

RECENT TRENDS IN URBAN
AND REGIONAL DEVELOPMENT
IN HONDURAS: BACKGROUND,
QUESTIONS FOR FURTHER STUDY,
AND SOME ALTERNATIVES FOR AN
URBAN DEVELOPMENT STRATEGY

by

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May 2, 1978

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I. Introduction and Summary

The following report has been prepared at the request of AID/Honduras and after a very brief visit to Honduras by the authors from April 8th thru April 12th, 1978. Eric Chetwynd, of DS/UD stopped for that period in Honduras after an extended TDY in Panama. Initial background work prior to April 8th was undertaken by Mike Conroy and Emily Baldwin in Austin, utilizing the library facilities of the Institute of Latin American Studies and the International Census Collection of the Population Research Center, both of the University of Texas at Austin. Mike Conroy then joined Eric Chetwynd in Honduras for the four-day visit.

The TDY was, we believe, especially useful for such a short period of time; and that fact is attributable to the excellent back-stopping which we received from Fred Zumwalt, Jim Stone, Don Anderson of AID/Honduras and the assistance of Fred Hansen of ROCAP.

In this report we attempt to present an initial overview of (1) the recent urban development patterns encountered in Honduras; (2) the regional context within which those patterns may be best understood; (3) prior studies of these phenomena in Honduras; (4) Honduran government policies with respect to urban development; (5) significant questions which remain unanswered; and (6) suggestions for elements of an urban development strategy which might be incorporated in the forthcoming revision of the Development Assistance Program for Honduras. The analysis presented and the conclusions reached must be viewed as highly preliminary, for the time allotted has not permitted nearly the breadth or the depth of research needed to produce definitive coverage of those topics.

It does appear, however, that Honduras is beginning to enter a period of rapid urbanization marked by the concentrated growth of a small number of urban areas. At present, the small size of the Honduran population, its low level of urbanization, and the presence of several agricultural frontier growth areas within the nation suggest that the patterns of urban growth in Honduras may, indeed, be considerably different from those encountered in other Latin American nations. The rates of migration in Honduras appear to be quite high, but the predominant direction of migration appears to be toward areas of markedly improved development potential and away from the areas characterized by very old settlement, high density, low agricultural potential and relatively low levels of socio-economic achievement to date.

The role which the emerging system of cities in Honduras will play in support of the movement of population toward more productive areas and into industry may be crucial. And there is initial evidence that urban areas are falling behind in their ability to accommodate migration, leading to deterioration of the quality of urban life. If that is true, then the incentive-structure for apparently productive migration may be reduced, the expansion of both industrial sectors and the agricultural frontier may be stymied, and some return to earlier stagnation may result.

There is evidence that the Government of Honduras is very interested both in additional regional analysis and regional planning at the national level and in greater support for local-urban development. There have been several significant studies in these areas completed in recent years; there exists a fairly-well-trained group of technicians working on these problems;

and there appears to be considerable likelihood that the five-year development plan for 1979 to 1983 will contain increased emphasis in this direction.

This does, then, seem to be an excellent time for the Mission to consider expanding its support for assistance projects in this area. The precise definition and delineation of an urban development assistance strategy would require considerable additional analysis of the major themes surveyed here. But a strategy to be incorporated in the next DAP could well include a year of further study, the design of a set of coordinated urban development programs; and their implementation within the next three to five years. Elements of such a strategy might include some or all of the following:

a) An expansion and partial re-orientation of the present BANMA urban infrastructure loans, a program which seems to be squarely on the mark for the problems presently encountered;

b) a technical assistance program to expand the ability of the smaller rapidly-growing cities to accommodate their growth and to implement the urban development plans now being prepared for them by the Dirección General de Urbanismo;

c) a program for planning for and assisting in the creation of agricultural service centers in expanding agricultural areas such as coastal Atlántida, the Aguan river valley, and western Olancho;

d) a program to assist in stimulating the decentralization of light industry away from the Sula Valley and the Distrito Central toward the growth centers within 50 to 100 kilometers of them, where population growth may be accommodated more readily;

e) a minimum-intervention approach which would advocate simply making certain that AID sectoral programs were consistent with GOH regional plans and that the regional selection of sectoral projects reinforced generally positive trends rather than running counter to them; or

f) a set of social programs to improve the flow of information across regions with respect to employment opportunities and to assist in the re-location of migrants, attempting to anticipate the "spontaneous" urbanization which will result if no foresight is lent to migration questions.

II. Recent Urban and Regional Development

Honduras is divided politically into 18 departments of varying size and population density. There are considerable differences in the levels of literacy, labor force participation, unemployment, and other socioeconomic characteristics across the departments; and there exist very large differences in the rates of growth of the population of the departments, reflecting primarily high levels of migration. The geographical mobility demonstrated by the Honduras population appears to reflect movement out of areas of subsistence agriculture and toward areas of salaried agricultural, service sector, and some industrial employment. There is notable movement away from western departments which have generally been marked by both a predominance of small-scale agriculture and by closeness to the disputed areas along the border with El Salvador which were the sites of the major battles in the 1969 war between the two.

Honduras possesses a fairly simple urban structure, with 24 towns of 5000 inhabitants or more, 6 which are larger than 20,000, and 2 which contain more than 100,000 persons. The country remains one of the most rural in Latin America, with 63% of the population located in formally rural areas as of 1974. There have been considerable differences across cities and across regions in recent rates of growth of the urban population, apparently reflecting the changing location of improved economic opportunity. Unemployment rates in urban areas are persistently higher than those of rural areas, but data are not available to demonstrate whether this represents the pull of substantially more attractive urban wages and other opportunities or simple displacement of labor from agriculture.

The Pattern of Urbanization and Urban Growth*

Honduras possessed 24 cities with 5000 or more inhabitants in 1974 (including La Lima). Of those 24, 13 had a population in excess of 10,000;

* 1974 Census statistics first began appearing in January 1975 in terms of Cifras Preliminares. There then appeared Resultados Muestra in July 1975 on the basis of detailed analyses of a 10% sample. The final definitive documents from the Population Census appeared in November 1976 (Volume I) and October 1977 (Volume II). The data utilized here are largely from the earlier publications, unless otherwise noted. The final definitive 1974 statistics are generally 1.9% larger than the Cifras Preliminares. CELADE (the U.N.-organized Latin American Demographic Research Center) analyses of the census suggest that there should be a 9.2% expansion to cover underenumeration; U.S. Bureau of the Census figures suggest 12.5% underenumeration. None of the underenumeration studies, however, are capable of indicating how the coverage varied across cities or regions within Honduras. The expanded figures simply increase population size of each city or region by the same proportion. The figures presented here, therefore, represent lower bounds on population size and rates of growth. Until data became available on the spatial pattern of underenumeration, they present the most accurate available picture of urban and regional variation in population growth.

6 were larger than 20,000, and only two were larger than 40,000:

San Pedro Sula (148 thousand) and the Distrito Central of Tegucigalpa and Comayagua (271 thousand). (See Table 1 and Map 1). There are several unusual characteristics about the Honduran pattern of urbanization. First, most of the cities with more than 5000 inhabitants are growing at very rapid rates, but the overall rate of urbanization remains low. As noted above, the urban proportion of the population only increased from 30% to 37% from 1961 to 1973. Yet 10 of the 23 cities for which there are data grew at rates in excess of 5% per year over the entire 13 year period. Second, there appears to be no correlation between size of a city and persistent rates of growth. The fastest growing city may have been anomolous, for Nueva Arcadia grew from 500 persons to 5,900 persons in 13 years. San Pedro Sula was the second most-rapidly-growing city, with an average of 7.13% per year growth. Although Tegucigalpa and the Distrito Central grew at 4.3% per year, it ranked 13th out of the 23. Third, the focus for urban growth is clearly in and around San Pedro Sula. The cities of El Progreso, Choloma, and Potrerillos are all within a 40 km. radius of San Pedro Sula, and they experienced growth of 5.4%, 5.7%, and 6.2%, respectively. And if one looks also at the rate of growth of the whole municipio, rather than that of solely the cabecera, one can pick up spillover growth which is presumably related to growth of the cabecera but not included within it because of the rigidity of political boundaries.

In Table 2, for example, one can note that the municipios of Choloma, San Pedro Sula, El Progreso, and Potrerillos were 1st, 2nd, 3rd, and 5th in rates of growth among all municipios with cabeceras greater than 5000. The new concentration of population in the Sula

Table 1

Size and Recent Growth History of
Honduran Cabeceras Municipales
With 5000 or More Inhabitants in 1974
 (Column Ranks in Parentheses)

	<u>Municipio</u>	<u>Departamento</u>	<u>Size in 000's</u>		<u>Compound Annual Growth Rates</u>
			<u>1961</u>	<u>1974</u>	
1	Distrito Central	F. Morazán	154.4	270.6	4.32 (13)
2	San Pedro Sula	Cortés	58.6	148.1	7.13 (2)
3	La Ceiba	Atlántida	24.9	38.6	3.37 (17)
4	El Progreso	Yoro	13.8	28.0	5.44 (9)
5	Puerto Cortés	Cortés	17.0	25.7	3.18 (19)
6	Choluteca	Choluteca	11.5	25.1	6.00 (5)
7	Tela	Atlántida	13.6	19.3	2.69 (22)
8	La Lima	Cortés	9.9	14.3	2.83 (20)
9	Comayagua	Comayagua	8.5	13.4	3.50 (16)
10	Sta. Rosa de Copán	Copán	7.9	12.1	3.28 (18)
11	Siguatepeque	Comayagua	6.0	12.0	5.33 (10)
12	Danli	El Paraíso	6.3	11.4	4.56 (11)
13	Juticalpa	Olancho	7.2	10.1	2.60 (23)
14	Choloma	Cortés	4.6	9.7	5.74 (7)
15	San Lorenzo	Valle	4.4	9.3	5.76 (6)
16	Catacamas	Olancho	3.9	9.1	6.52 (3)
17	Olanchito	Yoro	4.3	7.7	4.48 (12)
18	Potrerillos	Cortés	2.8	6.3	6.24 (4)
19	El Paraíso	El Paraíso	4.2	6.7	3.59 (14)
20	La Paz	La Paz	4.7	6.7	2.73 (21)
21	Santa Bárbara	Santa Bárbara	4.9	5.9	1.43 (24)
22	Nacaome	Valle	3.7	5.9	3.59 (14)
23	Nueva Arcadia	Copán	0.5	5.9	18.99 (1)
24	Santa Rita	Yoro	2.6	5.3	5.48 (8)

Source: DGEC, Cifras Preliminares, Censo Nacional de Población y Vivienda, 1974, Cuadro 4, pp. 14-26.

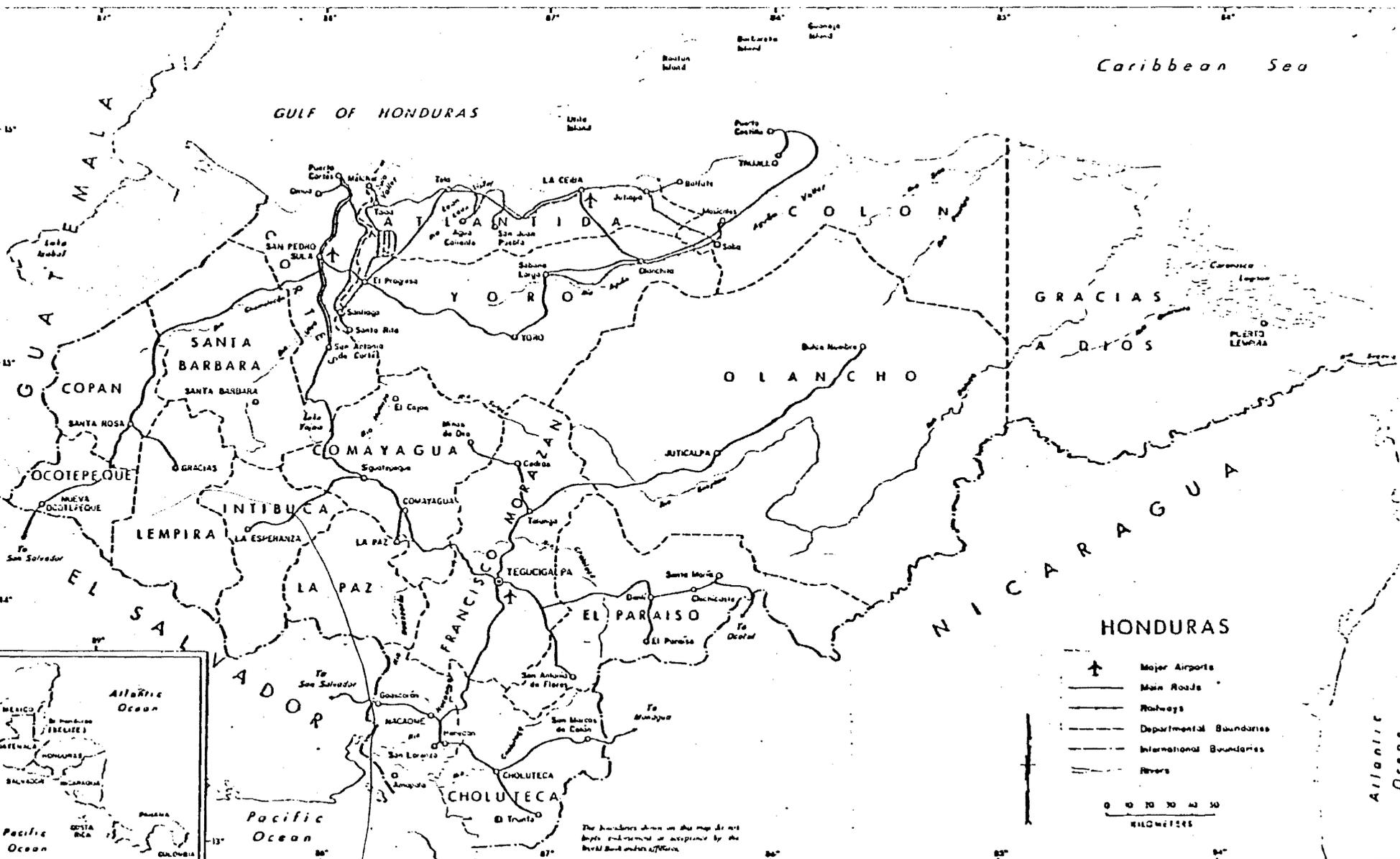


Table 2

Size and Recent Growth History of Honduran Municipios
with Cabeceras Larger than 5000 Inhabitants
in 1974: Entire Municipio *
 (Column Ranks in Parentheses)

	<u>Municipio</u>	<u>Departamento</u>	<u>Size in 000's</u>		<u>Compound Annual Growth Rate</u>
			<u>1961</u>	<u>1974</u>	
1	Distrito Central	F. Morazán	164.9	303.8	4.70 (4)
2	San Pedro Sula	Cortés	95.5	203.7	5.83 (2)
3	La Ceiba	Atlántida	32.3	47.6	2.98 (14)
4	El Progreso	Yoro	30.4	62.8	5.58 (3)
5	Puerto Cortés	Cortés	29.0	43.8	3.17 (12)
6	Choluteca	Choluteca	30.9	48.7	3.50 (10)
7	Tela	Atlántida	31.4	46.7	3.05 (13)
8	Comayagua	Comayagua	19.1	29.9	3.45 (11)
9	Sta. Rosa de Copán	Copán	15.4	19.6	1.86 (22)
10	Siguatepeque	Comayagua	19.3	27.8	2.81 (16)
11	Danli	El Paraíso	28.2	51.3	4.60 (6)
12	Juticalpa	Olancho	26.0	38.1	2.94 (15)
13	Choloma	Cortés	13.6	37.0	7.70 (1)
14	San Lorenzo	Valle	7.4	12.9	4.27 (7)
15	Catacamas	Olancho	15.0	24.2	3.68 (9)
16	Olanchito	Yoro	29.9	41.5	2.52 (17)
17	Potrerrillos	Cortés	5.0	9.1	4.61 (5)
18	El Paraíso	El Paraíso	11.7	15.1	1.96 (21)
19	La Paz	La Paz	8.9	11.7	2.10 (20)
20	Santa Barbara	Santa Bárbara	11.5	15.6	2.34 (19)
21	Nacaome	Valle	22.6	28.8	1.86 (22)
22	Nueva Arcadia	Copán	7.1	12.3	4.22 (8)
23	Santa Rita	Yoro	6.7	9.3	2.52 (17)

Source: As in Table 1.

* La Lima, the traditional headquarters of the largest foreign-owned banana producer (United Brands' subsidiary, the Tela Railroad Company), is not a cabecera municipal per se, hence only 23 municipios are listed here.

agro-industrial valley is very pronounced and is likely to lead to considerable adjustment problems.*

Finally, it is useful to note that there are fast-growing urban centers in all major areas except the western departments (Nueva Arcadia excepted). Choluteca in the south, Siguatepeque in the central area, and Danli and Catacamas in the east-central area suggest that there exist bases for regional development and incipient processes of regional development at locations other than in the vicinity of San Pedro Sula, with the exception of the west.

This urban system in Honduras differs from those of other Central American countries in several significant ways.** In the first place, Honduras had in 1974 the highest proportion of its population still in rural areas of any Central American country. Second, the proportion of the urban population estimated to be in the capital city as of 1970 was far lower in Honduras than in any other Central American nation, barely 43% compared with 58% in Nicaragua, 62% in El Salvador, and more than 70% in Costa Rica and Guatemala (as well as Panamá). Third, the Honduran population is much more evenly distributed across cities of different size than the Central American population as a whole. (See Table 3.) There exist some differences of opinion with respect to the meaning of that distribution, but a more even distribution has most frequently been interpreted as a more healthy distribution. Fourth, although

* To recognize potential adjustment problems does not imply that the concentration is inappropriate. Rather, it suggests that special attention may be warranted to accommodate that growth.

** See Robert W. Fox and Jerrold W. Huguet, Population and Urban Trends in Central America and Panama (IDB, 11/77).

Table 3

Percentage Distribution of Urban
Population by Size of City:
Honduras and Central America

<u>City size Category</u>	<u>Percent of Urban Total</u>	
	<u>Central America 1970 Estimates</u>	<u>Honduras 1974 Census</u>
10,000-20,000	12.0	11.0
20,000-50,000	12.5	22.0
50,000-250,000	10.6	24.0
250,000 and above	64.9	43.0

Source: Adapted from Fox and Huguet, op.cit., pp. 23 and 33.

Honduras has had the highest rate of population growth of any Latin American country for more than 25 years (Fox and Huguet, p. 136), only in El Salvador was a smaller proportion of the population increase absorbed by the urban areas. Finally, projections by Fox and Huguet suggest that the San Pedro Sula area will be the fastest growing urban area in Central America over the next few years, once again confirming the notion that there is truly unusual population concentration occurring there.

Housing and Urban Infrastructure

The ability of individual cities to absorb population increase without reducing the quality of life is an important question when one is attempting to evaluate patterns and rates of urban growth. To what extent, for example, has rapid growth led to substantial increases in housing prices or decreases in the proportion of the population provided with minimum infrastructure in urban areas. The data in Table 4 provide some indication of the relative state of urban housing and public services across the principal urban areas.

The 1974 housing census provided data on rented housing units by rent levels. These data in Table 4 supply some indication of the relative cost of rental housing across cities. The measure provided there, the proportion of rental units renting for 50 Lempiras or more, is an imperfect measure of average housing costs or of the cost and availability of housing for any new migrant; for it also reflects differences in the type of housing sought in cities of different sizes. As a minimum indicator, however, it does tend to reflect on the general cost and availability of housing. By that measure, rental housing is considerably more

Table 4

Some Characteristics of Housing and
Urban Infrastructure in the 23 Largest
Cabeceras Municipales of Honduras, 1974

Cabecera Municipal (by size in 1974)	Proportion of Rental Units renting for 50 Lempiras or more per month	Proportion of Housing with Piped Water In- side	Proportion of Housing With Pri- vate Toilets	Proportion of Housing with Elec- tricity
1 Distrito Central	.27	.48	.42	.81
2 San Pedro Sula	.30	.47	.41	.82
3 La Ceiba	.24	.29	.24	.79
4 El Progreso	.15	.41	.23	.56
5 Puerto Cortes	.25	.53	.32	.74
6 Choluteca	.14	.20	.11	.41
7 Tela	.21	.53	.27	.65
8 Comayagua	.11	.30	.16	.46
9 Sta. Rosa de Copán	.10	.29	.10	.63
10 Siguatepeque	.08	.31	.17	.48
11 Danlí	.14	.52	.24	.57
12 Juticalpa	.12	.19	.12	.60
13 Choloma	.08	.28	.15	.42
14 San Lorenzo	.02	.15	.18	.35
15 Catacamas	.12	.10	.06	.30
16 Olanchito	.11	.36	.18	.49
17 Potrerillos	.04	.08	.19	.30
18 El Paraiso	.06	.15	.24	.46
19 La Paz	.04	.20	.14	.35
20 Santa Bárbara	.16	.48	.41	.62
21 Nacaome	.05	.20	.05	.37
22 Nueva Arcadia	N.A.	N.A.	N.A.	N.A.
23 Santa Rita	.02	.59	.02	.30

Source: Calculated from DGEC, Censo Nacional de Vivienda, 1974,
Tomo II, Cabeceras Municipales, July 1976.

expensive in the larger urban areas than in the smaller, and it is particularly expensive in the rapidly-growing North Coast and Sula Valley areas. There is fairly close correspondence between recent rates of growth and housing costs as measured here. This evidence suggests that housing stocks may not be expanding rapidly enough to accommodate urban growth without considerable cost increases.

There is wide variation in access to urban infrastructure, both across cities of different size and across cities growing at different rates. San Pedro Sula, the Distrito Central and the heavily-tourist-oriented North Coast cities of Puerto Cortes and Tela lead the nation in access to infrastructure. La Ceiba, El Progreso, and Choluteca, among the largest seven urban areas, trail far behind in water, wastewater, and/or electricity facilities. Among the ten most rapidly growing urban areas, Potrerillos, Choloma, San Lorenzo, and Catacamas, also indicate fairly severe infrastructure shortages.

The process of concentration in individual cities cannot be understood adequately unless one looks at the broader patterns of regional growth and spatial redistribution of the population within Honduras. It would be a serious mistake to assume either that the migratory processes are spontaneous, lemming-like irrational movements or that one can understand or predict the future growth of any urban area by studying that area alone.

The Regional Context

The political division of Honduras into departments is shown more simply on Map 2. The eastern portion of the nation remains almost totally undeveloped. The ancient historical location of the initial

Map 2.
Map of Honduras by Departments



population in the country was in the western highlands of the departments of Copán, Ocotepeque, Santa Bárbara, Lempira, and Intibucá, geographical extensions of the Guatemalan highlands from which the Mayan ancestors of Hondurans came. Colonial expansion took place in the western and central valleys around the small mineral deposits and in areas free of the coastal pestilence. Twentieth century commercial agriculture and forestry led to a re-orientation toward the fertile North Coast coastal plains and the rolling, tree-covered valleys of Olancho.

Over the last quarter century the growth of the population has been most rapid in the North Coast departments of Cortés, Atlántida, and Colón as well as in the area around the capital in the department of Francisco Morazán. In Table 5 one may note that the western departments, with one exception, have grown at rates well below the national average since 1950 and, without exception, have grown much more slowly in recent years than prior to 1961. The exception is the department of Santa Barbara which grew very rapidly (3.8% per year) from 1950 to 1961 and then slowed to less than 1.8% from 1961 to 1974. The southern region, comprised of the departments of Valle and Choluteca, also grew relatively rapidly prior to 1961 and have grown considerably less rapidly since 1961 in terms of population.

The slowest growing areas have also tended to be areas with the highest initial population density. As one can note from Table 6 the seven departments which grew most slowly from 1961 to 1974 (Ocotepeque, La Paz, Intibucá, Valle, Lempira, Copán, and Santa Barbara, in that order) were the seven most-densely-populated departments (of those without large cities to raise average density) in 1961.

Table 5

Population Growth by Department
Honduras: 1950, 1961, and 1974

	Population (000's)			Growth Rates* (Rank in Parentheses)	
	1950	1961	1974	1950-61	1961-74
Francisco Morazán	190.4	284.4	451.8	3.65 (3)	3.56 (5)
Atlántida	63.6	92.9	148.4	3.44 (4)	3.60 (4)
Colón	35.5	41.9	77.2	1.51 (15)	4.70 (3)
Comayagua	68.2	96.4	135.5	3.15 (5)	2.62 (8)
Copán	95.9	126.2	151.3	2.50 (9)	1.40 (13)
Cortés	125.7	200.1	373.6	4.23 (1)	4.80 (2)
Choluteca	107.3	149.2	192.1	3.00 (6)	1.94 (11)
El Paraiso	82.6	106.8	140.0	2.34 (10)	2.08 (10)
Gracias a Dios	n.a.	10.9	21.1	n.a.	5.08 (1)
Intibucá	59.4	73.1	81.7	1.89 (12)	0.86 (16)
Islas de la Bahía	8.1	9.0	13.2	0.96 (17)	2.95 (7)
La Paz	51.2	60.6	65.4	1.53 (14)	0.59 (17)
Lempira	90.9	111.5	127.5	1.86 (13)	1.03 (14)
Ocotepeque	45.7	52.5	51.2	1.26 (16)	-0.19 (18)
Olancho	83.9	110.7	151.9	2.52 (8)	2.43 (9)
Santa Barbara	96.4	146.9	185.2	3.83 (2)	1.78 (12)
Valle	65.3	80.9	91.0	1.94 (11)	0.90 (15)
Yoro	98.7	130.5	195.0	2.54 (7)	3.09 (6)
Honduras, total:	1368.6	1884.8	2653.9	2.91	2.63
(Revised estimates)**	(1431.0)	(2017.0)	(3066.0)	(3.12)	(3.22)

* Compound annual percentile rates of growth, assuming precisely 11 years between 1950 and 1961 censuses and precisely 13 years between censuses of 1961 and 1974.

**Revised estimates are based on estimated underenumeration of 4.3%, 6.0%, and 12.5% for the censuses of 1950, 1961, and 1974, as reported in U.S. Bureau of the Census, Country Demographic Profiles: Honduras ISP-DP-10, December 1977.

Sources: 1950 and 1961 from final Honduran census publications; 1974 from Cifras Preliminares of the Dirección General de Estadística y Censos, January 1975.

Table 6

Population Density by Department,
Honduras: 1950, 1961, and 1974
 (Column ranks in parentheses)

	<u>Km.²</u>	<u>1950</u>	<u>1961</u>	<u>1974</u>
Francisco Morazán	7946.2	24.0 (7)	35.8 (4)	56.9 (3)
Atlántida	4251.2	15.0 (12)	21.9 (12)	34.9 (8)
Colón	8874.8	4.0 (17)	4.7 (16)	8.7 (16)
Comayagua	5196.4	13.1 (13)	18.6 (13)	26.0 (13)
Copán	3203.0	29.9 (4)	39.4 (3)	47.2 (5)
Cortes	3954.0	31.8 (2)	50.6 (2)	94.5 (1)
Choluteca	4211.0	25.5 (6)	35.4 (5)	45.6 (6)
El Paraiso	7218.1	11.4 (15)	14.8 (15)	19.5 (15)
Gracias a Dios	16630.0	n.a.	0.7 (18)	1.3 (18)
Intibucá	3072.2	19.3 (10)	23.8 (11)	26.6 (12)
Islas de Bahía	260.6	31.1 (3)	34.4 (6)	50.8 (4)
La Paz	2330.6	22.0 (8)	26.0 (9)	28.1 (11)
Lempira	4289.7	21.2 (9)	26.0 (9)	29.7 (10)
Ocotepeque	1680.2	27.2 (5)	31.3 (7)	30.4 (9)
Olancho	24350.9	3.5 (17)	4.5 (17)	6.2 (17)
Santa Barbara	5115.3	18.8 (11)	28.7 (8)	36.2 (7)
Valle	1564.6	41.7 (1)	51.7 (1)	58.1 (2)
Yoro	7939.2	12.4 (14)	16.4 (14)	24.6 (14)
Honduras	112088.0	12.2	16.8	23.7

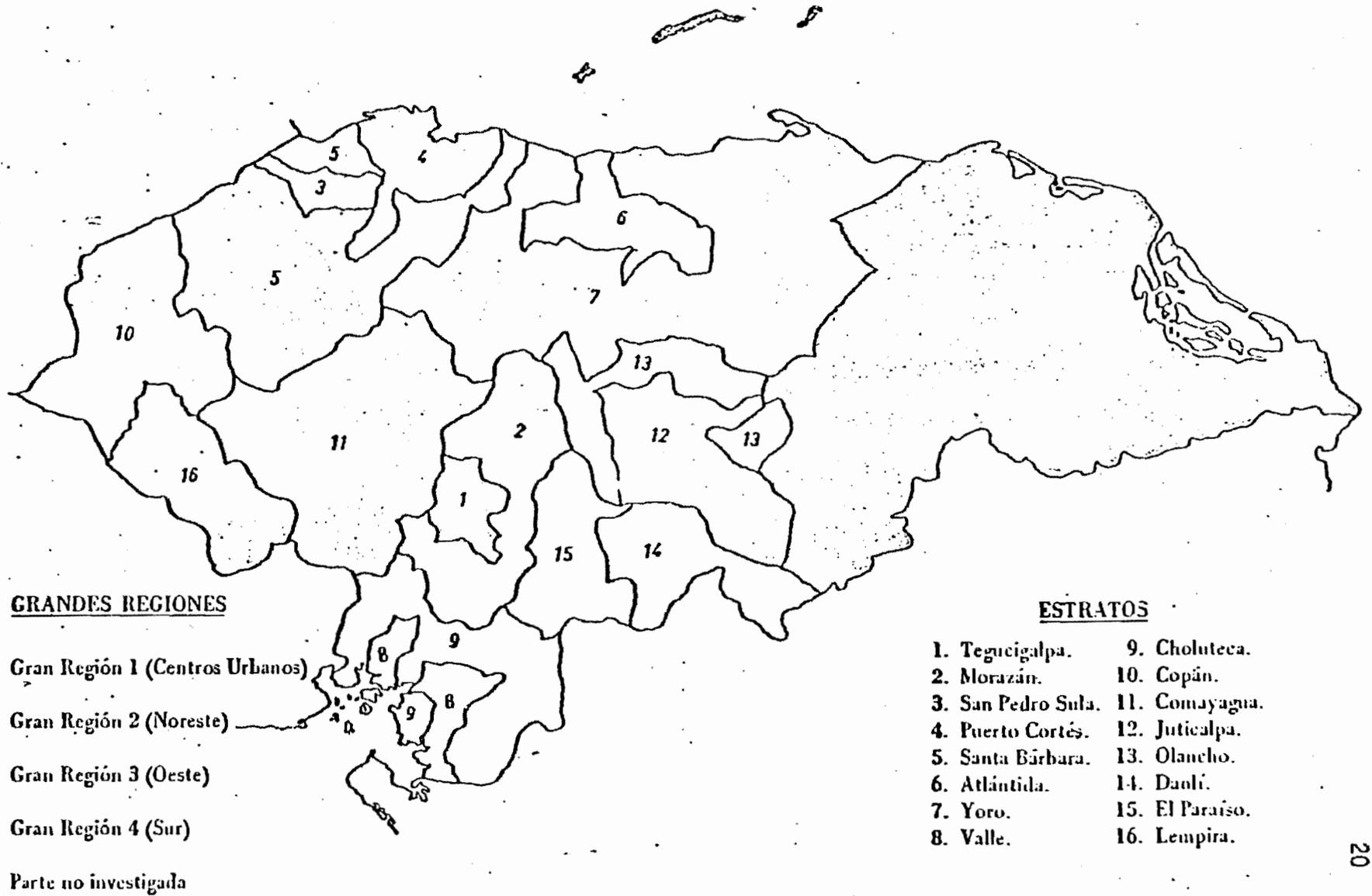
Source: DGEC, Cifras Preliminares, p. 1.

Although the differential rates of growth clearly imply migration, formal migration analyses have not been undertaken with the census data to date. Migration has been studied recently by CELADE on the basis of a large-scale two-year demographic survey effort undertaken in 1971 and 1972*. The CELADE study used a regionalization which grouped municipios into 16 relatively homogeneous "strata" and into four major areas (Map 3), the large urban centers, the northeast, the west, and the south. The conclusions reached by CELADE included the following:

1. The first two major areas (large urban centers and the northeastern regions) have been gaining population at the expense of the other two areas.
2. More women than men migrate toward the large urban centers; more men than women migrate toward the northeastern agricultural areas. These differences were found to reflect "the different structures of opportunities that the urban and rural zones offer to men and women" (p.60).
3. The propensity of the urban population to migrate is twice the propensity of the rural population; but the tendency to move from rural areas to urban areas is very small.
4. A higher proportion of the migrants to the two principal urban areas, the Central District and San Pedro Sula, come from other urban areas than from rural areas; and that proportion is greater for those areas than for other urban areas.

*Dirección General de Estadística y Censos (DGEC) and Centro Latinoamericano de Demografía (CELADE), Encuesta Demografica Nacional de Honduras, Fasciculo V, Migraciones, Tegucigalpa, 10/75.

Map 3
 Map of Honduras by Major Regions and Subregions used by CELADE



Relative Regional Socioeconomic Characteristics

There don't exist regional accounts for the departments of Honduras or for any other formal regionalization of the country. But considerable information on the variation in socioeconomic characteristics and on changes in those characteristics across regions can be derived from available census materials.

Honduras is a fundamentally rural country, but the level of urbanization varies considerably across departments. In 1950 and, surprisingly, also in 1961, approximately 30% of the Honduran population lived in the cabeceras municipales or principal central places of all the nation's county-like municipios. By 1974 that proportion had risen to only 37%, leaving 63% in rural areas. One can note from Table 7 that the proportion of the population living in rural areas (by that definition) varied across departments from 33% of Francisco Morazán, where the Distrito Central (Tegucigalpa and Comayagua) are located, to 92% in Gracias a Dios, the eastern extreme of the nation. None of the slow-growing western departments were as urbanized as the national average. And the national average is heavily influenced by large urban concentrations in Cortés and F. Morazán.

Approximately 61% of the nation was literate in 1974 according to preliminary census results. But there existed large differences across departments and between urban and rural areas. Of the rural population, only 50% was literate nationwide. Five of the six western departments registered literacy indices well below that average for their rural areas, with as little as 35% literate in Copán. Of the urban population, 81%

Table 7

Additional Regional Characteristics by Department,
Honduras, 1974

	Proportion Rural (Outside <u>Cabeceras</u> <u>Municipales</u>)	Proportion Literate (of Population Age 10 or more)			Proportion Eco- nomically Active (of Population Age 10 or more)		
		Urban	Rural	Total	Urban	Rural	Total
Francisco Morazán	.33	.86	.53	.75	.47	.41	.45
Atlantida	.56	.88	.56	.70	.38	.44	.41
Colón	.78	.82	.59	.67	.36	.42	.40
Comayagua	.66	.75	.52	.59	.39	.43	.42
Copán	.70	.70	.35	.42	.47	.46	.46
Cortes	.45	.84	.61	.76	.44	.42	.43
Choluteca	.77	.67	.49	.53	.40	.37	.38
El Paraiso	.76	.78	.45	.50	.42	.46	.46
Gracias a Dios	.92	-	.60	.60	-	.36	.36
Intibucá	.83	.73	.45	.57	.40	.46	.43
Islas de Bahía	.53	-	.88	.88	-	.42	.42
La Paz	.73	.66	.55	.56	.36	.42	.41
Lempira	.87	.78	.39	.45	.44	.45	.45
Ocotepeque	.69	.77	.44	.57	.44	.45	.44
Olancho	.74	.73	.50	.55	.43	.37	.42
Santa Barbara	.75	.73	.41	.48	.37	.50	.47
Valle	.74	.65	.48	.54	.38	.35	.36
Yoro	.70	.81	.58	.65	.41	.36	.39
Honduras	.63	.81	.50	.61	.42	.43	.43

Sources: Proportion rural from Cifras Preliminares of the 1974 census; other data from Resultados Muestra of the 1974 census.

was considered literate. The departments with lowest urban literacy were Valle (65%) and Choluteca (67%), both in the south, and the western departments of La Paz (66%), Copán (70%), and Intibucá and Santa Bárbara (73%). The highest levels of literacy, other than the special case of the Islas de la Bahía, were found in the north coast area and in the capital, with Atlántida, Cortés, and Yoro registering 88%, 84%, and 81% urban literacy, respectively.

There are considerable differences in patterns of labor force participation across regions. The range across departments for combined urban rates extends from 36% of the labor force (Valle and Gráncias a Dios) to 47% (Santa Bárbara). The national mean is 43%. The pattern of variation is not clear. One might expect lower rates of participation in areas persistently drained by migration, such as the western departments, but participation rates in those departments are generally equal to or above the national average. One might expect that the age-structure effects and the presence of many migrants would raise participation rates in principal receiving areas, but they don't appear to be significantly higher as a group.

The data available from the Census on "proportion unemployed" (Table 8) are misleading when compared with the usual use of the term. The most important difference is that the denominators for those percentages are all population 10 years old or over, not economically active population. The simplest and most straightforward adjustment for that specification would consist of dividing the reported unemployment statistics by the reported rates of labor force participation. Thus if 50% of the population

Table 8

Open Unemployment by Department,
Honduras, 1974

	<u>Proportion Unemployed</u> <u>as % of Active Popu-</u> <u>lation Age 10 or more</u>			<u>Unemployment Rate</u> <u>as % of Economically</u> <u>Active Population</u>		
	<u>Urban</u>	<u>Rural</u>	<u>Total</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Francisco Morazán	3.3	1.0	2.6	7.0	2.4	5.8
Atlantida	6.4	1.4	3.3	16.8	3.2	8.0
Colón	5.6	2.1	3.2	15.6	5.0	8.0
Comayagua	2.5	1.3	1.6	6.4	3.0	3.8
Copán	1.5	1.9	1.6	3.2	4.1	3.5
Cortes	4.1	2.4	3.5	9.3	5.7	8.1
Choluteca	3.0	1.3	1.7	7.5	3.5	4.5
El Paraiso	1.6	1.3	1.4	3.8	2.8	3.0
Gracias a Dios	-	3.6	3.6	-	10.0	10.0
Intibucá	0.4	0.9	0.7	1.0	2.0	1.6
Isías de Bahía	-	3.5	3.5	-	8.3	8.3
La Paz	4.1	0.8	1.2	11.4	1.9	2.9
Lempira	2.9	1.3	1.5	6.6	2.9	3.3
Ocotepeque	1.5	0.0	1.6	3.4	0.0	1.4
Olancho	3.0	1.5	1.8	7.0	4.1	4.3
Santa Barbara	5.0	1.1	1.8	13.5	2.2	3.8
Valle	5.8	0.5	2.3	15.3	1.4	6.4
Yoro	5.3	1.4	2.4	12.9	3.9	6.2
Honduras	3.6	1.4	2.2	8.6	3.3	5.1

10 and above is economically active, the unemployment rate reported in the census would be twice the rate reported. Both sets of figures are presented in Table 7.

Interpretation of these latter data is still not straightforward because it is not clear whether the differences in labor force participation rates represent constant age-specific and sex-specific rates under widely-varying age and sex distributions or significant differences across regions in age-specific or sex specific rates attributable to differing levels of opportunity. Furthermore, any census is taken at a specific date and will not reflect seasonal variation which tends to be very important in rural areas. The 1974 census was taken in the month of March, a period which falls in the dry season for all of Honduras other than the North Coast.

Regional variation in open unemployment displays four notable characteristics. First, urban unemployment rates tend to be more than twice the rates reported for rural areas. Second, the overall rate of reported open unemployment is remarkably low (5.1%). The highest rates of unemployment are fairly consistently associated with the principal receiving areas for internal migrants, the fastest growing departments. The departments which have been growing least rapidly tend to demonstrate the lowest rates of unemployment, from 1.4% and 1.6% in Ocotepeque and Intibucá to 2.9%, 3.3%, and 3.5% in La Paz, Lempira, and Copán, respectively. The apparent labor shortage in departments with heavy apparent out-migration implies either very limited development potential or extraneous circumstances as the cause.

The principal extraneous cause of apparent migratory patterns relates to the 1969 war between Honduras and El Salvador, and its aftermath. It is not clear, for example, the extent to which the apparent population movement out of the Western departments represents movement toward other Honduran sites or whether it

is largely attributable to the expulsion of Salvadorian citizens after the war. The estimates (all informal) of the number of Salvadorians forced to leave after the war range from 40,000 to 300,000. If the actual egress approached the upper end of that range and if the Salvadorians were concentrated in the western departments, as most believe, nearly all of the population growth differentials could be attributed to that movement.

In the absence of data on income or productivity by region, one can make some inferences about the relative level of socioeconomic development by looking at the industrial or sectoral composition of the labor force across departments and one can infer patterns of change over time from changes in that distribution. If we define, for the sake of comparison, "modern sector employment" as employment in manufacturing; electricity, gas, water, and sewer systems; commerce; and transportation, we can trace the evolution of jobs in those sectors by department and through time.*

Modern sector employment has grown in nearly every department and for both periods for which data are provided in Table 9. But the

*These are not crystal-clear distinctions, for part of manufacturing is handicrafts and part of commerce is petty-commerce; but jobs in these sectors are more likely to be salaried and are more likely to have a higher average productivity as a group than jobs in the remaining sectors.

Table 9

Modern Sector Employment by Department,
Honduras: 1950, 1961, 1974

	Estimated Modern Sector* Employment			Modern Sector Employment as Share of Dept. Employment			Modern Sector in Dept. as Share of National Modern Sector		
	1950	1961	1974	1950	1961	1974	1950	1961	1974
Francisco Morazán	11622	24205	51660	.146	.262	.380	.216	.303	.272
Atlántida	4636	4467	8230	.163	.161	.207	.086	.056	.043
Colón	1018	993	2980	.060	.088	.117	.019	.012	.016
Comayagua	1933	2733	6470	.063	.098	.186	.036	.034	.034
Copán	2747	3671	5310	.065	.091	.117	.051	.046	.028
Cortes	10253	17436	41600	.162	.272	.398	.191	.218	.219
Choluteca	3051	4071	9150	.059	.093	.194	.057	.051	.048
El Paraiso	1978	2366	7710	.048	.071	.191	.037	.029	.041
Gracias a Dios	n.a.	117	520	n.a.	.048	.054	n.a.	.001	.003
Intibucá	822	894	8680	.028	.043	.248	.015	.011	.046
Islas de Bahía	311	590	1680	.088	.248	.414	.006	.007	.009
La Paz	2625	1386	2610	.110	.079	.124	.049	.017	.014
Lempira	1635	1258	5340	.037	.039	.123	.030	.016	.028
Ocotepeque	1580	1253	3910	.071	.079	.185	.029	.016	.021
Olancho	1531	2207	5390	.039	.072	.136	.028	.028	.028
Santa Bárbara	3204	6097	15610	.070	.130	.258	.060	.076	.082
Valle	1672	2234	5730	.051	.104	.235	.031	.028	.030
Yoro	3156	4197	7340	.060	.112	.152	.059	.053	.039
Honduras	53774	79848	189870	.083	.141	.243	1.000	1.000	1.000

* The "modern sector" is defined here as all employment in manufacturing, utilities, commerce, and transportation. For 1974 it also includes the new category "financial establishments."

Sources: For 1950 calculated from DGEC, Resumen General del Censo de Poblacion Levantado el 18 de Junio de 1950, Cuadro 15, p. 25; for 1961 derived from DGEC, Honduras en Cifras, 1964, p. 11; and for 1974 expanded from 10% sample data reported in Censo de Población y Vivienda, 1974, Resultados Muestra, Cuadro 12, pp. 30-32.

growth of the share of modern sector employment within departments and the growth of national shares of the employment has varied greatly across departments. In 1950 8.3% of the Honduran labor force was employed in the modern sector; by 1961 this had risen to 14.1%, and by 1974 to 24.3%. In 1950 the proportions in individual departments varied from 2.8% and 3.7% in Intibucá and Lempira to 16.2% and 16.3% in Cortés and Atlántida, respectively. By 1974 the proportion of the labor force in the modern sectors in the western departments had risen to 11.7% and 12.3% in the western departments with the lowest levels (Copán and Lempira); but they had risen to 40% in Cortés, 38% in F. Morazán, and even to 41% in the Bay Islands. There is a fair degree of consistency between rates of population growth and level of modern sector employment, although areas of obvious rapid agricultural expansion (e.g., Olancho and Colón) are definite exceptions.

The modern sector employment is heavily concentrated in and around the two largest cities, in the departments of Francisco Morazán and Cortés. In 1974 those two departments contained 49.1% of modern sector employment. The next largest shares were found in Santa Barbara (8.2%) and Choluteca (4.8%).

From 1950 to 1961 there was notably increasing concentration of modern sector employment in the most rapidly growing areas, especially in the Tegucigalpa area and around San Pedro Sula. But from 1961 to 1974 that concentration was severely slowed. Over that 13 year period, the share of national modern sector employment in Francisco Morazán fell from 30.3% to 27.2%; the share in Cortés only grew from 21.8%

to 21.9%; the shares actually increased somewhat in Lempira, Ocotepeque, Valle, Santa Bárbara, El Paraiso, and Colón. (The datum for Intibucá appears to be a statistical error or other anomaly.) Manufacturing employment remained heavily concentrated, especially the modern portions of it. But more general modern sector employment appeared to be growing at comparable rates across regions.

More direct evidence of contemporary industrial concentration is available from the industrial survey taken in 1975. In Table 10 one can note that the department of Cortés contains a much larger proportion of industrial activity than the census-based data above tend to suggest.

Overview

Preliminary and partial evidence suggests that the rapid growth of cities in Honduras is an integral part of a broader movement of the population out of the less-productive and more-densely-populated regions of the south and the west and toward those urban areas and agricultural frontier zones where opportunities are considerably better.

To the extent that the current pattern of growth of modern sector employment is considered appropriate, the observed resettlement patterns appear to follow and facilitate that sectoral change. To that extent there appears to be little reason to discourage the migration now underway. If, on the other hand, greater decentralization of industry were desired, the present migration patterns might be deemed inappropriate.

There is some evidence that urban and rural unemployment are greatest at the principal destinations of the migrants, often the most

Table 10

Summary of the Location of
Industrial Activity: Honduras 1975
(Percentages)

	<u>Departments</u>			
	<u>Cortés</u>	<u>F. Morazán</u>	<u>Atlantida</u>	<u>All Others</u>
1. Number of establish- ments	41.5	30.5	6.4	21.5
2. Persons employed.....	50.7	23.8	4.9	20.6
3. Wages paid	59.2	23.8	4.2	12.8
4. Energy purchased.....	46.7	9.2	25.3	18.8
5. Raw materials purchased.	68.1	14.7	6.5	10.7
6. Sales	65.0	17.4	5.2	12.7

Source: "Notas para la Estrategia de Desarrollo Espacial de Honduras," Report of a U.N. Mission headed by Augusto Silvany and Carlos Garcia Tudero to CONSUPLANE, October-November, 1976, p. 37.

rapidly growing cities. It also appears that much of the migration is tending toward smaller communities with substantial infrastructure deficits and limited ability to respond to the demands of rapid urban growth.

III. Honduran Government Interest and Activity in Urban and Regional Development

There are four national government agencies concerned with general questions of urban development. They are:

1. The Regional Planning Department and the Local Development Department of the technical secretariate of CONSUPLANE, the national economic planning council;
2. The National Directorate of Urbanism in the Ministry of Public Works and Transport;
3. The National Directorate of Municipal Technical Assistance, in the Ministry of Government and Justice; and
4. The National Autonomous Municipal Bank.

In addition there are numerous agencies, such as the electrical energy agency (E.N.E.E.) and the water works agency (S.A.N.A.A.), which are concerned with specific types of urban infrastructure. The division of labor among these agencies is not clear, and there appears to have been considerable overlap and some competition among them in recent years.

We obtained some perspective on government policy and activity through interviews with the following persons:

- a) Lic. Ramón Mondragón, Ing. Manuel Lopez Luna, Lic. Juan Leonhardt, and Lic. Carlos Silva of the technical secretariate of the national economic planning council (CONSUPLANE);

b) Ing. F. Humberto Prats and Arq. Edgardo Derbez of the Dirección General de Urbanismo;

c) Arq. Henry Merriam, Mayor of the Distrito Central and his assistant, Billy Kibbett.

We also had an opportunity to review a selection of the position papers, urban plans, and other documents (including background consulting reports) on the subjects of urban and regional planning available from these agencies.

Background and Current Level of Interest

Regional and urban planning and development have not been high on the list of planning and development priorities of the Honduran government, partially, it appears, because they were not of high priority for the international agencies toward which much of the planning to date has been directed. It is the belief expressed by Lic. Ramón Mondragón, director of the technical secretariate of the National Council of Economic Planning (CONSUPLANE), that the present Honduran government is very interested in both more rational regional planning and greater local development planning and assistance. CONSUPLANE has been active for more than three years in developing background and bases for local and regional planning, and there is a distinct section of the draft national plan for 1979-1983 (which we have not seen) ostensibly providing formal recognition and funding for this new focus.

There have been isolated attempts in the past to do regional planning or to develop bases for such, but it appears that little has come of them. According to Carlos Silva (a "survivor" of past regional and urban planning efforts), there was considerable interest in 1967 and

1968, but the costs in terms of the "surrender of autonomy" imposed on entrenched ministries vitiated the efforts and little was implemented. Fairly large scale regional development plans were prepared for the Bajo Aguan valley and for the whole South of the country at that time.* Individual projects from those studies have been implemented, but not as a part of a generalized regional approach.

The Dirección General de Urbanismo has been active since late 1973 in activities related to urban physical planning and, since about 1976, in some local area socioeconomic planning. More detailed descriptions of these agencies and others follow.

Secretaría Técnica del Consejo Superior de Planificación Económica.

CONSUPLANE is an inter-ministerial planning agency which has primary responsibility for the development of the five-year national plans and for the coordination of proposals which emanate from the individual ministries. There has been a Regional and Urban Planning Department in CONSUPLANE from its inception (in the late '60's), but its staff has apparently been minimal until recently.

In late 1976 a UNDP mission prepared a fairly extensive background study for CONSUPLANE on regional planning.** There emerged from that a CONSUPLANE working paper on the definition and incorporation of a regional planning system which is strikingly candid in its analyses of

*The Economic Development of Southern Honduras, Stanford Research Institute, Project No. I-5878, 5 Volumes (July 1968).

**Notas para la Estrategia de Desarrollo Espacial de Honduras, by Augusto Salvary and Carlos Garcia Tudero (UNDP/OTC), October-November 1976 (mimeo).

the obstacles encountered in regional planning in Honduras.* Among the principal obstacles, the paper included: lack of a firm decisions at the highest levels to incorporate regional dimensions in all levels of planning; prevalence of a "sectoral mentality"; lack of adequate specialized personnel; and lack of adequate statistical bases. It then proposed a series of alternative structures for incorporating regional planning into national planning, and it proposed a definitive regionalization of the country to be used by all ministries. (See Map 4.)

The National Plan for 1974-78 did, in fact, have some reference to regional dimensions in individual sector-specific volumes. But the regionalization varied from ministry to ministry and, hence, from volume to volume. The industrial development plan suggested focussing on 3 regions; the natural resource plan on 5; and the health, agriculture, and transport plan used a 7-region scheme, but not the same regions in each.

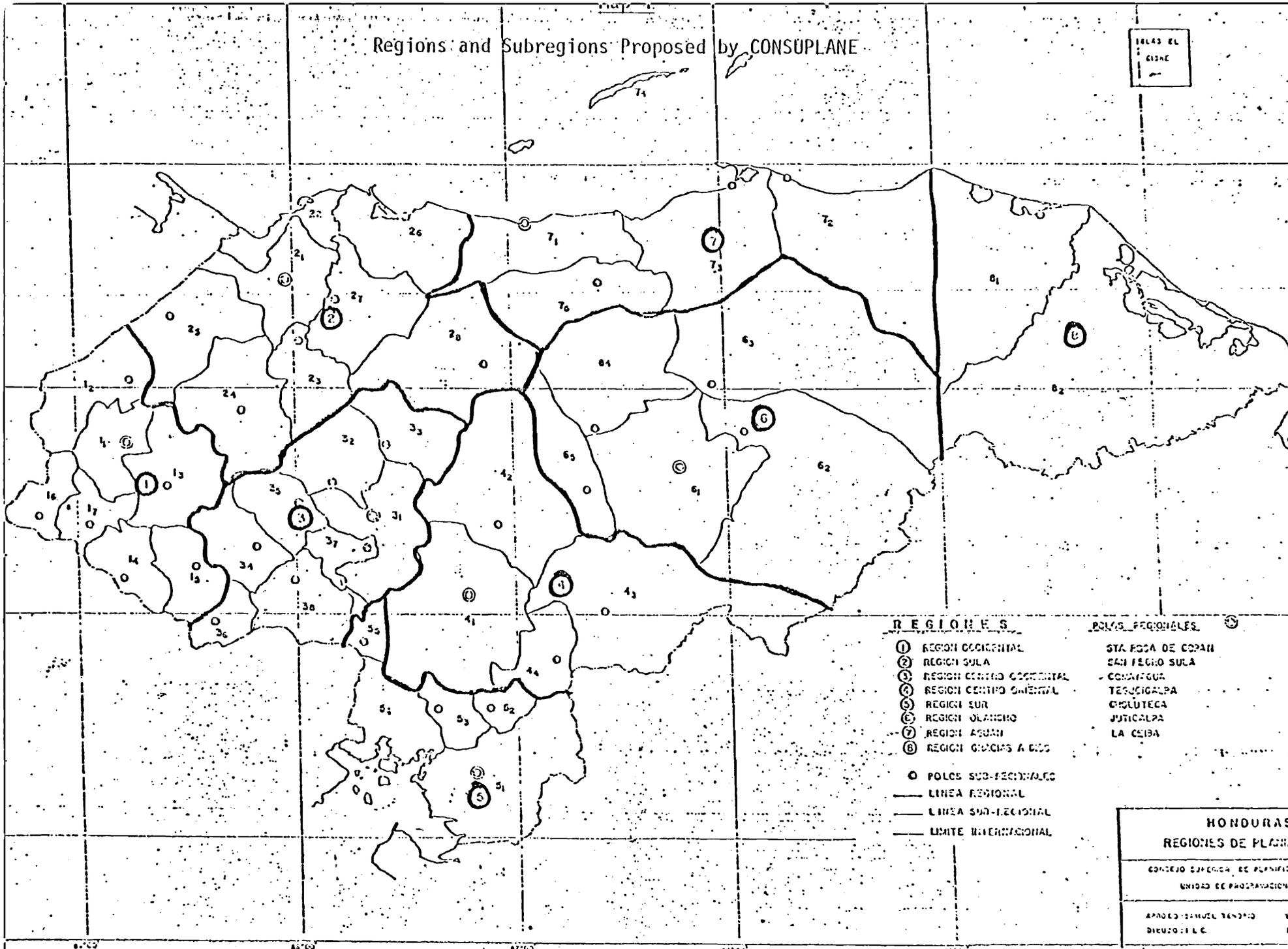
There was virtually no reference in any of those plans to locally-oriented development planning or to urban development concerns per se. CONSUPLANE has, however, become very interested in local development in the past two years. Two background studies were completed with UNDP funding and technical assistance.** These reports have led to the creation of a separate Local Development Department in the CONSUPLANE technical

* "Bases para una Definición e Incorporación de un Sistema Regional de Planificación y Administración del Desarrollo," Secretaria Técnica of CONSUPLANE, October 1976.

**Hacia la Definición de Una Política Nacional de Desarrollo Urbano (March 1976) and Lineamientos Preliminares para la Planificación y Administración del Desarrollo Urbano-Rural of Nivel Local (December 1977).

Regions and Subregions Proposed by CONSUPLANE

ISLAS EL
CISNE



- REGIONES**
- ① REGION OCCIDENTAL
 - ② REGION SULA
 - ③ REGION CENTRO OCCIDENTAL
 - ④ REGION CENTRO ORIENTAL
 - ⑤ REGION SUR
 - ⑥ REGION OLANCHO
 - ⑦ REGION AGUAN
 - ⑧ REGION GUACAPÁN A DOS
- POLOS REGIONALES**
- ① STA. ROSA DE COPAN
 - ② SAN FEGRO SULA
 - ③ COMAYOGUA
 - ④ TEGUCIGALPA
 - ⑤ CHOLUTECA
 - ⑥ JUTICALPA
 - ⑦ LA CEIBA
- POLOS SUB-REGIONALES
- LINEA REGIONAL
- LINEA SUB-REGIONAL
- LIMITE INTERNACIONAL

HONDURAS
REGIONES DE PLANIF

CONSEJO SUPERIOR DE PLANIFICACION
UNIDAD DE PROGRAMACION I

APROB: MANUEL TENENGO
DISEÑO: F. L. C.

secretariate and to the preparation of a working paper which proposes the creation of a national system for the support of local development efforts.* The working paper is somewhat more strident than previous CONSUPLANE documents and suggests that there should be concern at the national level because there is a lack of an appropriate urban-rural hierarchical structure and because the country is beginning an "accelerated and irreversible" rural-urban migratory process. It recommends several steps toward improving local development and toward decentralizing participation and responsibility. The specifics recommended included:

1. concentrating local development activities in a single national agency;
2. decentralization of that agency to regional levels;
3. establishment of planning links between global resources for local development and on-going sectoral infrastructure programs;
4. greater allocation of resources to the informal sector at the local level;
5. concentration of agencies concerned with social infrastructure in a single agency;
6. passage of legislation providing instruments for local development and for the control of urbanization and construction;
7. improvement of local participation in local development planning, through councils of municipal governments and local development councils.

*"Planificación y Administración del Desarrollo Urbano-Rural al Nivel Local," CONSUPLANE (December 1977).

The CONSUPLANE personnel with whom we talked suggested that there were three or four principal considerations which underlie their regional and urban proposals:

a) a recognition that Honduras is just beginning the urbanization processes which appear to have created severe problems in other Latin American nations; they explicitly recognize that they may be able to gain from the experiences of others;

b) an interest in improving standards of living in the depressed western departments by encouraging concentration in the relatively more fertile valleys and by providing urban infrastructure for that resettled population;

c) an interest in providing assistance to the rapidly growing cities so that they can anticipate and avoid the problems of insufficient infrastructure or the high cost of infrastructure in squatter settlements, many of which were started by "invasion."

d) a recognition of the need to develop a coherent system of central places in the agricultural frontier regions, especially in the Aguan valley where rapid colonization is occurring with IDB assistance but where the return rate for colonists has been high; and

e) concern that all such plans and assistance need to be made consistent with an overall strategy for "territorial occupation" or spatial population distribution.

The level of training and spatial awareness, the kind of concerns which were articulated, and the sense of having an opportunity to influence national strategies were all impressive among the people with

whom we spoke. There appear to exist strong bases in CONSUPLANE for expanded urban and regional analysis.

Dirección General de Urbanismo

The activities and organization proposed by CONSUPLANE reflects and, to some extent, overlaps with activities which have been underway under semi-official auspices for nearly 5 years in the Dirección General de Urbanismo (DGU). The DGU was established in 1973 within the public works and transport ministry, according to Henry Merriam (one of its first Directors), in order to coordinate the physical infrastructure planning of the Distrito Central and other large urban areas. It produced a landmark METROPLAN for the development of the entire region related closely to Tegucigalpa, a region which extends from Choluteca to Camayagua. (Merriam is now using that plan as the basis for his activities as Mayor of the Distrito.)

DGU has never been legitimized by an official decree, according to Merriam, but it has developed both a series of technical manuals for urban planning and urban administration tailored to Honduran institutional structures and detailed analyses and development plans for nine municipalities or areas (Puerto Cortes, 1973; Danli, 1974; Olanchito, 1974; Choluteca, 1974-75; Camayagua, 1975-76; Central Places of the Bajo Aguan, 1975-76; La Ceiba, 1976-77; Tela, 1976-77; and Santa Rosa de Copán, 1977). It has also conducted background analyses of Honduran municipal finances and prepared a draft "Urban Development Law" which is still awaiting executive action.

We were able to review a fairly large proportion of these materials, and there is no doubt that they are of unusually high caliber.

The plans and studies prepared in the earlier years, say 1973 thru 1975, tend to be heavily oriented toward physical planning requirements, the preparation of master plans for residential and non-residential locations, and the development of building codes, street and roadway specifications, and traffic flow analysis. Many of those details were beyond the ability of the municipal governments to implement, according to Ing. Prats, present Director of DGU, because the local governments had neither the statutory authority nor the technical personnel required. Since 1976 the local development plans have tended to emphasize to a much greater degree analyses of the socioeconomic characteristics of each community, appropriately set within its regional context, and of potential strategies for social and economic improvement, as well as analyses of physical infrastructure needs.

At present the DGU is also actively engaged in a decentralized planning program in Santa Rosa de Copán, in conjunction with an O.A.S.-assisted frontier development program and in a regional coordination and planning group composed of representatives of 43 municipios centered on Choluteca. It works closely with a number of Peace Corps Volunteers who provide the technical assistance at the local level. It is the philosophy of Ing. Prats to use his planning and engineering staff, largely recent University graduates, to support urban development programs of almost any sort initiated by the local municipalities, so long as they cannot get help at other GOH agencies. Several of the cost-sharing arrangements which he has devised have been innovative and flexible; it may be that his semi-official status frees him of some of the bureaucratic restrictions which harness other agencies. It may also be a simple

reflection of his expansive personality and limited willingness to be constrained.

In theory CONSUPLANE has responsibility for devising the guidelines and background legislation within which an agency such as DGU would function. In practice, DGU has been "freewheeling" because of the absence of guidelines and has probably been as influential as any group in pressuring CONSUPLANE to develop general plans and legislation.

Dirección General de Asesoría y Asistencia Técnica Municipal

This agency has been created very recently and its function appears to be the supervision of the legal formalities of the nations 283 municipal government bodies. We did not have an opportunity to interview anyone associated with it; but explanations by those with whom we did talk provided very little insight into what additional functions it might perform.

Banco Municipal Autónoma

The Autonomous Municipal Bank (BANMA) was created in 1961 to provide local governments with financial and technical assistance, to serve as depository for municipal funds, and to serve as financial agent, purchasing agent, and administrator for municipal governments. BANMA is well known to AID/Honduras because of the Municipal Development Program (\$4.1 million) underway since 1974 and due to be completed by mid-1978.

It is important, nonetheless, to note that its legal status may imply that it will have to be used as an intermediary in any attempts to provide financial assistance for urban development at the local level. Furthermore, given the nature of the urban infrastructure deficits

discussed above, it may be appropriate to extend and expand the present BANMA program, as one of the several options discussed below.

Other Programs of Potential Relevance

The Honduran government has recently completed and released a Master Roads Plan (PMV) which proposes to increase the coherence with which both main highway and penetration road construction is being undertaken. The PMV, as noted in the Mission's draft Agricultural Sector Assessment, "evaluates 21 valleys for the purpose of identifying those areas with the greatest development potential" and considers "complementary investments" required to achieve the projected development. The valleys are ranked in terms of those which will yield the highest return in the allocation of resources, both with and without considering redistributing effects. The total infrastructure evaluated there includes access roads; secondary roads; irrigation, flood control, and drainage; and marketing facilities (interpreted primarily in terms of storage structures). The estimated required outlays for the valleys discussed exceeds \$400 million, nearly 3 times the 1976 rate of gross domestic investment.

The PMV is of considerable importance to an urban development strategy for at least two reasons. First, the valleys considered differ substantially in the extent of development to date of a set of settlements. Agricultural expansion in those valleys will require attention to the patterns of increased town growth, resettlement, and, in general, new urban infrastructure which will be needed to facilitate (or, at the extreme, to permit) agricultural growth.* Second, it may prove true

*The experience now crystallizing from the DS/UD "Urban Functions in Rural Development" Project reinforces this notion strongly.

that inclusion of urban infrastructure, both private and public, in the calculation of the costs of "developing" the different valleys would alter the rankings and the recommended order undertaking projects. To ignore such costs is to assume that there is no value associated with the roads, public structures, and immobile private capital in areas which would not be ranked high in development priority, or, conversely, it implies that all the necessary private and public infrastructure can be constructed or reconstructed in new valleys at no real cost to the economy. To take them into consideration, on the other hand, may lessen not only necessary urban capital requirements but also the intangible social costs born by migrants in leaving areas of prior settlement and moving toward areas, such as the Bajo Aguan, where heavy public investment raises the relative socio-economic opportunities which are available. At the very least, further investigation of such urban development implications are in order in conjunction with investment programs of that magnitude and with potential spatial (and specifically urban) implications as great as those associated with a master roads plan.

The BANMA loan has permitted a number of communities to undertake fiscal reforms based on new cadastral surveys. The reform undertaken in the Distrito Central using a cadaster financed with its own revenues (the Distrito Central and San Pedro Sula are excluded from the present BANMA AID-financed loan program) is illustrative.* The simple process of surveying, cataloguing, and assessing property under a reorganized cadaster has raised revenues in the Distrito by more than

*Discussion with Henry Merriam, Mayor of the Distrito Central, April 11, 1978.

300% over less than three years and at prior tax rates and assessment ratios. As a result the mayor's office (alcaldia) has expanded the scope and extent of the construction and social service projects which it has undertaken.

A national cadaster is now underway, but several cities have borrowed from BANMA to conduct their own rather than await the national results. Similar changes in revenues, though not so dramatic, have been experienced in Camayagua, Danli, and Siguatepeque. This increase in solvency at the local level, should it become generalized, would imply even greater need for technical personnel to assist the municipalities with expanded development programs.

Given the brevity of our stay in Honduras, it was not possible to investigate in any depth the nature of specific problems encountered in San Pedro Sula, the second largest city. Extended discussion with the mayor of the Distrito and his aide, however, suggested that even with increased revenues, relatively high levels of urban infrastructure in place, and unusually strong technical planning personnel, there may be room for AID involvement in urban development in the largest cities.

The Distrito Central has undertaken a broad spectrum of new projects under Merriam's leadership, based on ideas which evolved in the METROPLAN and financed almost totally out of local revenues. The growth of squatter settlements or of substandard subdivisions on the periphery of the city creates problems with respect to water and sewerage systems. S.A.N.A.A., the water works agency, is prevented by the terms of its international financing from expanding systems where it cannot be certain they will be self-financed. The Distrito Central has

worked out arrangements under which it guarantees the costs of materials to S.A.N.A.A., and it provides labor and other costs for the installation and operation of the expansion. But the ability of the Distrito to expand the systems this way has been hampered by limitations on its funds, and by administrative difficulties in interfacing with S.A.N.A.A.

The Distrito is interested in expanding tourism to the capital, and it has designed several projects which would simultaneously increase the integration of the region and provide improved opportunities for artisans on the periphery of the city. The remodeling and reconstruction of the center of Ojojova and San Buenaventura (about 25 kilometers to the south of the capital), and a series of road and other infrastructure projects programmed for Valle de Angeles (25 kms to the northeast) are examples of projects which might have sufficient benefits for AID target groups that they would warrant support. The expansion of community service centers throughout the Distrito Central has the potential for providing considerably improved access and increased participation in local decision making for residents of barrios. Of perhaps greater significance in a broader regional context, they could provide a basis for programs designed to facilitate the flow of information to migrants and potential migrants and to ease the adjustment of newly-arrived migrants. The fact that these projects are underway in the Distrito means that there exists the possibility of studying their effectiveness, of considering their transferability to other places with similar problems, or of expanding them in the Distrito to ease the pressures of growth if that growth is not deemed inappropriate or counterproductive.

IV. Potential Elements of an Urban Development Strategy for Honduras

The background analysis above suggests that there exists a very wide range of possibilities for an urban development strategy for Honduras and an equally wide scope for international assistance with respect to such a strategy. The design of a program based on some subset of the policy alternatives listed below should depend upon further analysis of questions related to each. Some of those questions will be discussed in greater detail in the following section of this report. The options are arrayed first with respect to the smallest urban places and then for larger cities. Within each group they are also divided into those which would be "less interventionist" and those which would be "more interventionist." In each case the appropriate policy or policies would depend upon suppositions or conclusions with respect to the appropriateness or inappropriateness of the processes with respect to which one is intervening.

A. Small urban places and agricultural frontier areas. It would be possible to dismiss urban places of less than, say, 5000 inhabitants as unimportant to the urban development "problems" of contemporary Honduras. But if movement of the population into larger urban places begins primarily in these smaller places, as some evidence above suggested, then it is precisely the relative employment opportunities and access to infrastructure and social services in these places which is a prime determinant of the migration. In the same way one might assume that small settlements in newly-opened areas would "take care of themselves," arising as needed and providing the minimum levels of facilities and services without a need for outside assistance. There appear, then, to be several options:

Option 1: Decide to concentrate urban development resources in central places larger than, say, 5000 persons.

Option 2: Set aside a fixed quantity of assistance for a limited number of towns under 5000 (say 5, 10, or 15 per year) to be made available to those towns which demonstrate the greatest innovation or which offer the greatest counterpart investment programs.

Option 3: Prepare a program of integrated urban development for existing small towns (coordination of water, electricity, roads, and health center programs, plus new resources for planning guidelines, fiscal reform, part-time technical assistance, etc.) and coordinate the selection of communities with the Master Roads Plan or other plans which concentrate other investments in the "most promising" valleys.

Option 4: Develop a program of new agricultural service centers to reinforce the development of new frontier areas, coordinating the physical development of such new towns and financing the provision of infrastructure in anticipation of the growing needs of the area.

B. Medium-size towns. For the 22 towns in Honduras which had more than 5000 but fewer than 50,000 inhabitants, the needs are somewhat clearer, although priorities among them will differ depending on the regional development strategy adapted for the nation as a whole.

If, for example, further study suggests that continued growth of the Distrito Central or of San Pedro Sula would imply net diseconomies of scale (i.e. diseconomies net of increases in productivity, if any), then the future role of these medium-size towns may be crucial. If a national strategy of decentralization of industrial and other "modern" employment is chosen, then the relative conditions in these medium-size cities will determine whether firms and labor can be attracted to them with little or no subsidy or other incentive. The preferred policy may also vary depending on the location of the specific city, its prior conditions, and local preferences. The options for medium-size cities might include:

Option 5: Decide to omit medium-size cities from urban development strategy because they are large enough to finance their own improvements, do not have problems of growth absolutely as large or tangible as those of largest cities, and reflect disparities in facilities and social services which are part of a fairly natural continuum from smallest to largest population centers.

Option 6: Extend or expand BANMA assistance for these cities, focussing on physical infrastructure and administrative reform and implicitly allocating funds toward these communities which are most "credit-worthy" from BANMA's perspective.

Option 7: Support the creation of a national program to assist (out of national government funds) those medium-size cities which are a) growing more rapidly than

others and b) demonstrate larger relative infrastructure deficits than most. (The rationale for national assistance is that the benefits which accrue from the migration of the labor force cannot be internalized fully by the destination town, but the marginal costs of new infrastructure, etc. are born locally. Under such conditions the rapidly growing towns are likely to finance less new infrastructure than would be optimal nationally.)

Option 8: Encourage the decentralization of industry by providing a fund from which low interest loans could be made to municipalities outside the two largest (or the four largest) to provide industry-specific infrastructure, skill-training, or other subsidies in exchange for formal commitment from firms to locate new plants, investing certain minimum quantities of funds and/or creating minimum quantities of new jobs.

Option 9: Select a small set of provincial cities with good transport connections and demonstrated growth potential (such as Choluteca, Danli, El Progreso, or Santa Bárbara) and design tailor-made integrated urban infrastructure projects to raise levels of facilities and social services well above average in order to attract new firms and labor force to an environment in which such growth has been anticipated.

Option 10: Create a system of community service centers, perhaps patterned after those in Tegucigalpa, which facilitate the participation of lower income groups in local development decision-making, provide urban social services in a decentralized fashion, facilitate the incorporation of new migrant arrivals, and, perhaps, even serve as employment clearing houses.

Option 11: Increase contact with PYO's which are active in self-help housing and other urban-development oriented projects, especially in areas of rapid population growth and demonstrated housing insufficiency.

Option 12: Provide technical assistance to all 22 cities in this rubric and finance (through new forms of soft monies) urban development programs developed individually in each and approved by a national agency, requiring widespread local participation in the formulation of programs but encouraging innovative physical and social elements (U.S. Community Services Administration might be a model).

C. The Two Largest Cities. Whether an AID-supported urban development strategy should incorporate San Pedro Sula and the Distrito Central would depend upon answers to numerous questions which are still open:

- Are there demonstrable net diseconomies of scale associated with these cities? Should they be encouraged to grow?

- To what extent are they able to "handle" their own growth, given existing revenue sources and expenditure needs?
- To what extent can programs be tailored in those places to reach effectively the target groups without simply providing for the substitution of AID resources for local resources that otherwise would have been expended for target group projects?
- To what extent will preferential treatment of those places lead to increased growth of an unwanted variety from the specific programs proposed?

Answers to those questions would contribute to choice among options such as the following:

Option 13: Limit urban development assistance to areas other than the two largest cities, either because the negative consequences of growth will slow naturally the rates of migration toward them or because they are judged financially capable of coping or because targeting is uncertain.

Option 14: Expand BANMA program to permit loans to the two largest cities so long as the primary direct and indirect benefits of projects financed there can be demonstrated to accrue to target groups (e.g., subsidized water and sewerage systems for "marginal" population, municipal assistance for self-help housing, etc.)

Option 15: Provide assistance directly to the two largest cities for coordinated development of rural communities and small towns in their immediate hinterlands (e.g. some METROPLAN

communities for Distrito Central or the towns of Potrerillos, Choloma, Chomelecón, and La Lima around San Pedro Sula) increasing the extension of their planning and administrative capacity while lessening both problems of growth in the peripheral communities and the pressure of growth in the largest cities themselves.

Finally, as a broad background for successful urban development programs, the Mission might want to consider a policy of encouraging more thorough spatial development analysis at all levels in the GOH so that investment in urban infrastructure is coordinated with the evolving regional structure of the economy. There is considerable room for technical assistance and training at this level, as well as at the level which relates more immediate urban development concerns. The fact that technical assistance does not figure more predominantly in the options suggested above does not imply that technical assistance is of less importance. The comments above about the quality of the technical staff at CONSUPLANE and the DGU notwithstanding, there would be need for technical assistance in conjunction with virtually all of the options suggested, especially in order to train Hondurans to provide assistance at the local level.

V. Questions Which Should be Addressed by a More Extensive Urban Assessment

There have emerged, in the analysis above, many questions which have not been resolved by the data readily avoidable at the moment or which could not be resolved within the time available. The partial listing offered below is intended to bring some of them together in

order to demonstrate more clearly that the design of an appropriate

urban strategy should be based on more profound exploration and analysis.

1. What have been the principal determinants of urban growth in Honduras? How do they vary over cities of different size? To what extent are political boundaries reflecting the growth accurately? And what are the implications of current patterns of urbanization and the growth of specific cities for the urban system in Honduras for, say, the year 2000?
2. To what extent and in what way should the pattern of urban growth be considered "inappropriate" in view of the current development plans or in terms of broader perspectives on settlement patterns? To what extent are there tangible economies or diseconomies of scale in the larger cities? Differences in productivity over cities of different size?
3. What is the real level of unemployment in the principal cities and in groups of cities of different size? What is the composition of the unemployed population? Native or migrant? From what region?
4. What differences exist in the costs of providing a common basket of public services in different cities and in cities of different size? What would be the magnitude of the investment required to raise access levels for urban infrastructure to different target levels for a majority of the urban places?
5. To what extent has the slow growth of population in the western states been a function of internal migration to other

parts of Honduras and to what extent a function of the expulsion of Salvadoranians? More generally, what seem to be the consequences, positive and negative, of current population redistribution patterns?

6. Is industrial decentralization a feasible alternative or a desirable alternative at present Honduran levels of industrialization. To what extent, for example, are agglomeration economies of various sorts important to the type of industry presently locating or expanding in Honduras? How important are they likely to be under potential future industrial growth? What forms and levels of subsidies might be necessary to stimulate decentralization toward medium-size towns?

7. Is there evidence that agricultural development has been hindered by the lack of development of agricultural service centers? Are there feasible ways of stimulating such development if it proves deficient?

8. To what extent would consideration of the location of existing urban centers and the cost of creating new urban centers affect the priority ranking of various Honduran valleys for roads and other agricultural projects?

9. What policies will have emerged (within the next couple of months) as the new GOH position on urban and regional development? How will that affect programs of other ministries or secretariates?

10. Which of the existing Honduran institutions, would be the most appropriate for each of several different kinds of urban

development programs? How strong are the personnel of each, once one gets behind the professionals at the front? Are there persons available who could take advantage of brief periods of specialized training and return to administer programs such as those proposed here?

VI. Proposed Urban Assessment for Honduras

Background

As anticipated by the Authors and the Mission, a full urban assessment clearly is required as a follow-on to this brief study. This necessity is suggested in the wide range of options that might be pursued by the Mission and the many questions and issues still to be addressed. There is another advantage to an assessment as well, if it is done in a collaborative manner with the Honduras Government. It will provide an opportunity for development of working relationships with relevant Honduran government agencies with which the Mission has not been actively involved. The nature of these relationships and Mission appraisal of institutional capabilities through the assessment activities will be factors in identification of an urban strategy and key collaborating institutions.

There has been some experience in the Agency with development and implementation of urban assessments since the Congressional mandate. These include: (1) an assessment of urban poverty in San Jose, Costa Rica; (2) an urban and regional analysis of two major interior regions in Panama, focusing on rural growth and service centers; and (3) a national urban and regional assessment in Nicaragua. An urban assessment is being developed for the greater Amman region in Jordan and the AID Mission in Egypt is contemplating an urban assessment. All of the above studies have used urban and regional analysis guidelines prepared by DS/UD and that Office has assisted the

Missions in design and development of the assessments through TDY assistance. In the case of Panama, Costa Rica, and Nicaragua, the assessments were carried out by field Missions and host governments as sub-projects of a DS/UD "umbrella" project, Urban and Regional Analysis. Central funding and technical backstopping was provided in each instance. These three assessments, now completed, were used by the missions as a backdrop or basis for subsequent project design or for formulation of mission strategy.

Related agency assessments and analyses which are in varying stages of development include: (1) the Integrated Area Studies project in Guatemala which will include an analysis to define Guatemala's rural/urban hierarchy (central place system); (2) pre-project analyses in Peru to aid in development of a regional development project focusing on secondary cities; and (3) a study of rural market towns and service centers in Paraguay in connection with design of a market town development (MDI) project -- the study and project paper were completed and approved this year.

In addition, a joint mission and DS/UD analysis of the urban based rural service structure in the Bicol River Basin, Philippines, was completed this year. Similar projects are about to begin in Bolivia and Upper Volta.

The collective experience of all of these efforts would benefit considerably a Honduras assessment. The contractors involved in the Panama, Costa Rica, Nicaragua and Philippines experiences prepared case studies and critiques for use in subsequent assessments and more detailed materials are being prepared now by DS/UD.

Proposed Assessment

On the basis of these experiences and our visit to Honduras, we suggest the following outline for an urban assessment in Honduras. It should be read in light of the questions raised in Section V, above.

TENTATIVE OUTLINE OF URBAN ASSESSMENT FOR HONDURAS

<u>Elements</u>	<u>Major Questions</u>
1. Policies Effecting Urban and Regional Development	<ul style="list-style-type: none"> - National Urban Policy/Regional Development Policy <ul style="list-style-type: none"> Regions Strategy Resources Rural Development Policy Industrial Development Policy Housing Policy Transport Policy
2. Institutions	<ul style="list-style-type: none"> - What are key institutions for urban and regional development policy coordination and implementation -- national and local? Status of Planning Relative strengths and weaknesses of above institutions
3. Regional Differences	<ul style="list-style-type: none"> - Population distribution Resource distribution Distribution of poverty and poverty line.
4. Population Characteristics Growth and Migration	<ul style="list-style-type: none"> - Population history and growth Population characteristics Migration history and current patterns Current population characteristics

ElementsMajor Questions

- | | | |
|---|---|--|
| 5. Central Place System | - | <ul style="list-style-type: none"> Typology of centers Relative growth and dynamism Areas and populations served Rural service deficiencies |
| 6. Key Urban-Rural Linkages | - | <ul style="list-style-type: none"> Physical links Flows Weaknesses and bottlenecks in linkages |
| 7. Analysis of Key Urban Centers | - | <ul style="list-style-type: none"> General characteristics Poverty -- incidence and nature Unemployment -- incidence and nature Delivery of essential services Planning capacity Administrative capacity Finance situation, sources and capacity Prognosis for future growth and development |
| 8. Small and Light Enterprise - Location in Key Urban Centers | - | <ul style="list-style-type: none"> Present concentration Potential for future development Impact on target populations |

<u>Elements</u>	<u>Major Questions</u>
9. Frontier Development	<p>- Location of frontiers</p> <p>Frontier growth and service centers</p> <ul style="list-style-type: none"> . Location . Role . Needs
10. Regional Framework for Urban Development Strategy	<p>- In light of all of the factors above, what is the recommended regional development context for a USAID urban development strategy?</p> <p>How does this tie in with Honduras Government regional development objectives?</p>
11. External Assistance Programs in Urban and Regional Development	<p>- What are other donors doing to assist in this field? How can a USAID effort be coordinated with and complement these activities?</p>
12. Strategy for A.I.D. Urban and Regional Development Program	<p>- What is the most appropriate strategy for USAID in light of: (1) the information developed through the assessment; (2) the Agency's mandate; (3) the nature of the Mission's present and anticipated development strategy and program; and (4) the level of LA resources expected to be available for Honduras?</p>
13. Recommended Components for A.I.D. Urban and Regional Development Programs	<p>- What combination of technical and development assistance is appropriate in light of the recommended strategy?</p> <p>Which Honduras institutions should be the key collaborators and in what context?</p>

We estimate that about one running year of collaborative USAID and Honduran Government effort would be required to carry out this assessment. Costs will depend upon the mix of Honduran and expatriate technicians and contractors involved; the greater the expatriate participation the higher the costs. However, based on experiences elsewhere and a very crude estimate of expatriate services required, we would anticipate a budget in the neighborhood of \$200,000 plus Government of Honduras counterpart contributions in kind.

DS/UD is prepared to include Honduras for a field application of its Urban and Regional Analysis "umbrella" project if the Mission is interested in this prospect. This would involve active DS/UD participation in the technical backstopping of the assessment and one of a number of possibilities for funding and management. Our preferred approach is to transfer funds directly to the mission once terms of the project have been settled. Similarly, we prefer that the project be managed by the mission after a scope of work has been developed collaboratively by DS/UD, the mission and the host government. However, we will assume whatever level of project management responsibility the mission considers is necessary. We would be involved actively in project evaluation and would arrange for the contractor to provide a case study of the assessment to feed back into the "umbrella" project to assist with other assessments and our refinements of guidelines for urban and regional analysis.

In any event, if the Mission decides to move ahead with an urban assessment, DS/UD is prepared to follow-up this initial effort with a TDY mission to help with development of a full scope of work, a budget, and the collaborative arrangements with the appropriate Honduran Government institutions. A draft of suggested language for a DAP statement on Urban Development in preparation and will be submitted separately.