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FROM - TEGUCIGALPA

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SUBJECT - Non Capital Project Paper

REFERENCE -

Country: Honduras

Project No.: 522-15-490-083

Submission Date: January 5, 1970 Original: X Revision No.     

Project Title: Labor Education and Social Development

U.S. Obligation Span: FY 66 through FY 75

Gross Life of the Project Financial Requirements:

U.S. dollars \$ 1,313,000

U.S. owned local currency

Cooperating country cash contribution 139,500

Other donors 104,000

TOTAL \$ 1,556,500

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## A. SUMMARY

The objectives of this project are an important part of AID's overall development strategy for Honduras, since strong, responsible, and democratically oriented labor unions can contribute to providing the underpinning for economic, social, and ~~political~~ development. Enlightened and mature labor leadership can represent the aspirations of workers in an effective institutionalized manner thereby providing them with a voice, a stake, and participation in the national development effort. Self-help, popular participation, institution building, and self-sustaining growth are essential characteristics of this project.

A more effective labor movement in Honduras can be an important factor in achieving improved income distribution, alleviating unemployment and underemployment, promoting agrarian reform and agricultural development, and social progress within a democratic political framework. Increased productivity, stable labor-management relations, employer acceptance of unionization, and a repellant to anti-democratic forces, can be effectively promoted during the life of this project. These should stimulate private investment, both domestic and foreign.

In order to better serve the interests and needs of Honduran workers, the labor movement requires substantial administrative improvement and restructuring, a stronger financial and numerical base, greater unionization of the largely unorganized work force, and stimulation of union members' skills and social involvement. Utilizing the contract services of the American Institute for Free Labor Development, this project assists the democratic trade unions by providing advisory and educational services, increased training opportunities, and help in organizing workers' housing, cooperatives, social and civic projects. The approach is mainly through part-time labor training courses and seminars at the local union levels followed by longer intermediate and advanced seminars on a regional or national level. The graduates of these seminars provide cadres for conducting similar courses eventually on a self-sustaining basis. (See Table I of Annex for breakdown of accomplishments to date.)

## B. SETTING

As of the end of 1969, the total population of Honduras was estimated to be approximately 2.6 million and growing at a rate of about 3.6 percent annually with more than half of the population under 16 years of age. On the basis of projections from a survey made in 1963, the labor force would be about 750 thousand, with roughly two-thirds in agriculture and one-tenth in industry. The industrial group consists mostly of workers in small enterprises, as is also the case with most workers in the undifferentiated remainder. Those in the agricultural sector are mainly campesinos, who for most of the year do not work for wages but are either small farmers on their own plots of land or are tenants on relatively small holdings. However, this sector also includes the majority of the employees of the two large American-owned banana companies, United Fruit and Standard Fruit. Total employment at United is about 14,000 and about 7,000 at Standard; however in both instances approximately a third of the workers are in non-agricultural pursuits, mainly transportation. No other employer in Honduras

has more than one thousand workers, except for one American-owned mining enterprise with about 1,200.

Partly because the vast majority of workers live in rural areas and either work for small employers or are self-employed, there are no adequate data on income or employment. However, on the basis of aggregates, average per capita income is calculated at about \$230 annually; for the campesino portion of the population the figure is about \$100, even allowing for monetary equivalent of subsistence items produced for consumption rather than sale. Unemployment is serious and underemployment severe, especially among campesinos, less than half the adult population is literate, and skill levels are low.

The first successful organization of labor in Honduras occurred in 1954, when workers at both United and Standard won union recognition after bitter strikes carried on with collaboration of communist elements from Guatemala and Mexico. Communist influence has been weakened with assistance from the U.S. labor movement. Labor relations with most of the American employers are satisfactory, having improved considerably in recent years partly because of the work of AIFLD. Membership in regular labor unions totals only about 28,000 divided among more than 80 unions only two of which have more than 1,000 members (at United Fruit and Standard Fruit). In addition two campesino organizations exist, one of national scope (ANACHI) affiliated to ORIT through the Confederation of Honduran Workers (CTH), and one (FENTCH) in Southern Honduras affiliated directly to CLASC. Both have signed up many thousands of campesinos, but the connection is tenuous in many cases and dues collection is irregular, partly because of the impoverishment of the campesinos. At the other extreme is SITRATERCO, the union of United Fruit Workers and by far the largest with 10,000 members. It has check-off of dues, and also of payments to its savings and loan department for deposits or repayment of loans. It also has a housing cooperative, consumer cooperative, insurance cooperative for death benefits, and a scholarship program. But most of its membership have had little or no formal schooling, and in their own way they need adult education even as do the campesinos, if they are to be effective members of democratic labor organizations and society.

AIFLD has been providing adult education in various forms for labor in Honduras since 1964. The project initially was established on a regional basis by RCCAP. USAID/Honduras began to finance a separate national program for Honduras in 1965, and this includes promotion of social projects as well as conventional workers education classes. Basic, part-time courses are held in localities throughout Honduras, and intermediate, full-time courses or special seminars are held in Tegucigalpa, San Pedro Sula and occasionally elsewhere.

Additional background material may be found in Tegucigalpa A-372, June 21, 1968, which was a comprehensive review and appraisal of labor in Honduras.

## NONCAPITAL PROJECT FUNDING (OBLIGATION IN \$000)

Table 1

Project No.: 021-15-400-083

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Country: Honduras Project Title: Labor Education and Social Development

Fiscal Years	Ap	L/G	Total	Cont <sup>1/</sup>	Personnel Serv.		Participants		Commodities		Other Costs	
					AID	PASA	CONT.	U.S. Agencies	CONT	Dir U.S. Ag.	CONT	Dir U.S. Ag.
Prior through Act. FY69	AG	G	572	250	21	201	153		5		163	49 49
Oper. FY 70	AG	G	120	110		50	10	5				55
Budget FY 71	AG	G	140	130		60	10	10		6		54
B + 1 FY 72	AG	G	140	130		60	10	(20)				50
B + 2 FY 73	AG	G	136	126		60	10	(20)		6		40
B + 3 FY 74	AG	G	130	120		60	10	(25)				35
All Subs. Mrs. FY 75			75	75		45		15				15
Total Life	AG	G	1,313	941	21	536	183	95	5	12	163	298

<sup>1/</sup> Memorandum (nonadd) column

5	Fiscal Years	Other Cash Contribution Cooperating Country <sup>1/</sup>	Other Donor Funds <sup>2/</sup> (\$ Equiv.)	Private Institution <sup>3/</sup>	
	Prior through Act. FY 69	125	41,008		
	Oper. FY 70	22	5,700	15,000	5,000
UNCLASSIFIED	Budg. FY 71	30	5,700	2,000	6,000
	B + 1 FY 72	71	5,700	12,000	10,000
	B + 2 FY 73		5,700	12,000	20,000
	B + 3 FY 74		5,700	12,000	25,000
	All Subs.				45,000
	Total Life		28,500	104,008	111,000

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- <sup>1/</sup> Travel and salary costs of Ministry participants.  
<sup>2/</sup> AFL-CIO contribution to Special Projects Fund  
<sup>3/</sup> Cost to unions of sharing responsibility of training program.

### C. STRATEGY

This project is consistent with and reinforces overall U.S. assistance strategy for the country. That is, this project is designed to develop democratic worker organizations and related groups, who can effectively participate in and contribute to the social and economic development of Honduras.

Operational strategies for developing more representative democratic institutions include: strengthening free labor unions, cooperatives, campesinos, land reform and democratically oriented civil groups. This project also seeks to secure U.S. private sector support, as well as cooperation between Honduran and U.S. officials, to improve labor statistics and manpower development measures.

This project has been structured to implement the following aspects of Title IX (a) recognition of the aspirations and capacities of people, (b) development of indigenous institutions that meet their requirements for participation in social and economic progress and (c) training in the skills necessary for participation in civic affairs.

As such this project promotes popular participation in the development process and comprises a basic component of USAID private sector activity emphasizing Title IX objectives along with the following:

1. Savings and Credit Cooperatives
2. Agricultural Cooperatives
3. Housing Cooperatives
4. Civic Development - Leadership Training
5. Civic Development - Agrarian Reform
6. Private Enterprise Development
7. Special Development Activities

Since the start of AIFLD activities the principal leaders of the Honduran labor movement have shown increasing awareness of social, economic, and political issues affecting union members and their families. They have gone beyond the usual parochial labor-management considerations and are concerned with the total welfare and needs of wage earners, both as workers and as citizens. The USAID, by means of a contract with AIFLD, will guide and accelerate this concern and involvement so that it will become self-sustaining over the next five years.

In selecting a suitable instrument to carry out an appropriate labor program adapted to the near and long term needs of Honduras as well as to AID objectives, the USAID considered the following factors when contracting AIFLD to carry out this project:

1. provision of imaginative programs relevant to the Honduran labor

situation and needs;

2. capability to organize labor education programs, social projects, housing cooperatives, as well as campesino training programs;

3. capability to tap the resources of the U.S. labor movement as an effective backstop for the contractor's in-country staff; and

4. a demonstrated successful relationship and an experience in working with Honduran and other Central American labor movements.

For the past four years the USAID through the AIFLD contract has concentrated on providing basic training in the fundamentals of workers education, collective bargaining, union administration, housing and worker's credit, social projects, campesino leadership and related activities. Appreciable progress has been made toward strengthening the effectiveness of local unions, particularly the two principal federations, the Confederation of Labor of Honduras (CTH) and in the small but growing campesino organization ANACH. While much has been accomplished much still remains to be done in equipping the Honduran labor movement for the assumption of financial and operational responsibility for the conduct of its own training program.

During the remaining years of the project the Contractor will reduce the number of basic part-time seminars that it conducts directly leaving more of this function to the locals and federations. AIFLD will shift increasingly to regional and national seminars on a full time basis to create a higher level of professionalism among Honduran labor officials. Emphasis will be on priority types of leadership training pertaining to labor education, and other aspects which will better equip the union member to become a more active citizen. The increased sophistication of the leadership training will require revisions in the substance and methodology of AIFLD's courses. Carefully selected key leaders will be sent for advanced training at Front Royal, Virginia and Georgetown University. This approach is intended to improve the quality of labor leadership and provide the resources for the Honduran labor movement to assume, on an ascending basis, operational responsibility for the program.

To date there has been no formalized program of technical assistance to the Honduran Ministry of Labor. An occasional participant has been sent to the International Manpower Institute conducted semi-annually in Washington by AID/W or for labor statistics training at the University of Puerto Rico. Increasing the competency and administrative capacity of the Labor Ministry will benefit workers as well as U.S. objectives in Honduras. A comprehensive program for upgrading the role of labor ministries was adopted at the Conference of Latin American Ministers of Labor held in Washington October 1969. USAID plans to initiate a small scale participant training program for key personnel of the Ministry of Labor aimed at strengthening the GOH capacity to service a growing labor force.

## D. PLANNED TARGETS, RESULTS AND OUTPUTS

### 1. Targets

The ultimate target of this project is the development of a strong democratic labor movement with the institutional capability to contribute effectively to economic, social and political development in Honduras. A viable self-sufficient organization should be operating when the present AIFLD contract is completed in 1974. By that date the young but aggressive and responsible labor movement should have developed the personnel, competency, and financial capability to function effectively on its own with sharply reduced external assistance. Dramatic and unforeseen events such as political upheavals, devastating hurricanes and sequels to the mid-1969 conflict between Honduras and Salvador can alter this time frame.

A side effect of the recent conflict has been that AIFLD's Central American Regional Institute located in San Pedro Sula has suspended classes in Honduras. There is a distinct possibility that IESCA may be moved to some other Central American country. If this occurs, it will create serious financial and other problems for the Honduran USAID labor program. At present the USAID project benefits from sharing IESCA's facilities, faculty, and other resources. Consideration has been given to transferring the AIFLD Country Directors office from San Pedro Sula to Tegucigalpa. Removal of IESCA from Honduras will require rethinking by USAID of the feasibility of having AIFLD headquartered in Tegucigalpa.

Flowing from the broad objective above are the following subsidiary targets which are expressed in quantified terms in 2 below

- a. Basic, intermediate, and advanced seminars, both full and part time, for union officers and members, campesinos, women workers, and social projects.
- b. An adequate supply of officers and rank and file members qualified to act as instructors in basic labor and social service programs.
- c. A strengthened and expanded ANACH program with campesinos and other agricultural workers.
- d. An expanded volunteer ANACH Medical Brigades program.
- e. An increase in union membership including campesinos of at least 10% annually.
- f. Establishment of labor information centers in the principal cities.
- g. Increased participation of unions in social and civic development activities.

h. Skill training, literacy training, and English language training programs in North Coast and Tegucigalpa areas.

i. Increased union participation in the legislative process and improved liaison with governmental agencies.

j. An appropriate technical assistance program developed between USAID and the Ministry of Labor for personnel training.

## 2. Results

Following the sequence listed above, these results can be expected over the next five years:

a. At least 150 seminars will have been held at the local, zonal, and national levels. These will include labor education, adult and literacy education, labor-management relations, women workers, campesinos, social services, cooperatives, and housing.

b. Around 5,000 participants will have been trained in these courses of whom 1,000 will be capable of serving as instructors in basic and intermediate seminars with 100 of these qualified for greater responsibilities during and after the transition period.

c. The campesino program of ANACH will have been strengthened by a total of 50 regional and national seminars; the active membership should have increased from the present 1,500 dues paying members to 15,000 with geographic coverage extended throughout the country; the cooperative principle expanded to include seed, fertilizer, credit, and marketing; giving greater impetus to the agrarian reform program.

d. The volunteer Medical Brigade program of ANACH which since 1968 treated 2,500 campesinos and their families should double the number treated annually during the next five years. An additional vehicle for transportation of donated medical supplies as well as additional voluntary medical personnel is needed for these activities.

e. The democratic labor organizations of Honduras, whose present membership (including ANACH) is estimated at about 30,000, should have increased to at least 50,000 by 1974. Thus the organized portion of the total labor force would increase from 4% to about 6%. This is predicated on a labor force growth of 3% annually. The greatest potential for future organization is in the campesino field.

f. This year AIFLD plans to establish labor information centers using its own or union offices. These can serve as classroom, and social centers for AIFLD and the local unions. They can be manned on a volunteer basis by former participants whose interest and involvement should be maintained.

g. Participation of labor organizations in social and civic development activities should increase during the early seventies. AFLCIO AIFLD financed impact projects averaging eight annually is a reasonable projection based upon past experience. AIFLD's assistance to the SITRATERCO and FESTIRANH housing projects demonstrates conclusively the value of this support. Similar assistance may be required for the housing project for employees of Standard Fruit Co. at La Ceiba, negotiated by the union in the recent contract.

h. AIFLD plans to collaborate with programs both on the North Coast and in Tegucigalpa, for skills training and adult literacy courses conducted by unions, and with English language training conducted by the Binational Centers. These innovative courses will afford an excellent opportunity for Honduran workers to improve themselves culturally as well as economically.

i. USAID is planning a participant training program to upgrade key personnel within the Ministry of Labor. Details will be worked out to select an average of two man-years of participant training annually to attend the AID sponsored International Manpower Institute or specialized training given by the U.S. Department of Labor in labor statistics, employment services, labor code administration, etc.

#### E. COURSE OF ACTION

Through the AIFLD contract the number and kind of seminars conducted will increasingly shift from basic evening or week-end courses to full time national or regional courses at a higher academic level for future trainers of trainees. The basic and intermediate courses will be conducted by local union officers or former participants on an ascendingly more important scale in preparation for self-sustaining operation.

Beginning in 1970, the Contractor will seek to convey to the Honduran labor movement that education is a dynamic process which must be continually improved and expanded. The contractor adhering to the multiplier principle will seek to increase the sophistication of its courses both in country and outside for present and potential leaders of the Honduran labor force. This will prepare the labor movement to cope with future problems both at home and abroad, and more importantly to assume responsibility for their own labor training program. (See Table II of Annex for projected contribution of unions toward local training program.)

In the area of social projects, civic, social, and campesino development,

essentially the same procedure will be followed. The contractor's role will increasingly be to guide, stimulate, provide technical competence, act as catalytic agent, and to secure financial and other resources from the AFL-CIO, and the proceeds of the Regional Rotating Loan Fund to supplement those generated within the Honduran labor movement. Experience has shown that the strength of labor unions in Honduras lies as much in what it can and does accomplish for its members in social and civic terms as it does through the "pay packet." Service on and off the job is the essential ingredient of trade unionism in Honduras. The USAID labor project will continue to encourage this service concept of the labor movement as it moves towards self-sufficiency.

RYAN