EMPOWERING AUTOCHTHONOUS PEOPLES IN HONDURAS: THE NUESTRAS RAÍCES (OUR ROOTS) PROGRAM

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Nuestras Raíces is the only government program where funds go directly to beneficiaries. It pays communities for labor in the project they choose, and it trains them to put the money in their own rural bank.

—Miskito Representative, Technical Workshop at FHIS, May 2002

Ethnic Groups and Poverty

Honduras is the third-poorest country in the Latin America and Caribbean region after Haiti and Nicaragua, and has the highest annual population growth rate (2.9 percent) in the continent. Honduras is a multicultural, multiethnic, and multilingual country. Nine ethnic groups account for 14.5 percent of the population (1 million people), and are represented by ten legally constituted federations. They face two major obstacles to development: extreme poverty, and a lack of voice in decisions about the services they receive.

Nuestras Raíces I and II Paved the Way

The Nuestras Raíces Program (NR) was created in 1995 after massive ethnic demonstrations, in which people protested poor access to basic public services and demanded more access roads (and land rights). The government responded with the Roads for Production (Caminos para la Producción) program, which paid nominal wages to 60,000 beneficiaries to open and rehabilitate small tertiary roads and paths. NR phases I and II (1995-97) together cost US$1.9 million, financed with domestic funds disbursed through mayors. Most beneficiaries (72 percent) were Lenca of the ONILH federation, the rest (28 percent) belonged to four other federations. COPINH, a Lenca federation opposed to the government, was excluded.

In 1997, the World Bank was invited to finance the NR III project as part of the Social Investment Fund III Project (FHIS). Consultations with the Confederation of Autochthonous1 Peoples of Honduras (CONPAH) revealed that beneficiaries were satisfied with the basic program objectives of NR II, but were unhappy with the lack of participation, information and transparency, and with politically biased targeting, inequities, alleged mismanagement of funds and paternalism. So NR III and IV incorporated new procedures to improve equity, transparency, and consensus.

Objectives

NR’s main goal is to improve the living conditions of Honduras’ nine ethnic groups by helping build human capital, social and cultural assets, and gender equity. NR finances small-scale social and economic infrastructure projects identified, selected, and implemented by community groups.

To address the lack of access to microcredit, NR provides community groups with knowledge and funds to create and manage their own community banks. The program promotes savings and investment, guiding communities to invest their program earnings in their own community banks, or in sustainable production projects.

Finally, NR aims to provide ethnic federations, the FHIS and communities with information, knowledge, and technical administrative skills to manage, administer, and monitor small-scale projects and community banks.

1- Autochthonous \aw-TOCK-thuh-nuhs\, adjective:
- Aboriginal; indigenous; native.
- Formed or originating in the place where found.
Autochthonous derives from Greek autochthon, “of or from the earth or land itself,” from auto-, “self” + chthon, “earth.” Source: Dictionary.com
Federations receive financing for project operation and supervision. Institutional arrangements for coordination with municipalities, line ministries (Education, Health, Agriculture), NGOs, and other civil society organizations are established to support micro-project implementation.

Small-Scale Projects

…the funds go directly to people. This year we have carried out 116 micro-projects…. [Many] Copan Rainas communities installed irrigation systems and replaced tubes destroyed by Hurricane Mitch. Now the fields are green again and the land produces fruits. Groups have also built retention walls to control floods, and they are organized to maintain them. There are several projects of construction and rehabilitation of preschools and schools. As usual, the rehabilitation of roads is the most common. Community banks are helping these communities a lot.

—Excerpt, video interview with Ernesto Suchite, president, CONIMCHH (Chortí) federation, April 2002.

Needs assessments carried out with ethnic groups showed the urgent need for numerous small-scale projects. Over 6,000 small projects have been implemented by communities since 1998, and over 4,200 groups (of thirty adults each) have been trained in auto-gestión, the ability to fully manage and implement their own projects.

Although NR IV offers an open menu, close to half the projects involve opening or rehabilitating roads, paths, canals, bridges, and piers to provide access to schools and markets. Education projects include house construction for teachers, school fencing, preschool construction, and school rehabilitation. Health-related projects include sanitary campaigns to eliminate disease vectors (such as ticks and mosquitoes). Small drainage, irrigation, reforestation and watershed protection projects improve agriculture and health. Communities also build community halls and food-stores, and prepare foodstuff (such as yucca) and baked goods. Larger, multi-group ventures include transportation cooperatives, cattle ranching, construction of runways for small aircraft, and a cultural tourism project at the Painted Caves in the Lenca region.

Community Banks

The most important part of the NR program is the training on management and administration of community banks. This changes the life of ethnic communities.

—Guillermo Díaz, NR Coordinator, FHIS

Isolated villages lack banks and microcredit institutions. Local community banks are a viable solution adopted by the Lencas with support of PLANDERO in 1990, which became a pillar of NR I. By 2000, NR had helped create or strengthen approximately 2,500 small community banks in rural and isolated villages. By May 2002, NR IV had created 1,800 new and strengthened 1,600 existing community banks serving at least 1 million rural people.

Principles

Gaining trust and acceptance of an empowerment approach took two years (from the start of Bank participation in 1997) but was worth the effort. Principles of equity, transparency, and consensus translated into the following design elements for NR III:

- All nine autochthonous groups were included.
- Decisions became the shared responsibility of the government, ethnic federations and World Bank (instead of being government-controlled).
- Resources were distributed according to the population size of ethnic groups and their capacity for implementation (Figure 1).
- The indigenous federations chose beneficiaries, based on poverty conditions.
- Small-scale projects were not limited to roads, there was an open menu with a short negative list.
- Throughout the project, communities were accompanied by trained liaisons representing both FHIS and the ethnic federations.
- Proper training was provided to help community working groups formed under the project to select, implement, and maintain the micro-project of their choice.
- For the sake of equity, standard wages were paid to communities irrespective of micro-project type.
- To ensure that communities received their monies, wages were paid in public directly to community working groups.
Proper training was provided to working groups to assist them in investing wages to create their own community banks, or in productive activities.

Participatory evaluations of NR III found that these ground rules were effective, and led to the following improvements in NR IV:

- Funds (US$170,000) and adequate training were provided to the ten federations for institutional and financial strengthening to effectively co-manage the program.
- A more comprehensive training program for beneficiaries was set up to improve program implementation and social control.
- Project payment rates were increased in isolated areas to match their much higher construction costs.

What is Working Well?

Clear and simple institutional arrangements. FHIS and the federations manage and supervise the program together. FHIS and ethnic liaison teams live with the communities during and after the project. Group coordinators, nominated by each community group, receive training and pass knowledge to the communities. Coordinators work closely with liaisons and report to FHIS and to the communities.

Participatory project design and implementation. All program decisions and negotiations take place in quarterly technical workshops with the FHIS Minister and the federations. Ethnic federations/beneficiaries participate fully in every step of the program and share accountability. Ethnic federations—not the government—select beneficiaries and ethnic liaisons, based on previously agreed-upon selection criteria.

Participatory monitoring and evaluation. Program monitoring by each federation is discussed in the quarterly workshops. Corrective measures are implemented as needed.

Participatory targeting and budgeting. All targeting, budgetary and resource allocation decisions are made by consensus. Contracts are paid against satisfactory products. Procurement is well publicized. Financial progress reports are discussed openly, and federations are free to disseminate information.

Program stakeholders are empowered with knowledge and mechanisms for social and financial auditing. Social auditing of all aspects of the program flows bottom up and top down. All information (contractual procedures, evaluation, supervision, and payments) is registered at the MIS at FHIS. Any unacceptable behavior or problem is reported. Theft is minimal: out of over 3,000 community checks delivered, only three cases of illegal actions were reported (two men were jailed, the third fled the country).

Public transparency. All NR financial activities are published in local newspapers and the FHIS Web page. The FHIS Minister encourages public reporting of any wrongdoing.

Capacity building proves invaluable. Over 30 percent of funds are invested in training federations, liaisons, coordinators, and communities in micro-project formulation and management, and management and administration of community banks.

Program financing. NR III cost US$6.3 million, phase IV cost $13.6 million. Over 90 percent of NR IV funding goes directly to ethnic beneficiaries (125,040 families in 4,200 communities, 420 liaison teams, 10 federations) as labor wages or institutional strengthening.

Ample participation of municipalities, other governmental institutions, and NGOs. The program finances only the labor costs of micro-projects, so communities get additional financial and professional support and construction materials from their municipality and other local institutions, Ministries of Education, Health and Agriculture, embassies, churches and other donors. Larger multi-group projects (transportation, production, food cooperatives, cultural tourism, etc.) have obtained loans from municipal community banks.

Gender equity. Reports from over 3,000 groups indicate that men and women participate in similar numbers in project implementation (45 percent women, 55 percent men), but men hold more decision-making roles. Most community banks have at least one woman on the board of directors.
What Did Not Work Well?

- Given the pressure from ethnic groups to execute NR IV quickly, the three-year program was reduced to one year, clogging the administrative channels of FHIS.
- Compliance with some FHIS and World Bank procurement procedures has been difficult.
- A thorough evaluation of each federation’s institutional capacity to co-manage NR is needed, as well as a more substantial training program.
- The public payment system guarantees transparency, but increases the risk that coordinators will be assaulted when trying to cash checks, so the new government has arranged to wire payments to local banks.
- Quality control of micro-projects is difficult and the sustainability of some is questionable. It is recommended that larger and more sustainable projects be financed in future programs.
- Comprehensive assessments of community banks is needed before scaling up.

Evaluation

Evaluations have been conducted by the Honduran Government, the Inter-American Development Bank, and the World Bank. In 2002, the Honduran firm ESA Consultores sampled 40 NR IV projects (out of 2,669 projects finished by May 2002), surveyed 960 beneficiary and non-beneficiary households, and did a qualitative rural appraisal in ten sub-sampled communities. Some important findings are:

The project met its objectives satisfactorily. It targets the two lowest income deciles. Project ownership is high. Participants work on average 22 days, although the program pays for 15 working days at L.60/day (US$3.80). Each group is paid L.18,000 (US$1,688) for project implementation. The program promotes social capital and resource mobilization from municipalities, NGOs and the community. Sustainability of micro-projects is generally weak; however, 91 percent of participants surveyed or interviewed believe their project quality is very good. Most (84 percent) of the 2,669 micro-projects have a community bank; 88 percent of banks are operating, 60 percent of these were formed with NR IV funds. Although the operation of many community banks is unsatisfactory from a micro-finance perspective, beneficiaries rate their banks as “excellent” because they are accessible, benefit the community, and their bylaws are locally determined. For 81 percent of beneficiaries, their community bank is their only source of credit.

NR has institutionalized a set of working principles based on trust, transparency, equity, participation and consensus, which some other Ministries are beginning to adopt. Instead of often-violent political demonstrations by ethnic groups that took place before 1995, federations now discuss their problems with the government and are instrumental in carrying out solutions. As this partnership strengthens, the mediating role of the World Bank decreases.

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