full integration of the rural population in the benefits and responsibilities of natural resource conservation and use; and increased investment in the use of forest and water resources. The differences between the government suggestions and those put forward by civil society are in terms of approach and degree: whereas the government argued for civil society 'participation' (which could mean very little direct involvement), civil society argued for full integration with a sharing of responsibilities and benefits. Similarly, whereas the government argued for decentralisation (which may or may not be accompanied by local control over finances and by legislated responsibility for local people), civil society argued for the development of local plans and for an ecological approach to planning.

In response to the recognised relationship between environmental deterioration, the incidence of poverty and vulnerability to natural disasters, the final version of the PRSP states that

<sup>13</sup> [http://www.iadb.org/regions/re2/consultative\\_group/plans/honduras.htm](http://www.iadb.org/regions/re2/consultative_group/plans/honduras.htm)

<sup>14</sup> <http://ns.rds.org.hn/estocolmo/>

*'the Master Plan for National Reconstruction and Transformation (MPNRT) as well as the PRS propose measures directed at strengthening environmental and risk management, by improving the legal, institutional and planning framework and utilising the instruments needed to improve the coordinating and normative functions of the institutions linked to environmental management and mitigation. Likewise, measures are proposed to encourage citizen participation in environmental care and protection and in disaster prevention, mitigation and awareness' (PRSP, pages 58-9).*

**Narrative Three: 'Sustainable management of natural resources is compatible with economic profits and social equity'.**

The PRSP also recognises

*'the importance of promoting the use of economic-financial instruments such as carbon markets; sale of environmental services; incentives and disincentives for promoting sustainable management of natural resources; environmental protection, especially in critical or degraded areas; and establishment of an environmental fund to support environmental investment projects implemented by local communities. The purpose of all these instruments is to help society view sustainable management of natural resources and environmental protection as activities compatible with economic profitability and social equity. Within a framework of sustainable development, poverty reduction is based fundamentally on land-use planning and sustainable management of hydrographic basins and micro-basins, with a focus on decentralisation and broad local participation. This will be especially important to prevent the recurrent loss of material goods and lives caused by poor location of human settlements, productive activities, housing and infrastructure in general. When growth takes place spontaneously, fragile areas such as the high and middle levels of hydrographic basins are subject to permanent demographic and productive pressure' (PRSP p. 63).*

Because of the Stockholm Consultative Group Meeting and because of the discussions that took place with NGOs and civil society subsequent to hurricane Mitch, the PRSP incorporated a number of the counter proposals put forward by civil society organisations. It proposes the implementation of a strategy for sustainable development in order to recover the loss of environmental resources. In this respect, it states that a land-use law, a new forest law and risk management law will be approved. These ideas were already under discussion amongst both government and civil society circles as a result of Hurricane Mitch and the post-Mitch emphasis on environmental planning and protection. The PRSP proposes that at the local level, the majority of municipalities will include environmental protection and water management in their municipal action plans. It also considers it necessary that SERNA strengthen the regulatory, planning and management capacities, and increase coordination among the various public, private and local entities active in the sector. Although some civil society recommendations were taken on board in the PRSP, alternative narratives which contradicted the mainstream views on poverty and the environment were not addressed.

***Alternative Environmental Narratives not included in the PRSP:***

**Alternative Narrative One: 'It is inequality, rather than poverty, that leads to environmental degradation'.**

The PRSP is perceived by some international cooperation agencies and NGOs (see examples in Box 2.4) as, in general terms, having a narrow, rather than integrated, vision of environmental issues, with insufficient importance to inequity as a driving force for environmental degradation (for example through the marginalisation of small farmers to environmentally vulnerable hillsides, and the limited opportunities on the part of rural communities to participate in the protection and management of forests). As a result, the proposed solutions are seen as principally normative in nature, rather than addressing the underlying causes of environmental degradation; while its focus on the promotion of economic growth as a solution to poverty fails to address the issues of inequity underlying environmental problems.

**Box 2.4: NGO and international cooperation agency perspectives on the inequality-environment linkage:**

*'We have been worried because environment was in the PRSP but not much actually happened...environment is the part of the PRSP that has the least resources, despite the lessons of Mitch...'* (civil society organisation representative, September 2004)

*'Inequity is another big gap in the environmental analysis of the PRSP... We find that 90 per cent of real 'civil society' ideas don't come into PRSP deliberations... The Government favours its own people, its own 'civil society representatives' (donor agency representative, September 2004).*

**Alternative Narrative Two: 'Centralised management and regulation is not an effective means of managing environmental resources. Local, municipal and regional approaches to managing poverty and the environment should play a greater role in environmental management and poverty reduction'**

The PRSP is considered by some civil society organisations to place insufficient emphasis on promoting real and meaningful participation by local, municipal and regional actors in approaches to addressing poverty and environmental issues. In addition, an analysis presented by the Social Forum for the External Debt in Honduras (FOSDEH) and the Association of Non-Governmental Organizations for Development (ASONOG) in August 2004<sup>15</sup> considered that, in relation to the 'agroforestry' sector,

*'the central problem is that the Government, in all of its proposals, whether the Master Plan (for Reconstruction and Transformation) or the PRSP, has forgotten the fundamental problem of the country, which is the scarcity of land... the forestry and agrarian problems are discussed without taking into account the basis of the problem which is the lack of land, the lack of a genuine agrarian reform and the lack of participation of the campesino sector as the fundamental subject for the development of the agroforestry sector'.*

The analysis also considered essential the approval of a new forestry law, with a long term focus and without interruption from changes of Government.

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<sup>15</sup> Informe General del Representante del Sector del ONG's ante el Consejo Consultivo del Fondo para la Reducción a la Pobreza, presented by FOSDEH and ASONOG, May 2004.

#### Box 2.5: Perspectives on the relation between poverty reduction and environmental degradation

*'The longer term vision of Mitch has gone from national government policy, but there still exists a real interest in reducing environmental vulnerability among people at the level of the municipalities and communities...'*  
*'...the greatest promise is at the local level... CIDA hopes to develop systems for support to local levels that will survive the disruption of changes in government every four years...'* (donor agency representative, September 2004)

*'Don't forget the whole theme of environmental goods and services and the need to properly recognise them and their role, especially for the poorest citizens... The forest sector could do much to reduce poverty... 60 per cent of the population is rural and people in the forested regions are the poorest... The alcaldes in the most forested areas are also the ones with the least resources, the least capacity to manage their resources sustainably...'* (Agenda Forestal representative, September 2004)

*'Poverty is not a theme of the government. It is a theme for the whole society and all have to be involved... Regional PRSPs are very interesting... but these are not well integrated with the national PRSP... The civil society actors who understand poverty the best are at regional and local levels, NOT at the national level...'* (Government agency representative, September 2004)

#### Phase Four: The Maduro Period – displacement of environmental issues from the policy agenda

The first two years of the National Party Government of Resident Ricardo Maduro have had significant implications for the PRSP follow-up process.

Some bilateral agencies have argued that (in contrast to the earlier periods in which the 'deforestation crisis' and 'social and environmental vulnerability' narratives dominated the policy agenda) environmental issues have now virtually disappeared from the government's agenda. In a review of progress with PRSPs in Honduras and Nicaragua, the Irish NGO Trocaire observed that, although

*'the disastrous consequences of Hurricane Mitch, the impact of which was devastating to the poor, led to the Honduran and Nicaraguan governments making commitments to improved environmental practices and policies, enshrined in the Stockholm Principles and the PRSPs'.<sup>16</sup>*

This commitment to improved environmental practices and policies has not been followed through with implementation. It suggests that the Honduran Government should ensure that the next PRSP include an integrated environmental policy and that donors should promote environmental conservation and risk management in order to reinstate the Stockholm Principles. Six years after Hurricane Mitch, however, at least one bilateral agency active in Honduras considers that the 'environmental vulnerability' of the country now is higher than it was before Mitch (see Box 2.6).

Civil society organisations tend to share, rather more vociferously, the concern that 'environmental vulnerability' has been forgotten. An additional narrative proposed by some such organisations relates to the 'vicious circle between debt and disasters', whereby the

<sup>16</sup> <http://www.globalpolicy.org/socecon/bwi-wto/wbank/2004/04prsp.pdf>

country regularly incurs more debt to restore infrastructure damaged or destroyed by natural disasters, deepening their debt obligations but failing to reduce the causes of environmental vulnerability and only providing short term opportunities for people with the necessary connections.

**Box 2.6: Perspectives on the marginalisation of environmental and vulnerability issues**

*'The lessons of Mitch have been de facto forgotten...even watershed management projects are not really addressing environmental dimensions ... more mini and micro economic activities...work on Disaster prevention is mostly for 'early warning' and evacuation... but very little for prevention, such as upper watershed management and other measures to minimise vulnerability... Country is probably much more vulnerable than before Mitch...'* (donor agency representative, September 2004)

*'The G15 group manifests its concern that the topic of environment and risk management has lost importance in relation to the proposal in the original PRSP, forgetting the lessons left by Mitch on the close relation between the close link between natural resources, environmental improvement and poverty reduction'* (FOSDEH-ASONOG).<sup>17</sup>

*'The Government has made massive investments in reconstruction of infrastructure like roads and bridges with no efforts to reduce their vulnerability... much of the external debt comes from this having to replace infrastructure destroyed during disasters... debt and disasters are closely linked... this creates an excuse to reduce social investments and the focus on poverty...'* (civil society organisation representative, September 2004)

This fourth phase has, meanwhile seen a significant resurgence of grass-roots environmental activism within civil society. Concerns among civil society about the impacts of poorly regulated logging on the livelihoods of local people particularly in the Department of Olancho which contains some of the country's most important reserves of timber, led to the organisation of two 'Marches for Life' in June 2003 and June 2004. Thousands of people participated in these two successive marches to the nation's capital. This followed earlier, smaller scale marches to protest against the environmental impacts of open-cast mining. The concerns expressed by the March for Life movement are wide-ranging, and include the marginalisation of local people's interests from forest policies and laws, the impacts of deforestation on water sources, the inadequacy of agrarian reform which obliges small farmers to cultivate forested hillsides and the perceived privatisation of water management and supply.

From the government's perspective, this fourth phase has been concerned with a reduction in the profile of environmental issues and of questions of vulnerability, and a renewed focus on an economics-led PRSP process, dominated by the neo-liberal narrative of 'economic growth as the key to poverty reduction'. The 'environmental and social vulnerability' narrative, whose adoption was largely motivated by Hurricane Mitch, appears now to have been of only ephemeral interest to the Government. Civil society concerns, as interpreted by the arguments of the March for Life movement, continue to focus, as in

<sup>17</sup> pp. 8 del 'Informe General del Representante del Sector del ONG's ante el Consejo Consultivo del Fondo para la Reducción a la Pobreza' Presentado por: Foro Social de la Deuda Externa y Desarrollo de Honduras (FOSDEH)/ Asociación de Organismos No Gubernamentales de Honduras (ASONOG) Agosto, 2004

earlier periods, on concerns of inequity and exclusion of the poor from access to the goods and services offered by natural resources, such as water supply.

## **Conclusions**

The four phases described above represent different stages of government understanding of environmental issues and civil society's response to government interpretations. The main underlying interests of Government and civil society, respectively, in relation to natural resources and poverty have not changed fundamentally throughout the period. Successive Governments have continued to recognise the potential of natural resource use to alleviate poverty and promote economic development; the principal change has been from a narrative based on centralised Government control and nationalised natural resource exploitation on the one hand, accompanied by populist social forestry and agrarian reform initiatives on the other, to one stressing private sector involvement, in order to maximise efficiency, with benefits to the poor arising from an assumed 'trickle-down' effect. Civil society organisations, meanwhile, have maintained throughout the goal of achieving greater equity of access to natural resources, the goods and services which they provide and the processes of decision-making in relation to their use, management and distribution.

Additional 'sub-narratives' have been added on to these underlying themes at different points throughout the period under study. Perceptions of natural resources as a cornucopia to be exploited in order to reduce poverty have been modified with the realisation of the environmental consequences of such an approach, while the experiences of Mitch have led to an upsurge of concern over issues of environmental vulnerability. Despite commitments on paper, however, the subsequent marginalisation of these issues in recent years perceived by those interviewed in this study makes it appear unlikely that they will come to represent anything more than ephemeral 'sub-narratives' in the foreseeable future, at least for the Government.

Civil society interests in achieving access to land and forest resources were largely compatible with the populist policies adopted by the Governments of the 1960s and 1970s; the same cannot be said of the later neo-liberal policies which have given rise to significant concerns over equitability. Civil society and Government interests appeared to converge again in the aftermath of Mitch and in most of the drafting of the PRSP, although the difference between the Government's initial proposal to Stockholm and that which was eventually agreed suggests that this convergence was to a large extent the result of pressure placed on the Government by civil society and donors. Subsequently, the renewed emphasis by the Government on macro-economic goals has led to a resurgence of concerns among civil society groups over increasing marginalisation of their interests. In the following chapter, we will examine how civil society, Government and other stakeholders have interacted in the process of drafting and follow-up of the PRSP, and specifically how each group has sought to promote the achievement of its hoped-for balance between considerations of environment and poverty.

## Chapter Three: Actors and Networks

In this chapter we examine in more detail the major groups of stakeholders which have affected, or been affected by, the way that environmental issues have been addressed in the PRSP and since, and the degree and nature of their participation. An understanding of the remits, interests and capacities of these stakeholders is essential to allow the development of strategies for improving their individual and collective effectiveness in promoting the interests of the populace, particularly the poor, in relation to environmental issues. In this chapter we therefore start by examining the respective roles of the key stakeholder groups over the whole of the period under study, and then we move to examine their specific roles in relation to the preparation of the PRSP and its subsequent follow-up.

### The evolving roles of stakeholder groups

#### 1) Government

The Government of Honduras has been the lead actor coordinating the preparation of the PRSP and it has occupied the central role in relation the formulation and implementation of policies related to the environment and poverty.

The 1974 'COHDEFOR law' was a milestone in relation to the role of Government in managing natural resources, nationalising forest resources and thereby giving the Government (through the newly created COHDEFOR) responsibility for both regulation and management of forest resources. COHDEFOR also assumed the role of promoter of the Social Forestry System, which was designed to promote direct participation by organised groups in forest management. The National Agrarian Institute, meanwhile, had the role of promoting the successive agrarian reform movements of the 1960s and 1970s.

In keeping with neo-liberal doctrine, the LMDSA of 1992 reduced the participation of the Government in natural resource management, re-privatising tree and forest resources and establishing a clear division between the management and regulatory roles of what became AFE-COHDEFOR.

1996 saw the creation of the Ministry of Natural Resources and Environment (SERNA), with responsibility (through its Biodiversity, Environmental Management and Environmental Evaluation and Control directorates) for environmental regulation and control, as a separate entity from the Agriculture and Livestock Ministry (SAG) which has responsibility for the promotion of productive activities in the agricultural and livestock sectors (see Figure 3.1). Prior to this date, responsibility for both agricultural production and environmental protection had lain with the Ministry of Natural Resources. SAG has a number of environmental responsibilities, particularly given the fact that the roles of its semi-autonomous dependency AFE-COHDEFOR include managing protected areas and regulating biodiversity management and commerce. The SAG is also responsible for coordinating rural development initiatives, through the National Direction for Sustainable Rural Development (DINADERS) which is the executive agency charged with implementing the National Programme for Sustainable Rural Development (PRONADERS).<sup>18</sup> This programme aims to improve the coordination and integration of efforts in relation to sustainable rural development. Responsibility for public water supply

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<sup>18</sup> PRONADERS Law, Decree No. 12-2000. <http://www.financiamiento-rural.hn/leyes/ley-pronader.html>

and drainage lies with another autonomous institution, the National Autonomous Service for Aqueducts and Drains (SANAA). Municipal authorities throughout the country are represented by the Association of Municipalities of Honduras (AMHON) which is a non-Governmental association rather than a formal Government structure.

There are a number of conflicts inherent in the situation described above. While the formation of SERNA had in theory the potential to raise the profile of environmental issues, in practice it remains the 'poor cousin' in terms of resources and influence, compared to the Ministry of Agriculture and Livestock (SAG). The separation of the two ministries has in fact exacerbated inter-sector divisions and conflicts (see Diagram 3.1). In addition to its regulatory role, SERNA has certain promotional functions which are potentially sources of conflict of interest, for example the promotion of the mining sector through its dependency DEFOMIN. Responsibilities for environmental control are divided between SERNA and AFE-COHDEFOR; the latter, as well as regulating forest use, is responsible for regulating management and trade in wildlife (despite the existence of a biodiversity directorate in SERNA), and for administering protected areas (although SERNA is responsible for designating reserves).

Another source of potential conflict is the relationship between local municipalities and centralised ministries. The 1990 Municipalities Law provided for the decentralisation of natural resource regulation and management to municipal authorities; the Directorate of Environmental Management in SERNA is responsible for overseeing the formulation and support of Municipal Environment Units (UMAs) in every municipality in the country (see Diagram 3.1). In practice, however, AFE-COHDEFOR and SERNA have been reluctant to relinquish their control over environmental regulation, despite their often very limited capacities to fulfil this role themselves. This reluctance stems to a large extent from a lack of confidence in the capacities of municipal governments, and the risk that environmental decisions will be subject to political bias and corruption. In many cases, the lack of capacity of municipal governments to form UMAs and implement environmental controls effectively is due to the limited capacities of the municipal authorities to generate fiscal revenue to support them. Under these conditions, many municipal governments limit their sphere of actions to infrastructural issues and the provision of basic services. Pilot processes have been developed in some forested municipalities in the west of the country (for example with the support of the CARE Lencafor and the Finnish-funded MAFOR projects) whereby revenues from timber harvesting by *campesino* cooperatives in municipal forests have been used to support municipal forest offices; supervision of these processes is still carried out by the local AFE-COHDEFOR office, however.

#### **The Government's role in the PRSP process:**

At a national level, the Government (particularly that of President Carlos Flores, 1998-2002) was the principal moving force for the PRSP formulation; responsibility for coordination of follow-up now lies in the hands of the current Government of Ricardo Maduro (2002-2006). The Government of Carlos Flores organised the much-emphasised participatory process through which the PRSP was formulated, between January 2000 and May 2001. This process was coordinated by the Social Cabinet of the Government,<sup>19</sup>

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<sup>19</sup> Ministry of the Presidency; Ministry of Health; Ministry of Labor and Social Security; Ministry of Agriculture and Livestock; Ministry of Culture, Arts and Sports; Ministry of Technical Affairs and International Cooperation; National Agrarian Institute; and Honduran Social Investment Fund.

which established a National Technical Team<sup>20</sup> to support the preparation of the document. Government is represented in the Sector Commissions<sup>21</sup> by Vice-Ministers, Directors of ministerial Management Planning and Evaluation Units (UPEG) and representatives of government institutions related to the different sectors to which the Commissions relate. Representatives of civil society and international cooperation agencies were defined for each sector and were required to be accredited with the Presidential Ministry. A Government-based Inter-institutional Technical Group (GTI) was given responsibility for coordination of the Sector Commissions, including overseeing the integrality and systematisation of actions within the framework of the Programme of Government and the policies of national transformation in general, evaluation of goals, objectives and processes, and presentation of proposals for adjustments in the process, to be discussed by the Commissions.

In 2002, the Government began a Sector-Wide Approach (SWAp) to the PRSP follow-up process. This initiative was intended to streamline the PRSP follow-up process by restructuring it around broader sector divisions than previously. Between 2003 and 2004 the number of Sector Commissions (*Mesas Sectoriales*) were reduced from the initial 14 to six; while a number of former sector commissions that dealt with specific issues (such as environment and gender) were converted into five cross-cutting themes to be taken into account by each of the Sector Commissions (Figure 2). The SWAp is defined by the Government as 'essentially a collaborative methodology between donors and the Government, aimed at coordinating support to public spending programs and improving the efficient and effective use of resources' (Honduras Poverty Reduction Strategy Progress Report, November 2003, paragraph 200).

The theoretical validity of the SWAp initiative, as a means of streamlining and focusing the PRSP follow-up process and recognising the cross-cutting nature of issues such as environment and gender, is not necessarily questioned by donors, NGOs or civil society organisations. Indeed, the *mesas sectoriales* had in effect always been organised according to sector criteria; what the new initiative represented was a simplification of the sector divisions used. Rather, what has given cause for concern among some actors was whether the approach would work in practice, and particularly whether the necessary capacities existed (for example in SERNA) to promote issues such as environment and gender as cross-cutting themes (see Boxes 3.1 and 3.2). SERNA itself sees this as a 'challenging opportunity' to affect developments in each of the SWAp-based Sector Commissions, both by 'educating' the respective sectors and by applying Environmental Impact Assessment and Territorial Land Use Planning regulations.

The SWAp initiative has also led to expressions of concern over the Government's commitment to participation. The very introduction of the SWAp was seen by some as an imposition, and as the product of discussions between the Government and IDB; while the *mesas sectoriales* under the SWAp have come to be perceived by many as increasingly controlled by Government and IDB, as a means of justifying and lending validity to their initiatives, with little opportunity for genuine local participation and irrespective of the dialogue and agreements reached earlier in the context of the PRSP.

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<sup>20</sup> Ministry of Finance; Central Bank of Honduras; Ministry of Natural Resources and the Environment; Family Allowance Program; Honduran Institute for Children and Families; National Women's Institute; and the Housing Unit of the Ministry of Public Works, Transportation and Housing.

<sup>21</sup> Drafting and follow-up of the PRSP has been carried out through round-table Sector Commissions (*Mesas Sectoriales*) which have tripartite representation, involving civil society, Government and international cooperation agencies.

**Box 3.1: Perspectives on why the SWAp was introduced**

*'The whole development dialogue had become very complex and technically challenging [and] the government over reacted with the over simplification [of the process]' (donor agency representative, September 2004)*

*'The Government felt that they were losing power because civil society was given opportunities to participate in the mesas', where government had to listen to them...'* (donor agency representative, September 2004)

*'SWAp is a better use of resources because it improves the coordination of support, e.g., for watershed management...'* (representative of Government ministry, September 2004)

*'There were too many mesas and little harmonisation among them...'*(representative of international funding agency, September 2004)

**Box 3.2: Perspectives on how the SWAp functions**

*'Civil society role in the SWAp process is minimal...'*(GTZ office)

*'It is not a bad idea in theory... [but] effective cross sectoral mechanisms [such as environment and gender] would require six times more work from the weakest agencies...'* (donor agency representative, September 2004)

*'SWAps do have money to spend in rural areas,... but don't see impacts on poverty from this money... there is a lack of targeting of poverty...'* (representative of Government agency, September 2004)

*'The processes of diagnosis and planning are again centralised in nature, without the possibility of regional and local participation' (FOSDEH-ASONOG).<sup>22</sup>*

*'The SWAp has become a powerful tool for integration of themes...'* (representative of international funding agency, September 2004)

Ultimately the opinions on the PRSP follow-up process are mixed, as shown by the diverse and in some cases contradictory conclusions of round table working groups (including representatives of Government, civil society organisations and international cooperation agencies) in a workshop held in August 2004 to evaluate the process (República de Honduras 2004).

**Table 3.1: Summary of conclusions of August 2004 evaluation workshop**

Achievements	Obstacles
<ul style="list-style-type: none"> <li>- Integration and active participation by the Government, civil society and the international cooperation community</li> <li>- Regionalisation of the Sector Commissions, which has permitted a greater degree of representation and positive empowerment of the civil society in the consultation process; Greater inter-institutional communication and coordination between public sector organisms;</li> </ul>	<ul style="list-style-type: none"> <li>- Uncertainty regarding the sustainability of the Sector-based Strategic Plan in terms of budget, time and civil society empowerment;</li> <li>- Limited participation on the part of members of civil society, as well as municipalities and regional sectors in some of the Commissions; this seems to directly contradict advantage two listed above</li> <li>- Lack of continuity in the participants present in</li> </ul>

<sup>22</sup> Source: 'Informe General del Representante del Sector del ONG's ante el Consejo Consultivo del Fondo para la Reducción a la Pobreza' Presentado por: Foro Social de la Deuda Externa y Desarrollo de Honduras (FOSDEH)/ Asociación de Organismos No Gubernamentales de Honduras (ASONOG) Agosto, 2004

<ul style="list-style-type: none"> <li>- Greater interest in coordinating cooperation with the interests of the Government;</li> <li>- Consensus-based elaboration of a baseline document which includes sector analysis and allows decisions to be taken on relevant policies, within the framework of the PRSP;</li> <li>- Incorporation of some of the cross-cutting themes in the formulation of the Sector Documents, on the basis of written proposals;</li> <li>- Preparation of proposals for financing activities, in some of the Commissions.</li> <li>- Attainment of a more global vision of each of the sectors</li> </ul>	<ul style="list-style-type: none"> <li>the meetings;</li> <li>- Lack of clarity with respect to SWAp concepts and their elaboration;</li> <li>- Lack of visualisation of a scheme of joint training;</li> <li>- Lack of an adequate visualisation of cross-cutting themes in the sector-based programme and lack of coordination in receiving feedback from representatives responsible for cross-cutting themes;</li> <li>- Deficiencies in the flow of information on discussions and agreements reached;</li> <li>- Limited generation of information by Technical Commissions, and a lack of clarity;</li> <li>- Lack of work plans for each Commission;</li> <li>- Lack of training of Commission members in key themes.</li> </ul>
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## **2) Cooperation agencies**

The condition of Honduras as a poor country, highly dependent on support from external funding agencies, inevitably implies that national policies are influenced by the policies and conditions of these agencies. In particular, the field of rural development is dominated by a number of large projects funded by loans from agencies such as the IADB and IFAD. One of the functions of the government agency DINADERS is to promote consistency between the actions supported by different agencies in the field of rural development, in order to ensure that they conform to policies defined by Government rather than those of each different agency. However in practice agencies retain the ability to impose conditions on the nature of their investments. In addition, DINADERS is subject to political pressure from within the Government to promote short term goals related to agricultural production, which are not necessarily compatible with long term goals of sustainable rural development.

### **Donors and the PRSP**

The fundamental initiative for the PRS process was provided by the World Bank and International Monetary Fund (IMF). Because most donors have aligned themselves with the poverty reduction strategy advocated by the World Bank, there is a degree of coherence between their demands. Representatives of the international community were present at all technical meetings to discuss the PRSP document and in most consultation meetings at the national and regional levels. These representatives, from both multilateral agencies and donor countries, acted as observers of the process and also had opportunities to exchange experiences and to hear suggestions and opinions about its development. The G15 grouping,<sup>23</sup> which brought together bilateral and multilateral cooperation agencies, had its origins in the grouping of five countries<sup>24</sup> established as an immediate response to Hurricane Mitch, and which represented the interests of international cooperation at the 1999 post-Mitch conference. The G15 (now G17) group

<sup>23</sup> Germany, Spain, Italy, Canada, Holland, Japan, United Kingdom, Sweden, European Union, USA, IADB, CABIE, World Bank, UNDP, IMF

<sup>24</sup> Canada, Germany, Spain, Sweden and USA

has as its principal objective the provision of support to the development of Honduras, oriented by the Stockholm Principles, the PRSP and the Millennium Goals.<sup>25</sup>

Despite a large degree of coherence among donors during the process of PRSP formulation, international donors have exhibited varying degrees of support for the SWAp process with some donors being viewed as largely instrumental in its design and other donors being concerned that the PRSP follow-up process is not promoting genuine participation from civil society and marginalising of environmental concerns. One representative of an international cooperation agency echoed civil society apprehension and commented that 'whatever is not in one of the SWAp-based Sector Commissions will not get done'.

Largely in response to the problems it has encountered in working at project level, CIDA changed its way of working, with the introduction of the PRO-MESAS programme. By working at a sector level, in relation to the Sector Commissions defined in the PRSP process, the intention of PRO-MESAS is to promote broader participation of civil society in development activities.

### **3) Civil society and NGOs**

As demonstrated in the previous chapter, the composition and role of civil society organisations in Honduras have both evolved significantly over the last 50 years. At the beginning of the period under study, the key theme in relation to civil society activism was the emergence of the trade union movement, the defining moment of which was the successful banana company strike of 1954. Related to this were social movements in the rural sector which led to agrarian reform becoming a key issue in the 1960s and 1970s, responding to pressures from both trade unions and peasant (*campesino*) organisations. It is instructive that the relative prominence and influence of civil society organisations have not necessarily been strictly correlated to the processes of formal democratisation of the country; indeed, agrarian reform movements have occurred during periods of military government. Subsequently, a large number of grassroots groups and cooperatives emerged to represent the interests of communities engaged in environmental activities. Within the context of the Social Forestry System; these included umbrella organisations such as the Honduran Federation of Agroforestry Cooperatives (FEHCAFOR).

In addition to this baseline of activism, largely on the part of long-established organisations such as trade unions and *campesino* organisations, civil society activity is characterised by sporadic reactions to specific issues. Examples are the opposition in 1992 to Government proposals to grant a 40-year concession to a US company, Stone Container Corporation, to harvest pine forests in the north-east of the country (Sebenius and Riley 1997); successive marches on Tegucigalpa by indigenous groups, to claim land rights and protest against proposals to modify the Constitution to allow the sale to foreign interests of coastal lands; ongoing opposition to proposals to introduce a new forestry law; and the 'Marches for Life' in June 2003 and June 2004, to express a range of concerns including the impacts of poorly regulated logging on the livelihoods of local people. The Catholic church has played a significant role in civil society movements to date; prior to the March for Life, the head of the Catholic church in Honduras, Cardinal Oscar Andrés Rodríguez led a march to protest against open-cast mining, and the Pastoral Social (the Church's social development arm) has participated on numerous occasions in movements and

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<sup>25</sup> [http://www.cooperantes.gob.hn/g15\\_que.html](http://www.cooperantes.gob.hn/g15_que.html)

demonstrations related to diverse issues including indigenous rights, agrarian reform and migrants' rights.

The fact that the Government was obliged to back down on the Stone Container concession and to put the new forestry law on hold demonstrates that, despite its sporadic expression, civil society is a force to be reckoned with. Of particular importance in relation to the PRSP process, as we will see below, was the success of civil society organisations and NGOs in obliging the Government to compromise on its proposals for the Master Plan for National Reconstruction and Transformation in response to Hurricane Mitch.

Civil society organisations continue to have a broad base of support and to exercise considerable influence; however their nature and roles have changed over time.<sup>26</sup> Involved in the PRSP were umbrella organisations with diverse membership such as FOSDEH, Interforos and ASONOG. The participation of civil society in environmental affairs had thus been established as a precedent long before the idea of participation in PRSPs was mooted. Already accustomed to expressing its opinion to government, civil society had also demonstrated its capacity to pressurise the Government in relation to its environmental policies.

Consultation with civil society in the PRSP process was jointly defined in each phase by the Social Cabinet of the Government and the Commission for Civil Society Participation in National Reconstruction and Transformation. According to the PRSP document, a total of about 3,500 people participated in the direct consultation process through civil-society organisations. This figure included representatives of various types of organisations at the local, regional and national level, such as: small farmers, blue-collar workers, market and ambulatory salespeople, teachers, media representatives, businessmen and women, farmers and ranchers, ethnic groups and women's organisations. Also participating were representatives of professional and employers' associations, community organisations, service clubs, cooperatives, churches, NGOs and universities. In addition, some participants carried mandates emerging from consultations with their affiliates. This progress also reached political representatives of Honduras society through presentations at plenary sessions of the National Congress; the participation of congressmen and women from various political parties; regional meetings; and a special meeting with government officials and candidates for the Presidency of the Republic from the five legally registered political parties.

The Commission for Civil Society Participation in National Reconstruction and Transformation was originally established to ensure civil society representation and facilitate dialogue in relation to post-Mitch reconstruction and transformation.<sup>27</sup> However two of the most influential groups in the civil society sector today in relation to the PRSP process, FOSDEH and Interforos, withdrew from the Commission during the preparation of the PRSP in April 2001, having concluded that the Commission was not taking account of their inputs, none of their proposals from consultations with civil society had been incorporated in the April 2001 draft PRSP and the Commission had not been operating in

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<sup>26</sup> The term 'civil society' is often loosely used; it is commonly understood to mean those sectors of society other than 'officialdom' (which includes, for example, government and its perceived associates, such as large private enterprise and the armed forces)

<sup>27</sup> It included representatives of the National Convergence Forum (FONAC), Espacio Interforos, the Association of Honduras Municipalities (AMHON), the Federation of Private Development Organizations of Honduras (FOPRIDEH), the Social Forum for the External Debt in Honduras (FOSDEH) and the Chambers of Commerce and Industry of Tegucigalpa and Cortés.

a transparent way (Possing 2003). As a result, these organisations rejected the official PRSP and organised a series of regional meetings to prepare an independent PRSP which was later presented to the government.

Subsequent to the PRSP, civil society has expressed concerns over the application of the Sector Wide Approach (SWAp) to the PRSP follow-up process, particularly their perception that the approach has been imposed by the Government, rather than developed through consensus; and their lack of conceptual understanding of the approach, which has led them to feel limited in their ability to participate in the process. FOSDEH also described as the 'cross-cutting approach' adopted for addressing environmental issues within SWAps as a weakness. It argued that this obscured negative environmental impacts on poor people, for example, an examination of mining issues need not examine how the resultant water contamination affected neighbouring populations.

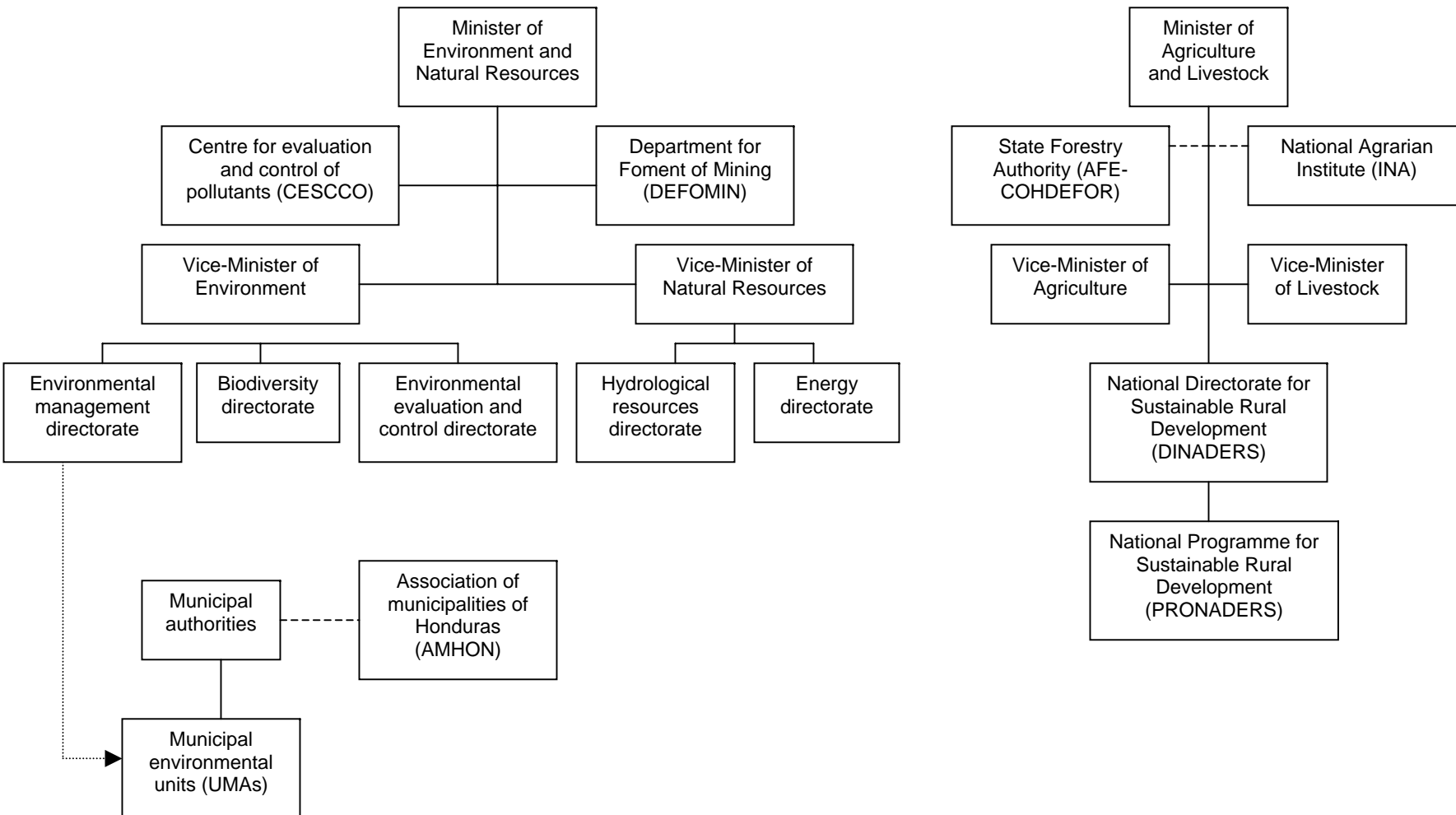
In a multi-stakeholder workshop (supported by GTZ) held in August 2004 to evaluate the functioning of the Sector Commissions (five months after the introduction by the Government of the new Sector Wide Approach) the representative of the civil society organisation FOSDEH considered that there continued to be insufficient integration between the Commissions, with placing preferential emphasis on infrastructure, as a priority of the Government; that the integration of the cross-cutting themes continued to be incomplete, despite its enormous importance; and that it was vital to reactivate the themes of security and justice and economic infrastructure, and to put into practice the Regional Commissions agreed with the Consultative Group.

In 2003 the first March for Life took place in Honduras. The main leader of the movement is a Catholic priest, Padre Tamayo, but the thousands of participants came from a broad range of organisations, and included many individual protesters. Although this movement received support from international pressure groups; it remained principally a national affair because the involvement of international organisations has been cited by Government as a means of questioning the validity of the movements themselves.<sup>28</sup> This and subsequent 'Marches for Life' have been independent of the PRSP process, suggesting that at grassroots level frustration exists with the government's formal mechanisms for participation and leading members of civil society to resort to traditional tactics of mass protest.

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<sup>28</sup> This was particularly the case in the late 1990s with a series of marches and protests calling for land to be granted to severely marginalised indigenous Chortí communities in the Copán area in the west of the country.

**Figure 3.1: Simplified organisational diagram of the two main sector ministries related to environment, forestry and rural development**



## **Conclusions: catalysts for environmental mainstreaming among key actors**

The biggest catalyst for environmental mainstreaming in the PRSP process came from Hurricane Mitch. This brought issues of environmental vulnerability starkly to the fore. In addition, it led to a degree of cohesion among civil society organisations which allowed them to challenge the government's assumptions about how the PRSP process would work. Civil society was able to use the experiences of Hurricane Mitch to mobilise for greater government recognition of its concerns (a process which culminated in Stockholm with the government acknowledging some of civil society's requests).

The second catalyst for change came from the Flores government's willingness to facilitate some form of civil society participation and to address environmental issues. The process, however, proved dissatisfactory, not only to civil society but also to government agencies. Requests for participation on the part of civil society organisations, and the PRSP emphasis on decentralisation of environmental concerns (without spelling out what this decentralisation would mean) led to problems for government agencies and to increased conflicts between governmental ministries. Decentralisation did not suit many centralised ministries which have retained control over various aspects of natural resource management and have hence limited the effectiveness of civil society's gains in Stockholm.

The third catalyst for environmental consideration and change came from the donor agencies, which supported civil society's requests and which sought, simultaneously, to enhance their own environmental and pro-poor agendas. In some instances, these agendas may have conflicted with those of government agencies, such as DINADERS, which were under pressure to demonstrate short term economic goals in keeping with the overall PRSP policy.

These three drivers of environmental consideration in the PRSP were thus, in many instances, not aligned and created conflicts between and within the various categories of stakeholders which slowed down the possibilities of seriously addressing environmental conditions and pro-poor growth. Consequently, although civil society enjoyed significant levels of participation in the initial process of formulation of the PRSP, the Maduro government's introduction of – and some donors' support of – the SWAp process has led to the marginalisation of civil society's environmental concerns. The SWAp is felt by many to have taken precedence over what was agreed in the PRSP; the genuineness of the Government's commitment to consultation and dialogue is called into question, despite initiatives such as the 'National Dialogue' which are perceived by some to permit discussion only on the Government's own terms. This recent shift in PRSP strategy has reduced the potential for civil society to act as a driver of change and has put in jeopardy the achievements of the unprecedented levels of inter-stakeholder dialogue which occurred following Hurricane Mitch and during the formulation of the PRSP. The recent resurgence of popular activism disconnected with the PRSP process suggests that large numbers of grassroots members of civil society have become disillusioned and demonstrates how civil society's potential to act as a driver for environmental change has been forced to operate outside the government's formal channels of dialogue.

## Chapter Four: Case Studies

Forestry and water are of key importance in the debate on environment-poverty linkages. Civil society coalitions participated in the Honduras PRSP in order to make sure that national policies considered how poor people's opportunities could be created and improved (Possing, 2003:20). The limited nature of this participation and Interforos's refusal to 'play by the rules of government' led to tensions between government and civil society (Possing, 2003: 24). Much of the attention of civil society has centred on proposals for modifications to legislative instruments, particularly the proposed introduction of a new general forestry law and a new water law, both of which have been subject to prolonged discussion over at least the last 5 years. The principal concern expressed by many members of civil society has been that the new laws favour private sector industry and make inadequate provision for the interests and participation of local communities. These concerns mirror those expressed by civil society organisations in relation to the approach of the Maduro Government in general: that of a focus on economic growth and infrastructure without insufficient explicit or direct attention to environment or poverty.<sup>29</sup>

The importance of water to all members of Honduran society led to it being included as a separate Sector Commission from the start of the PRS process. Forestry, by contrast, has been included as a sub-sector within the 'agroforestry' Sector Commission, despite lobbying by forestry interests to have it represented in a separate Commission. The Honduran PRSP proposed that new legislation be drafted for both the forestry and water sectors. The proposed new laws would replace the current legislation which is spread between a number of different instruments (for example the Forestry Law of 1985 and the Law for the Modernization and Development of the Agricultural Sector, 1992).

### Case Study 1. Forestry

#### *The Context*

The dominant narrative following the passing of the 1974 COHDEFOR Law, that of the 'social potential' of natural resource exploitation, was largely related to the country's extensive forest reserves and their potential to generate income, stimulate economic growth, finance the agrarian reform programme and, thereby, alleviate poverty both directly and indirectly. The narrative was modified following the passing of the LMDSA in 1992 to a more neo-liberal one which prioritised the efficient exploitation of forest resources by private enterprise. Pressure from international financial bodies to undertake such a change had been mounting since the start of the 1980s, in the light of changes in global macroeconomic policies and the failures of State enterprise initiatives. Financial support for these changes was provided by AID through its Forestry Development Project (Suazo et al., 1997). More recently, investments have been made through projects attached to the Nacional Competitiveness Programme, funded by agencies including the World Bank and the IADB, to modernise and develop the capacities of the traditionally conservative timber industry.

The case of forestry encapsulates many of the problems of governance which have for decades blighted the economy and society of Honduras. COHDEFOR was afflicted by political pressures, corruption and limited technical capacity which led to forest resources

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<sup>29</sup> Similar criticisms were also levelled by members of civil society organisations at the previous Liberal Party Government of Carlos Flores

being used as a 'cash cow' by actors at both individual and institutional levels (Gonzales, pers.comm.). The acquisition of large quantities of loan finance from international agencies for investment in processing infrastructure, under conditions such as these which made their repayment a far-fetched hope, greatly increased the country's indebtedness. At the same time, the lack of technical capacity to oversee operations, instances of individual corruption and the fact that COHDEFOR's income depended on the amount of timber that was harvested, led to levels and forms of forest exploitation which negatively affected long term biological and economic sustainability, without yielding short term economic benefits.<sup>30</sup> The situation has not improved significantly since the conversion of the institution into the AFE-COHDEFOR with the 1992 LMDSA. In the Sico and Paulaya valley, the absence of adequate regulation by AFE-COHDEFOR allows the Social Forestry System (SSF) to be used as a cover for illicit and damaging logging (del Gatto 2002): in some cases logging is carried out by 'ghost' cooperatives controlled by outsiders and in others genuine cooperatives 'launder' illegally felled timber through their concessions. Similarly when, in recent years Honduran pine (principally *Pinus oocarpa*) forests have been severely attacked by the borer *Dendroctonus frontalis*, advantage has been taken of permits issued for sanitary fellings (aimed at controlling the spread of the pest to harvest other, unaffected areas).

This uncontrolled forest exploitation constitutes not only an opportunity cost in terms of lost potential for income generation at national and local levels, but also a grave threat to the provision to local communities of environmental services on which their livelihoods are heavily dependent.

Forest conservation is also affected by a Government/NGO dichotomy of approaches; Richards found that 'while non-governmental organisations have tried to promote a more participatory approach (with mixed success), the Honduran Government has tried to follow a more regulatory approach but without the resources and will to implement it effectively' (1996: 207). Furthermore, 'opportunities have been missed to provide positive incentives for protection, for example in the area of eco-tourism and community-based natural forest management... the participatory approach has also been complicated by policies and land legislation which have sent out negative or ambiguous signals to local communities' (Richards, 1996: 207).

### ***Forestry Law Discussions – Phase I***

The dispersal of legislation related to forestry protection and management in a range of instruments, including the 1974 COHDEFOR Law, the 1985 Forestry Law and the 1992 Law for the Modernization and Development of the Agricultural Sector, led at the turn of the millennium to a proposal to produce a new 'one-stop' General Forestry Law. The initial version of the law was drafted by the Honduran Forestry Agenda. Building on the increased opportunities for dialogue and participation after Hurricane Mitch, large numbers of stakeholders discussed its content during 1999 and 2000. The Forestry Agenda was actively involved in developing and facilitating the discussion of the first draft of the new forestry law. In one meeting, representatives of the Honduran Agroforestry Alliance (AHA) publicly questioned the role of the Forestry Agenda, on the basis of concerns that it was too closely associated with the interests of the Government. Discussions came to an impasse, characterised by a polarisation between the positions of *campesino* groups

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<sup>30</sup> In the period between 1975 and 1992, the contribution of the forestry sector to GDP fell from 4.2 per cent to 2.2 per cent: Suazo et al., 1997

(particularly the Honduran Agroforestry Alliance, AHA) about the perceived marginalisation of the Social Forestry System, and the Forestry Agenda which had coordinated the initial drafting of the law, and which was characterised by the AHA as being dominated by technical foresters. In the absence of a consensus, presentation of the draft law to the National Congress was put on hold, at least for the duration of the period of Government of President Carlos Flores (1998-2002).

### ***Forestry in the PRSP***

The PRSP recognises clearly the linkages between the way forests and forest lands are managed, and poverty. Deforestation is cited as the environmental problem to which priority must be given in the PRS; its main effects are recognised as the reduction of national productive assets and biodiversity, soil erosion and degradation of hydrological basins, with implications for the agricultural and energy sectors. As discussed in Chapter One, the PRSP develops the narrative that poverty degrades the environment, which in turn leads to greater poverty. This narrative, which sees poverty and the environment as trapped in a vicious circle, emphasises the need to address deforestation. The PRSP plans to do this through expanded training programs for poor people, to promote sustainable development of small agro-forestry enterprises and, more significantly, to provide technical assistance to the forestry sector, to support commercial forest plantations, to enlarge the forestry industry, to expand and develop the secondary-forestry industry and to attract increased foreign investment to this sector (World Bank, 2001: 68, 71). It is argued that the rational and sustainable use of forest resources could contribute in a positive way to economic growth, employment generation and reduction of poverty, especially in rural areas.

The main direct causes of deforestation are given in the PRSP as changes in the use of forest soils; firewood consumption; forest fires; and 'irrational' logging (meaning logging, largely by poorly regulated small companies or cooperatives, which does not conform to rational management plans. Indirect or underlying causes are given as incentive mechanisms (such as credit) which make attractive the conversion of forests with low productivity to agricultural and livestock activities, and institutional problems in the public sector and lack of stability in the country's forestry policies, which act as disincentives to sustainable forest management.

The PRSP highlights, as a major obstacle to overcoming poverty in forest areas, the limited access which poor populations have to opportunities for employment in the forest sector or for participation in the commercial use of forest resources. The report prioritises the development 'of activities within national forests... that will increase their protection and future value, as well as strengthening the participatory capacity of local stakeholders (groups, communities, local governments and personnel from the State Forest Administration) for the decentralised implementation of forest management and protection, as well as an equitable distribution of benefits' (PRSP, p. 47).

Approval of a new unified forest law is presented in the PRSP as a requirement for the implementation of a strategy for sustainable development, in order to recover the loss of environmental resources. The PRSP concludes that the law should 'define conditions for forest resource management and use with efficiency, sustainability, equity and participation'. The PRSP also proposes the establishment of technical assistance and credit programmes for primary-forest activities and their links to secondary-forest activities, and the development of a system of 'green seals' for forest management.

Representatives of AFE-COHDEFOR participated in all stages of the dialogue related to the formulation and implementation of the PRSP. However proposals by the forestry lobby that forestry issues to be handled within a separate Forestry Sector Commission were over-ruled by the agricultural sector head SAG (of which AFE-COHDEFOR is a semi-autonomous dependency) with the result that forestry is considered alongside agriculture in the 'Agroforestry' Sector Commission (*Mesa Agroforestal*). While compatible with a more holistic rural development narrative related to the need to consider agriculture and forestry in an integrated manner, this decision was considered by the forestry lobby to reflect negatively on the profile of AFE-COHDEFOR and to affect the degree of priority accorded to forestry issues (see Box 4.1).

**Box 4.1: Perceptions of how forestry issues are addressed in the SWAp-based Sector Commissions**

'The traditional systems of agriculture and grazing traditions are still very influential... although forestry activities are relatively important, they have little real influence' (representative of internationally-funded Government integrated ecosystem management project, September 2004)

'Agro-forestry table has lost its forestry dimension... it's totally agricultural in its focus... it's really agro-ranching' (donor agency representative, September 2004)

'A forestry table...would allow forestry to do more to reduce poverty' (donor agency representative, September 2004)

'The new agro-forestry SWAp table is focused only on maximising production, but not at all on resource management and protection issues' (donor agency representative, September 2004)

Within the context of the *Mesa Agroforestal*, the forestry theme has been promoted through the development of a National Forestry Programme (PRONAFOR), intended to substitute the Forestry Action Plan (PLANFOR) 1996-2015. PRONAFOR, the initial draft of which was developed with support from consultants funded by CIDA and UNDP, has been subject to limited discussion, principally involving the Forestry Agenda and the Honduran Federation of Forestry Cooperatives (FEHCAFOR).

***Forestry Law Discussions – Phase II, and the Marches for Life***

Following the first discussion and putting on hold of the new forestry law by the Government of Carlos Flores due to the lack of consensus, a new effort was made to discuss and present to Congress a new General Forestry Law in the subsequent Presidency of Ricardo Maduro. In general terms the draft proposed support to the development of the forestry sector as proposed in the Government's PMNRT and PRSP; however it still generated opposition among some civil society organisations, whose main point of concern has been their perception that it would continue to favour the interests of private industry. This opposition has been closely linked to the March for Life movement which, in 2004, organised the second of two mass marches to protest against, amongst other things, this perceived marginalisation of local people's interests from forest policies and laws.

Members of the civil society grouping, the Forestry Forum, also objected to the new law and initially worked on developing a 'counter-proposal'. They eventually agreed, however, to the suspension of the new law believing that existing forestry legislation, although

dispersed and not perfect, was preferable to the new proposal which emphasised privatisation and technocratic development of the forestry sector rather than poor people's access to land and rights over resources. They concluded that the main problem with the existing law was its inadequate application, due to a lack of political will and an inadequate institutional framework. In response to lobbying by Forestry Forum and public pressure from the March for Life, the new forestry law was, at least for the time being, removed from the agenda of the National Congress in mid-2004.

### **Conclusions**

The PRSP process has recognised the degradation of forests as a major environmental concern. During the process of producing the PRSP, environmental stakeholders and NGOs forced themselves into the participation arena by developing a counter proposal and presenting this at the Stockholm Consultative Group Meeting. Nonetheless the Honduran PRSP conceptualises environmental problems in terms of technical problems. The main narratives emphasise the manner in which the poor degrade the environment (which in turn leads to greater poverty), the damage migration does to the environment and that sustainable management of natural resources is compatible with economic profits. It is this last narrative which has been particularly powerful in the case of state forestry. The PRSP did not, however, take on board the alternative narratives – which explain environmental degradation through reference to inequality and which seek local, municipal and regional approaches to managing environmental resources, rather than increased centralised management.

Although enjoying adequate recognition in the PRSP document itself, the profile of forestry issues in the formal follow-up process, including the Sector Commissions, was low. Forestry issues remain dominated by two priorities: on the one hand, the need to manage resources efficiently, to realise their economic potential (thereby leading in theory to indirect impacts on poverty through the funding of agrarian reform and other programmes, and economic 'trickle-down') and to ensure that resources are available for future generations; and on the other, the need to protect the direct interests of local people who are dependent on forest resources for their livelihoods. The high degree of dependence of the rural poor on forest goods and services, coupled with past resource degradation resulting from poorly executed management and exploitation by industrial actors (both public and private) has left a legacy of mistrust among much of civil society over proposals to foment commercial forest management in future. These two priorities have thus developed considerable incompatibilities and discussions are complicated by economic interests. The Government and forestry lobby, tends to see social forestry as inefficient and uncompetitive and is frustrated by what is seen as over-obstructive reactions by environmental activists (a view which is shared by some members of bi-national cooperation agencies). The tensions, between on the one hand the government and privatised forestry companies which articulate mainstream narratives and, on the other hand, civic society, environmental NGOs, the Forestry Forum, *campesino* groups, who interpret environmental issues in terms of who has ownership, who controls the forests and issues of inequality, came to dominate and ultimately paralyse discussions of the new 'one stop forestry law'. In the absence of government commitment to civil society, the response is to resort to activism which has previously proven effective in forcing the Government's hand. The success to date in stalling the debate on the new forestry law has not, however, managed to bring social forestry and local management to the attention of Honduras's policy makers. The decision to shelve the new forestry laws appears therefore to be a pyrrhic victory. To what extent the current legislation will advantage community

groups and help to alleviate poverty under the new leadership of President Maduro remains to be seen.

## **Case Study 2. Water Resource Management**

### ***The Context***

In 2002, it was estimated that 22 per cent of houses in rural areas and 15 per cent in rural areas lacked water supply; the corresponding figures for liquid waste disposal were 35 per cent and 24 per cent respectively. Water supply is the subject of significant levels of donor support, for example the PRRACAGUA project (Proyecto de Rehabilitación de Acueductos, Pozos y Saneamiento Básico a Nivel Rural en Honduras) supported by the European Union. Major investment has also been carried out through the Honduran Fund for Social Investment (FHIS) which was credited for improving 5 per cent of national water connections nationwide in 1997. There are also many cases of joint investment in water supply by NGOs (such as Water for the People and CARE), municipalities and communities.

The Government has undertaken very large loan commitments in order to establish water storage infrastructure. Most significant has been the construction of the General Francisco Morazán Dam (better known as El Cajón) in the centre of the country, which combines water storage with hydroelectric generation and entered into operation in 1985. Recognition by funding agencies and Government of the importance of the link between watershed management and the viability of water storage infrastructure for the national economy is evident in the major IADB-funded projects 'Watershed of the El Cajón Reservoir' and 'Natural Resource Management in Priority Watersheds' (MARENA), both of which have been focused on river basins containing reservoirs. However the management of dams such as El Cajón, alongside balancing the objectives of supporting economic growth through generating electricity activity, and limiting potential poverty impacts through the buffering of extreme hydrological events has presented dilemmas: the maintenance of outflow rates to generate electricity is not necessarily compatible with the retention of water for use in dry periods, while the buffering of extreme river flow events requires reservoir levels to be kept below full capacity, thereby affecting their capacity to ensure water supply during subsequent dry months.

The principal legal instrument related to water resource management in Honduras is the Water Law, which dates from 1927. Legal responsibility for water supply and sanitation lies with the National Autonomous Aqueduct and Drainage Service (SANAA); however, in the light of its limited institutional capacity, much of this responsibility is being assumed by municipal authorities, particularly in rural areas.

### ***Water in the PRSP***

The PRSP cites limited access to potable water as a significant feature of poverty, and recognises that one of the underlying causes of poverty is the fact that increased potable-water coverage does not take place within a legal and institutional framework that would encourage greater efficiency, coverage and quality. It also identifies a link between deforestation (specifically through firewood extraction) and the degradation of the water sources of urban centres, quoting a Central American Environment and Development Commission study (1998) which calculates that the economic cost of the effect of fires on water resources in 1998 was \$3,657,700. It specifically refers to a geographic correlation

between the areas with most severe levels of degradation of water resources and those with highest levels of poverty.

The PRSP sets the target of achieving 95 per cent coverage of potable water and sanitation by the year 2015. It states that the achievement of this target is dependent on approval and implementation of a framework law for the water and sanitation sector, and a broad participation by local governments and communities in developing and managing water systems. The PRSP also considers it essential to continue and expand FHIS projects, to develop a strong program of water basin management, and to undertake broad consciousness-raising campaigns for the protection of water sources and rational water use. The policy measures aimed at achieving these objectives include the fostering of municipal management of water and sanitation systems, by promoting the approval of the framework law of the sector and by improving the administrative capacities of the municipalities.

The PRSP also proposes to enlarge significantly the amount of land under irrigation in order to increase productivity, and to optimise the use of irrigation systems through appropriate technology. The proposal includes micro-irrigation and major infrastructure construction in all Honduras's valleys alongside national level irrigation projects. It will be harmonised with the proposed new Water Law, especially regarding water ownership and the right to sell to third parties through new and innovative systems, as well as mechanisms that permit the recovery of operational costs.

### ***Post-PRSP***

In 2003, as proposed in the PRSP, the Framework Law for the Drinking Water and Sanitation Sector was passed, which created the National Commission for Sanitation and Water (CONASA), responsible for coordination and planning the sector, together with the Regulatory Entity for the Drinking Water and Sanitation Sector (ERSAPS). This law made provision for municipal authorities to manage water supply through private operators.

The new Water Law, identified in the PRSP as a priority, is currently under discussion. Among the innovations considered in this draft law are the payment of water tariffs, the creation of a national water authority, and the consideration of the hydrological catchment as the fundamental unit of planning, while retaining the municipality as the unit for administration. However, in much the same way as has happened with the proposed new forestry law, discussion of the Water Law reached a stage of impasse, due to public pressure. The main concern expressed by the pressure groups involved is that the proposed privatisation of the distribution of water at municipal level will affect the availability of the service to the public in general.

Despite the recognition in the PRSP of the relationships between environmental degradation and access to clean water, and of the impacts of the discharge of liquid wastes on the quality of the environment, water resource management in Honduras is still generally perceived to be dominated by the themes of water supply and sanitation. Insufficient attention is paid to the linkage between these consumer-focused issues and, on the one hand, upstream issues of watershed management (to protect the quantity and quality of potable water sources) and water capture and storage, and, on the other, downstream issues of treatment of liquid wastes before they are returned to surface waters. Initiatives aimed at promoting schemes for payment for environmental services, with the objective of modifying upstream land management in order to safeguard water

supplies, are few in number, however, and largely incipient. Water extraction for irrigated agriculture continues commonly to be carried out with little attention paid to issues of equity of distribution among competing consumers.

One response to this lack of integration between, on the one hand, storage, supply and sanitation and, on the other, upstream and downstream issues, has been the establishment in 2003, with support from UNDP, of a national Water Platform, whose aim (in contrast to entities such as the Water and Sanitation Network) is the promotion of Integration Water Resource Management (IWRM) in Honduras. IWRM is understood as 'a process which promotes the coordinated management and development of water, land and related resources, with the aim of maximising social and economic wellbeing, in an equitable manner, without jeopardising the sustainability of vital ecosystems'. The Water Platform also aspires to promote constructive and inclusive dialogue in relation to water issues, and includes members of civil society, the international community and central government. The Water Platform has played an important role in reviving discussion of the proposed Water Law and has managed to avoid succumbing to the polarisation which typically affects debate related to environmental issues in Honduras.

### **Conclusions**

Given its fundamental importance to livelihoods, the issue of water management has enjoyed a high profile in the processes of drafting and follow-up of the PRSP. Water has indeed been a fundamental motivating theme for much of the debate related to environmental issues. However, despite the potential of water as a unifying theme given its importance to stakeholders across the board (in contrast to the typically divisive issue of forestry), the stalling of the new Water Law in response to what are understood as proposals to privatise water resources indicates that this sector too is affected by the inadequacy of provisions for dialogue and information flow.

The analyses presented in the PRSP recognised the importance of considering upstream and downstream issues of watershed protection and pollution control, in addition to the traditionally emphasised themes of water storage, supply and sanitation. It thereby implicitly opened the door for the introduction of an integrated approach to water resource management, which would have the potential to take into account hydrological processes operating within entire watersheds, promoting an optimal use and distribution of the water resource and ensuring that the externalities associated with different aspects of production, use and disposal of water are adequately and equitably compensated. However, under the Sector Wide Approach, the Water and Sanitation Commission has a more limited scope, with less emphasis on integrated management. This was considered by one civil society interviewee to be partly due to the fact that, although SERNA is now responsible for promoting the environment as a cross-cutting theme, it does not have the capacity to influence the Water and Sanitation Commission in the directions needed. This may be seen as another example of the lessons of Mitch being forgotten; the importance of addressing hydrological issues on a whole watershed basis, and of ensuring that adequate resources and capacities are available so that such an approach is effectively promoted. The establishment of the Water Platform (which aims to be complementary to the PRSP follow-up process) gives some hope that an integrated approach will again come to be emphasised; this is dependent on it being effective in influencing debate and managing to maintain a non-partisan position, combining a broad base of participation with strong technical capacity.

## Chapter Five: Conclusions and Recommendations: Catalysing Environmental Mainstreaming

### Environmental disasters and NGO mobilisation

The national trauma of Hurricane Mitch mobilised civil society concern around environmental issues and made it possible for proactive civil society organisations to negotiate with government on environmental issues, thereby reducing the risk of grassroots actors resorting to radical and obstructive activism. The change from the Liberal Party Government of President Carlos Flores (1998-2002) to the National Party Government of President Ricardo Maduro (2002-2006) is perceived by civil society stakeholders to have attempted to adapt the PRS process to its own ends, focusing attention on sectors which present the greatest opportunity of securing funds for the Government's programmes within its Plan of Government, and taking unilateral decisions about how the PRS implementation process should be conducted. Accordingly, the Government places less emphasis on encouraging civil society participation in policy decisions and with the environmental profile gradually receding from the government's policy agenda. The unilateral introduction by the Government of the Sector Wide Approach was largely a procedural issue, and it is possible that it was motivated by nothing more than a desire to maximise efficiency and to satisfy requirements of short-term political expediency in relation to meeting targets; however the fact that the decision was not subject to consultation generated mistrust and suspicion of the Government's commitment to participation.

While environmental disasters have provided a catalyst for environmental issues to be placed on the government's agenda and have promoted civil society activism, the trend has been one of diminishing gains and for civil society to seek non-government forums in which to express its disillusionment. In order to redress this suggestion, recommendation one calls for improved mechanisms for dialogue.

#### **Recommendation One: Development of improved mechanisms for dialogue**

Improved mechanisms for dialogue should be developed, that complement the Sector Commissions and help to overcome the polarisation of perspectives – in which government is associated with private investment and civil society is seen to be motivated by individual enrichment or radical overseas environmental organisations – that limits dialogue and results in all government concessions to civil society demands still being characterised as being in the interests of the private sector. One such mechanism may be the Water Platform, which brings together diverse stakeholder sectors with the support of an institutional actor whose motivations and political neutrality are widely respected, UNDP. The Water Platform also has the advantage that it includes many members with sound technical capacities, and may therefore help to promote more informed debate than is commonly the case in Honduras.

Additional, improved mechanisms for representation and dialogue are urgently required. Although the Sector Commissions have the potential to play this role, they have to regain lost credibility among members of civil society. This may take significant reformulation and re-launching in consultation with all interested stakeholders. Winning confidence, especially among civil society, in any such mechanism, represents a significant challenge in the light of past experiences.

### The role of international agencies

The second driver for environmental change is the role played by international cooperation agencies. The measure of participation achieved by civil society in the post-Mitch decision-making process was, to a large extent, the result of pressure brought to bear on the government of President Carlos Flores by the five bilateral agents that were present at the Stockholm conference. The experience of the PRSP process has also shown that multi- and bi-national international agencies have the potential to exercise constructive influence over both Government and civil society. Thus, international agencies and international processes can operate as key drivers of environmental policy consideration and change. In addition to supporting NGO mobilisation and facilitating the inclusion of some of their demands at the Stockholm conference, pressures by major funding agencies which have not necessarily supported the SWAp process may have mitigated against complete civil society rejection of this process. Much activity on the part of bi-national agencies post-Mitch was aimed at strengthening the positions of those perceived as the 'underdogs' in the process, namely the members of civil society, in keeping the alternative narrative of civil society, which was not clearly expressed in the PRSP document, that inequity (in terms of access to power and decision-making) is a fundamental cause of environmental degradation.

The efforts of international cooperation agencies to contribute to goals of poverty reduction and environmental protection have, to date, often been frustrated by the largely inoperative or obstructive nature of their counterpart institutions within the Government.

In order to build on these experiences, recommendations two and three examine proactive roles and alternative approaches for international donors.

#### **Recommendation Two: Adoption of pro-active roles by international agencies**

There is still a need for international agencies to provide support to civil society organisations, given the continued fragmentation and limited capacities of many. For this to be fully effective it is also necessary for the agencies themselves to harmonise and coordinate their approaches.

International agencies also have a significant potential role to play as more neutral intermediaries and facilitators. It may indeed be only with such mediation that there is hope of bringing polarised actors back to the negotiating table and establishing or restoring mechanisms for dialogue; such support should, however, seek at the same time to develop national capacities for resolving conflicts in the future and ensuring that dialogue does not again become derailed as a result of mistrust and political factors.

#### **Recommendation Three: Pursuit of alternative approaches to agency interventions**

Given the difficulties which have been faced by a number of agencies in working with Government counterparts, alternative approaches to agency interventions are needed. One possible model to follow is that of CIDA/PRO-MESAS, which works at a sector level in relation to the Sector Commissions defined in the PRSP process, in order to promote broader participation of civil society in development activities. Such approaches may help to open (or re-open), doors to participation in the PRSP

process, if, that is, the credibility of the process has not already been irrevocably affected by developments to date.

#### Government decentralisation and institutional capacity

The third driver of environmental policy making and change concerns the role of governments. The successful implementation of the PRSP's environmental priorities and, in conjunction with this, of pro-poor growth, also depends on the existence of adequate institutional capacities to support the formulation of strategies and the application of regulation. At the same time, the introduction of the SWAp has shown that centralised government agencies lack the institutional power to ensure that other 'stronger' government agencies adequately incorporate environmental concerns.

Decentralisation has been one of the major sticking points in the PRSP and post-PRSP processes. Both Government and civil society have called for decentralisation, but with differing perceptions of what form and shape this decentralisation will take. The Honduran governments appear to have seen decentralisation as a process that occurs within government ministries, and also to imply poor people's participation (of a limited nature) in policy making and access to natural resource materials. This in turn, has led to conflicts between central and municipal levels of government. Civil society, by contrast, regards decentralisation as a means for poor people to secure both responsibilities for the management of natural resources and access to the benefits of natural resources and profits accrued. As demonstrated above, despite a stated governmental willingness to decentralise environmental resources, centralised organisations are reluctant to allow local municipalities to manage environmental resources because of fears that a) the lack of institutional capacity and b) corruption will degrade resources.

#### **Recommendation Four: Negotiation of genuine decentralisation.**

Clarity over the meaning of decentralisation and over government's intentions can help prevent situations where PRSP narratives and counter narratives sound as though they mean the same thing but are, in practice, radically different. This clarity should, in turn, lead to better dialogue between government and civil society and less polarisation of positions.

#### **Recommendation Five: Targeted strengthening of institutional capacities**

There are a number of specific areas in which deficiencies in institutional capacities represent obstacles to environmental mainstreaming. Particular attention should be paid to strengthening the role and credibility of SERNA in promoting the cross-cutting application of environmental issues into the Sector Commissions. In addition, the regulatory capacities of key institutions should be developed, particularly at local level, as should capacities for facilitating local level environmental planning and conflict resolution.

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## Appendix One: Background Information

Honduras is located in Central America, with a total surface area of 112,492 km<sup>2</sup> and a population of 6,535,344, giving an average population density of 54 people/km<sup>2</sup>. The annual population growth rate in 2001 was 2.64 per cent, one of the highest in Latin America, and the average age of the population is 22.8 years.

Ecologically, the country may be divided into three main regions: the natural vegetation of most of the north coast is broadleaved humid forest, while the mountainous centre of the country is largely covered by pine forest, dominated by *Pinus oocarpa*, and the natural vegetation of the seasonally dry area around the Gulf of Fonseca, together with a number of valleys in the interior, is tropical dry forest. Other categories of lesser significance include the montane and cloud forest which occurs on the higher peaks of the interior, and is characterised by high levels of species endemism; and the *Pinus caribaea* savannas of the Mosquitia region, in the extreme north-east.

The urban and economic development of the country is centred on the two principal population centres, Tegucigalpa (the capital) and the industrial centre San Pedro Sula; together with the port city of Puerto Cortés, these constitute the central development corridor of the country. There are in addition a large number of lesser urban centres throughout the country, served by a network of roads of widely varying standards. In 2001, 44.8 per cent of the country's population still lived in rural areas, with a high degree of dependence on smallholder agriculture and other forms of primary natural resource use.

Smallholder agriculture is dominated by the rain-fed production of maize and beans, using systems which are closely tailored to the rainfall patterns: a first crop is normally sown at the onset of the rains, around May, and harvested in a short dry period which normally occurs around August, followed by a second crop which takes advantage of the typically heavier rains of September and October. The limiting factor for production tends not to be the total amount of rain (which even in the driest areas of the country seldom falls below 800-1,000mm per year) but its seasonality, and more importantly, its reliability. Delays in the onset of the rainy season frequently lead to crop failure, while unseasonable rains during normally dry periods can ruin harvests.

### The PRSP and the Millennium Development Goals

The PRSP makes no reference to the Millennium Development Goals (MDGs), which were formally established through the Millennium Declaration in the year 2000, prior to the finalisation of the PRSP. However, Honduras' first report on progress with the MDGs, presented in 2003,<sup>31</sup> refers to the MDGs as closely related to the indicators and goals contained in the PRSP. Global MDGs related to the objective of guaranteeing environmental sustainability are the following:

- Goal 9: Incorporate principles of sustainable development in policies and national programmes and reverse the loss of environmental resources;
- Goal 10: Reduce by half, by the year 2015, the percentage of people lacking access to drinking water;
- Goal 11: Improve considerably, by the year 2020, the life of at least 100 million slum dwellers.

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<sup>31</sup> [http://www.undp.un.hn/metas\\_del\\_milenio.htm](http://www.undp.un.hn/metas_del_milenio.htm)

The indicators used in Honduras to monitor progress with MDGs, in terms of environmental issues, are the following:

- Proportion of the surface area covered with forests
- Area of land protected to maintain biological diversity
- Gross Domestic Product (GDP) per unit of energy used
- Carbon dioxide emissions
- Proportion of the population with sustainable access to improved sources of water supply
- Proportion of the population with access to basic infrastructure services
- Dwelling tenure.

## **Appendix Two: List of Stakeholders interviewed**

### **Government:**

Gerardo Salgado, Vice Minister of SERNA  
Orlando Sierra, Planning, Evaluation and Management Unit, SERNA  
Suyapa Zelaya, CONADES  
Laura Garay, UNAT  
Tulio Mariano González, GEF- SAG project  
Cesar Alvarado, National School of Forest Sciences (ESNACIFOR)

### **Civil Society:**

Juan Blas Zapata, Agenda Forestal Hondureña  
Rolando Fortín PRONAFOR, Agenda Forestal Hondureña  
Humberto Puerto, Red Centroamericana de Agua y Saneamiento (RACSA)  
Ricardo Arias, Free Trade Agreement Advisor, ex Minister of Agriculture  
Ralph Flores, FOSDE  
Santiago Ruiz, environmental and forestry economist, SERTES (consulting company)

### **Cooperation Agencies:**

Camille Pomerlau, Canadian Cooperation Office  
Manuel Hernández, Canadian Cooperation Office  
Carlos Rivas, Swedish Cooperation Agency  
Andreas Gttkant, GTZ  
Julio Cárcamo, Programme Official, UNDP  
Kenneth Rivera, Water Platform, UNDP  
Martín Ochoa, World Bank, Honduras  
Mateo Molina, IADB, Honduras  
Jorge Monge, DFID, United Kingdom