

Honduras

A Brief Country Overview and Discussion of the Current Political Environment



Above: Mayan Site in the city Copan



Geography

- Capital City: Tegucigalpa
- Population: 7,792,854 (2009 CIA World Handbook)
- The Honduran territory consists primarily of mountains. There are also narrow plains along the coasts, a large undeveloped lowland jungle, "La Mosquita," region in the northeast, and a lowland Sula valley in the northwest.
- The Islas de la Bahía and the Swan Islands are part of Honduras.



Economy At a Glance

- Honduras is the second poorest country in Central America (after Nicaragua).
- Honduras has an extraordinarily unequal distribution of wealth and high unemployment.
- The economy relies strongly on a narrow range of exports, notably bananas and coffee, making Honduras vulnerable to natural disasters and shifts in commodity prices.



Economy At a Glance

- Economic growth remains dependent on the US economy - its largest trading partner, and will decline in 2009 as a result of reduction in export demand and tightening global markets.
- The US Central America Free Trade Agreement (CAFTA) came into action in 2006 and has helped foster investment in Honduras.
- Despite improvements in tax collections, the government's fiscal deficit is growing due to increases in current expenditures and financial losses from the state energy and telephone companies.
- GDP (Purchasing Power Parity):
 - \$33.63 billion (2008)
 - \$32.34 billion (2007)
 - \$30.42 billion (2006)

Composition by sector:

 - Agriculture:* 13.4%
 - Industry:* 28.2%
 - Services:* 58.5%
- Unemployment: 27.9%
- Exchange Rate: 19 Lempiras = 1 US Dollar



Photo source: USAid.com

(All of the above economic information is sourced from the CIA World Factbook)

Energy: Electricity

- About half of the electricity sector in Honduras is privately owned. The remaining generation capacity is run by ENEE (*Empresa Nacional de Energía Eléctrica*).
- Electricity coverage (2006)
 - 69% of Hondurans have access to electricity (country total)
 - 94% of people in urban areas have access to electricity.
 - 45% of people in rural areas have access to electricity.
- Fossil Energy: 62%
- Renewable Energy: 38% (33% of which is hydro)

(above Honduran Energy statistics from the ENEE)

Renewable Energy Developments in Honduras

- Decrees No. 85-98 and 267-98 promote the development of renewable energy generating plants.
- The decrees include tax breaks to developers and a secure buyer for energy at prices equivalent to the system's short-term marginal cost.
- The national integrated utility ENEE, which is the default buyer, must pay a premium (10 percent of the same short-run marginal cost) for the electricity generated when the installed capacity is below 50 MW.
- This framework has facilitated the negotiation of about 30 public/private partnerships with ENEE for small renewable energy plants.
- Decree No. 85-98 also establishes tax exemptions in favor of developers: import and sales taxes on equipment, and a five-year income tax holiday.

(source: CIA World Factbook)

Renewable Energy Developments in Honduras: Wind, Solar, Biomass, Geothermal, Hydro

■ Wind

- Varies based on landscape throughout Honduras.

■ Solar

- A practical solution for servicing energy-isolated rural communities.
- Currently, there are about 5,000 individual Solar Home Systems, with an average size between 30 Wp and 50 Wp.

■ Biomass

- As of 2007, there were nine biomass projects in operation, with a total of 81.75 MW installed capacity. These plants supplied 2.3 % of the total demand of energy.

■ Geothermal

- The three planned geothermal projects in Honduras add up to 85.5 MW of installed capacity.

■ Small-scale Hydropower

-In comparison to large hydro, these systems are much more environmentally sensitive. (AHPER is researching and advocating for many Small-Hydro projects.)

■ Large Hydropower (often not considered renewable, but the ENEE lists this resource renewable)

- There are currently four large hydro-plant projects in Honduras, generating between 40 MW - 170 MW. Each of these projects displace many people and receive accurate environmental criticism due to flooding of dams, displacement of people as well as radically change the river bio-systems.

■ Reference Point:

- 1 MW Wind power can generate electricity for 300 US households/year.

(Source For Above Statistics: World Bank 2007)

2009: The Current Political Climate



The Government Structure

- Honduras employs the framework of a presidential representative democratic republic.
- The President of Honduras is both the head of state and head of government.
- Multi-party system
 - Executive power – government
 - Legislative power – National Congress of Honduras
 - Judiciary – independent of the executive and legislature (appointed by the National Congress)
- Party System dominated by two parties:
 - National Party of Honduras (generally conservative)
 - Liberal Party of Honduras (generally liberal)
 - Other parties:
 - Democratic Unification Party, Christian Democratic Party, Innovation and Unity Party
- The 1987 Constitution of Honduras divides the power between the executive branch and the National Congress. It delineates mechanisms for amending it, but it also declares eight articles immutable and unalterable and not subject to change, which include a guarantee of a republican form of government, and prohibits presidential candidacy of anyone who has been president previously at any time or for any reason.

(Source: US Library of Congress)

The Government Structure

- Executive branch
 - Roberto Micheletti (Liberal Party) was appointed acting interim President of Honduras on June 28, 2009 after Manuel Zelaya was ousted from office.
 - The president is normally elected by popular vote for a four-year term with no possibility of re-election.
 - The President of Honduras is both the head of state and head of government.
- Legislative Branch
 - The National Congress of Honduras has 128 members, elected for four year term by proportional representation. (Congressional seats are assigned the parties' candidates on a departmental basis in proportion to the number of votes each party receives.)
- Judiciary Branch
 - The judiciary includes a Supreme Court of Justice – the Supreme Court of Honduras, courts of appeal, and several courts of original jurisdiction, such as labor, tax, and criminal courts. The judges of the Supreme Court of Justice or Corte Suprema de Justicia, are elected for seven-year terms by the National Congress

(Source: US Library of Congress)

The Zelaya Presidency 2006 - 2009

- Zelaya won a hotly-contested election in November 2005 with a majority of 75,000 votes.
- On 20 December 2007, the National Congress, at the urging of the leaders of both dominant parties, passed a set of electoral reforms. The reforms were opposed by President Manuel Zelaya, who indicated that he would veto them, citing constitutional objections. The reforms would move the date of the presidential primaries ahead from February 2009 to November 2008, change the location of vote-counting from a central one to the individual municipalities, and increase public funding of political parties, from US\$ 3.2 million every election cycle to about US\$ 52 million every election cycle.

(source: BBC World News and The Wall Street Journal)

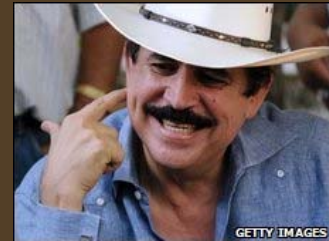


Zelaya Ousted, June 2009

- Zelaya was arrested right before polls were due to open in a constitutional referendum he had ordered but which had been declared unlawful. The referendum he advocated would allow him to run for President for a second term.
 - In April-May 2009, Zelaya made clear pronouncements of his intention to organize a referendum, and accepting proposals for his own re-election in connection with this referendum. Other political and civil sectors responded that this was a violation of the Honduran Constitution, which
 - (1) bans the election of anyone who has ever previously been president
 - (2) reserves to Congress only the power to make changes to the Constitution
- The Supreme Court ordered the arrest of Zelaya for what they called “repeated violations of the constitution and the law.”
- Zelaya was captured at his residence by the military on Sunday June 28, 2009 and flown to Costa Rica.
- Roberto Micheletti Bain, also a member of the Liberal Party of Honduras, was sworn in as acting President by the National Congress on a show of hands on the afternoon of June 28, 2009 for a term that ends on January 27, 2010. Micheletti had been Speaker of Congress.

2009 Constitutional Crisis: Honduran Response

- There have been mixed responses (both for and against Zelaya) in Honduras.
- July 5, Zelaya tried to return to Honduras and plane was blocked from landing.
- July 25, Zelaya crossed into Honduras on foot from Nicaragua, where he was living in exile. He was quickly forced out.
- September 21, Zelaya returned to Honduras, appearing in the Brazilian embassy in Tegucigalpa.
- September – October, continued protests to reinstate Zelaya.
- An emergency decree was set up: this suspended civil liberties and shut down radio stations loyal to Zelaya.
- October 5, Micheletti lifts above decree.
- According to our grantees, not much on the energy-front has been affected due to the coup.



(Source: BBC World News)

2009 Constitutional Crisis: International Response

- To date, no single country in the world has recognized the de facto government as legitimate.
- All members of the UN condemned the removal of Zelaya as a coup d'etat.
- However, some members of the U.S. Congress have voiced support for the interim government.
- The Obama Administration has encouraged the crisis be resolved peacefully through dialogue.
- In September, the US halted all non-humanitarian aid to the country, saying that the interim government had failed to respect democratic processes.

(Source: BBC World News)

On September 21, 2009, Zelaya returned to Honduras and entered the Brazilian embassy. The de facto government disrupted utility services to the embassy and imposed a curfew in an attempt to maintain order in the area when Zelaya's supporters protested around the embassy.

Below: Honduran soldiers surrounded the embassy where Mr. Zelaya was seeking refuge. (Source: www.nytimes.com)



What's next in politics?

- Elections will take place November 29, 2009 and Micheletti will step down January 27, 2010 to allow the newly elected President to be inaugurated into office.
- The international community suggests that Zelaya needs to be reinstated as acting President in order for the elections to be fair.
- Regional Diplomats arrived in Honduras on October 7th to try and restart negotiations.

(Source: BBC World News)