



**MILLENNIUM  
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REDUCING POVERTY THROUGH GROWTH

 **Headway**  
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## More than 'Just a Road': Resettlement Program in Honduras to Reduce Poverty while Offering Safe Housing

Highway CA-5 North is the busiest in Honduras. This two lane road links the Atlantic port of Puerto Cortés to other major economic centers in Honduras, El Salvador and Nicaragua. Not only does it shuttle most of the country's import and export products but it has also become a makeshift home for families, and sometimes entire communities, who have settled alongside the road over the past 30 years trying to make a livelihood by selling goods such as food and crafts to travelers. Many of these families live in poverty – often lacking basic services like water and electricity – and are exposed to constant danger due to their proximity to a road traveled by over 7,000 vehicles per day.



*A segment of Highway CA-5 North.*

Honduras' compact with the United States' Millennium Challenge Corporation (MCC) is about to change the face of Highway CA-5 North and the lives of approximately 600 families settled near the road. The compact's \$97.9 million to upgrade and expand 109 kilometers of Highway CA-5 North will decrease travel time while improving road conditions and safety. This project's overall goal is to reduce transportation costs for local producers, importers and exporters. It also seeks to accelerate the overall economic development of the Central American region by helping Honduras, El Salvador and Nicaragua take advantage of trading opportunities provided by CAFTA-DR (The Dominican Republic – Central America – United States Free Trade Agreement).

One of the challenges faced by the MCA-Honduras, the entity created by the Honduran Government to implement the compact, is ensuring that families with homes, businesses or land within the area of the road expansion are treated fairly and provided with compensation for their lost assets and income sources. Resettlement is a particularly delicate issue in this case, as many of these individuals have no legal claim to the land, which largely belongs to the government. MCA-Honduras and MCC firmly believe, however, that all those who have to leave their homes and livelihoods behind are entitled to fair compensation.

“Poorly done resettlement often has a significant negative impact on individuals, livelihoods and local economies,” says Jonathan Nash, Director for Environment and Social Assessment at MCC. “Experience has shown that it is difficult for people who are removed from their communities or cut off from their sources of income to reestablish their prior standard of living. MCC is committed to avoiding such an outcome.”

“In order to help affected individuals maintain their livelihoods and possibly even improve their incomes, MCA-Honduras has designed and is executing the most comprehensive resettlement plan in the history of the country,” says John Wingle, MCC’s Resident Country Director in Honduras. The plan features a strong communications and community consultation component, market value compensation, resettlement sites and a social compensation plan for vulnerable populations disproportionately affected by the project, including single mothers, the elderly and children.

MCA-Honduras will provide people with a choice of in-kind or monetary compensation for their lost assets, including housing and land. Negotiations are carried out individually with affected households after extensive community consultation sessions with local leaders and door-to-door outreach to affected families.

Those households choosing monetary compensation will be paid their property’s market value. Those who chose in-kind compensation will be moved to resettlement sites close to where they used to live. These sites offer safe and adequate housing conditions, commercial space and communal markets that include parking facilities close to the highway. According to MCA-Honduras, 80% of households in the poorest zones have chosen in-kind compensation, which demonstrates their confidence in this approach.

The resettlement plan not only helps reduce poverty among communities being relocated but it also reduces time and costs of road improvement projects. Individuals who are included in consultation sessions, fully informed, and given options most often agree to vacate and fully support projects.

Maintaining international standards and keeping a focus foremost on the individual takes time and has a cost – approximately 5% of the CA-5 North’s road budget is devoted to the resettlement plan. Nevertheless, MCC believes that doing it right is well-invested money that will contribute to the ultimate success of the CA-5 North project.



*MCA-Honduras’ comprehensive resettlement plan features a strong communications and community consultation component.*

[Click here](#) to see the CA-5 North road and listen to testimonials from resettlement beneficiaries