



Compact Goal

MCC signed a 5-year Millennium Challenge Compact with the Government of Honduras in June, 2005. The compact seeks to reduce poverty by increasing the productivity and business skills of farmers who operate small and medium size farms and their employees, and by reducing transportation costs between targeted production centers and national, regional and global markets. The Rural Development Project and the Transportation Project of the Program are respectively focused on achieving these goals. The Program seeks to improve incomes by \$69 million per year. MCA-Honduras (www.mcahonduras.hn), a Honduran government entity comprised of a technical unit and a supervisory board with civil society and government representation, manages the Program.

Update on Progress

Rural Development Project

- President Zelaya, Ambassador Ford, Minister Hernandez and other officials attended the first year anniversary of the Farmer Training and Development Activity (FTDA) in Comayagua. During the event, Andy Medlicott, Executive Director of the entity that implements the FTDA, presented an overview of accomplishments highlighting success stories of progress in meeting targets in implementation. Through the FTDA, 1015 farmers are currently receiving technical assistance for crop production, product commercialization and training on production and small business skills through weekly on-farm visits by professional agronomists. In addition, 206 farmers are undergoing the selection process prior to official registration as program farmers.
- It is expected that 8,225 farmers will receive such training over the 5 year life of the Program. Relationships with exporters and local markets for commercialization of products grown by program farmers continue to be strengthened.
- During the month of October, program farmers invested more than \$86,000 in fixed assets, primarily related to the installation of irrigation equipment.

- 83% of program farmers sell their produce in the local market and the remaining 17% have begun production for exports to regional markets – tomato, sweet peppers, cucumbers and onions, and to the USA, Canada and the European Union – sweet potato, plantains and squash.
- MCA-Honduras is developing grant agreements for 7 proposals approved by the grants committee for funding through the Agricultural Public Goods Grants Facility. Disbursements to grantees are expected to commence by the end of November.
- Within the Farm to Market Roads Activity, more than 800 km. of rural roads have been evaluated and the corresponding ERRs for each road have been estimated. The mayors of the corresponding municipalities have demonstrated high interest in this activity and continue to actively support the MCA-Honduras team in completing the road selection process.

Transportation Project

- MCA-Honduras has begun negotiations with people that will need to be resettled regarding the specific compensation they are due to receive. Approximately 800 people will be impacted or resettled along the MCA portion of the CA-5 highway improvement corridor.
- MCA-Honduras has submitted to the Honduran Congress a new decree to enable the resettlement activities in time to allow for construction on the CA-5 highway within the compact's timeline.
- The designs for the northern half of the CA-5 highway improvement have been finalized and the construction firms have been pre-qualified. Release of the bidding documents is expected in December and construction is expected to commence in April 2008.
- MCC has begun discussions with CABI (Central American Bank of Economic Integration) and the Government of Honduras regarding a potential co-financing of works on the Southern segment of the CA-5.

Compact Status

Status..... Implementation, Year 3

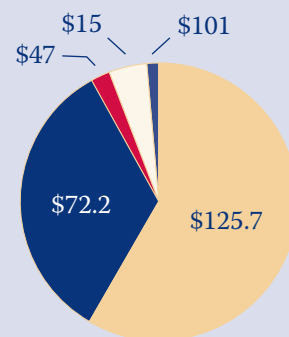
Compact Information

Total Amount..... \$215 million
Duration5 years
Compact Signed 6-13-2005

Country Information

Population 7,204,723*
GNI Per Capita..... \$1,190*

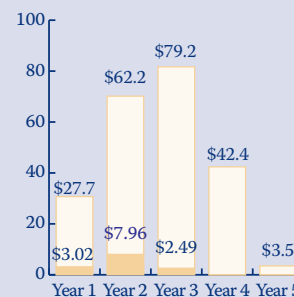
Obligations by Key Sector
in millions



- Auditing
- Program Administration
- Monitoring and Evaluation
- Rural Development Project
- Transportation Project

Disbursement Schedule

in millions



- Projected Total Annual Disbursement
- Total Disbursed to Date

*World Development Indicators, World Bank, 2005