

**Congressional Budget Justification
Honduras**

Program Overview

U.S. foreign assistance to Honduras focuses on enhancing security, strengthening democracy, improving the education and health systems, increasing food security, and building capacity to take advantage of opportunities under the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR).

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

| (\$ in Thousands) | FY 2007 Actual | FY 2007 Supp | FY 2008 Estimate | FY 2008 Supp | FY 2009 Request |
|---|----------------------|-----------------|---------------------|--------------------|--------------------|
| TOTAL | 43,851 | - | 39,191 | 7,379 | 49,128 |
| Child Survival and Health | 12,034 | - | 12,035 | - | 10,147 |
| Development Assistance | 15,540 | - | 15,149 | - | 25,731 |
| Economic Support Fund | 175 | - | - | - | - |
| Foreign Military Financing | 675 | - | 496 | - | 800 |
| Global HIV/AIDS Initiative | 750 | - | - | - | - |
| International Military Education and Training | 1,404 | - | 837 | - | 700 |
| International Narcotics Control and Law Enforcement | - | - | 744 | 7,379 | 750 |
| Nonproliferation, Antiterrorism, Demining, and Related Programs | 268 | - | - | - | - |
| Public Law P.L. 480 (Food Aid) | 13,005 | - | 9,930 | - | 11,000 |

Request by Program Area by Fiscal Year

| (\$ in Thousands) | FY 2007 Actual | FY 2007 Supp | FY 2008 Estimate | FY 2008 Supp | FY 2009 Request |
|---|----------------------|--------------------|---------------------|--------------------|--------------------|
| TOTAL | 43,851 | - | 39,191 | 7,379 | 49,128 |
| Peace and Security | 2,347 | 2,347 | 2,077 | 6,629 | 2,250 |
| Stabilization Operations and Security Reform | 2,347 | - | 1,333 | 1,862 | 1,500 |
| Counter-Narcotics | - | - | 594 | - | 750 |

| | | | | | |
|---|---------------|------|---------------|------------|---------------|
| Transnational crime | - | - | 150 | 4,767 | - |
| | FY | FY | | FY | |
| | 2007 | 2007 | FY 2008 | 2008 | FY 2009 |
| (\$ in Thousands) | Actual | Supp | Estimate | Supp | Request |
| TOTAL | 43,851 | - | 39,191 | 7379 | 49,128 |
| Governing Justly and Democratically | 2,448 | - | 3,479 | 750 | 9,664 |
| Rule of Law and Human Rights | 439 | - | - | 750 | 950 |
| Good Governance | 1,730 | - | 2,379 | - | 6,644 |
| Political Competition and Consensus-Building | - | - | 500 | - | 1,070 |
| Civil Society | 279 | - | 600 | - | 1,000 |
| Investing in People | 28,367 | - | 23,015 | - | 22,760 |
| Health | 18,025 | - | 17,015 | - | 16,863 |
| Education | 7,828 | - | 6,000 | - | 5,897 |
| Social Services and Protection for Especially Vulnerable People | 2,514 | - | - | - | - |
| Economic Growth | 10,402 | - | 10,620 | - | 14,454 |
| Macroeconomic Foundation for Growth | - | - | 250 | - | 1,000 |
| Trade and Investment | 1,000 | - | 2,220 | - | 3,370 |
| Financial Sector | - | - | - | - | 1,300 |
| Agriculture | 4,963 | - | 4,950 | - | 4,284 |
| Private Sector Competitiveness | - | - | - | - | 2,000 |
| Environment | 4,439 | - | 3,200 | - | 2,500 |
| Humanitarian Assistance | 287 | - | - | - | - |
| Protection, Assistance and Solutions | 287 | - | - | - | - |

Request by Objective by Account, FY 2009

| (\$ in Thousands) | Total | P&S | GJD | IIP | EG | HA |
|---|---------------|--------------|--------------|---------------|---------------|----------|
| TOTAL | 49,128 | 2,250 | 9,664 | 22,760 | 14,454 | - |
| Child Survival and Health | 10,147 | - | - | 10,147 | - | - |
| Development Assistance | 25,731 | - | 9,664 | 5,897 | 10,170 | - |
| Foreign Military Financing | 800 | 800 | - | - | - | - |
| International Military Education and Training | 700 | 700 | - | - | - | - |
| International Narcotics Control and Law Enforcement | 750 | 750 | - | - | - | - |
| Public Law P.L. 480 (Food Aid) | 11,000 | - | - | 6,716 | 4,284 | - |

Peace and Security: U.S. assistance, through the Department of State, will help improve Honduras' ability to interdict the transshipment of drugs and arms, address the increase in violence fueled by the drug trade and gangs, and respond to natural disasters. Anti-gang programs will help the Honduran police confront gangs, drug traffickers, and other organized criminal activities. Programs also will focus on improving the ability of the Honduran armed forces to maintain its weapons, aircraft, naval vessels, and ground transportation equipment. Spare parts, training, and enhancements to the Honduran logistical system will assist the armed forces in maintaining a level of operational readiness allowing them to project a secure presence in remote areas. This will complement efforts to counter the threat represented by the transshipment of drugs, arms, and people and enable a more effective response to natural disasters. Training will be geared towards professional military education to improve civil-military relations and regional integration and stability. Training will help reinforce the notion of civilian control of the military and promote the principles of human rights.

Governing Justly and Democratically: U.S. assistance, via the U.S. Agency for International Development (USAID), will educate voters, and train poll workers and independent Honduran election observers. USAID also will support the strengthening of the electoral tribunal with the aim of increasing the transparency of the electoral process in preparation for November 2009 elections. Additionally, programs will help address the growing problem of gang membership and violence and strengthen the implementation of the Civil Procedure Code to allow for more transparent and speedier cases. Assistance will encourage municipal candidates to allow community oversight to ensure transparent transitions between municipal administrations. USAID programs also will seek to increase transparency in the use of funds and leverage an increased impact on poverty reduction.

Investing in People: The United States, through USAID, will support the decentralization and improvement of the education and health systems. Programs will train teachers, their supervisors, local education officials, and municipal leaders to increase teacher competency and improve the education provided. Assistance will finance the institutionalization of emergency obstetric care in Ministry of Health hospitals nationwide as well as support ministry decentralization, local nongovernmental organizations working on HIV/AIDS issues, and local organizations providing health services at the community level. USAID programs will increase the commercial availability of contraceptives prior to phasing out family planning assistance. In addition, programs will improve nutrition and community health services and enhance local government planning so poor communities can leverage resources from Honduras' Poverty Reduction Plan (PRP) for social investment.

Economic Growth: USAID will support more competitive and open markets in the energy and telecommunications sectors. Programs will also assist Honduras in complying with CAFTA-DR environmental provisions, streamlining customs procedures, and protecting intellectual property rights. USAID programs will encourage sound macroeconomic policies and support key fiscal, financial, and trade and investment policy reforms. USAID also will help small farmers competing in global markets,

increase agricultural investment, and leverage PRP investments. Programs will increase food security in some of the poorest areas of Honduras by expanding and diversifying food production and strengthening market infrastructure. Assistance also will help Honduras manage its natural resources, watersheds, and tropical forests, while conserving biodiversity, reducing pollution and vulnerability to natural disasters, and protecting the resources needed for tourism and agricultural production.

Linkages with the Millennium Challenge Corporation

Honduras signed a \$215 million, five-year Compact with the Millennium Challenge Corporation (MCC) in 2005. The MCC program promotes agricultural diversification and the improvement of the national highway system to enhance Honduran capacity to respond to opportunities under CAFTADR.

Overview of Major Changes

The FY 2009 request for Honduras represents an increase over the FY 2008 estimate, reflecting expanded activities in the areas of Peace and Security, Governing Justly and

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|--|--------|---|--------|-------|--------|
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Democratically, and Economic Growth. There is a decrease in funding for Investing in People.