

Sydney Langley

Julia Sherry

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Investment Recommendations for Honduras

Honduras is a lower-middle income country located in Central America between Guatemala, El Salvador, and Nicaragua (Moncada, 2019). With a poverty rate of about 66% of the population, Honduras has one of the highest levels of poverty in Latin America. Many of the challenges faced by Honduras go hand in hand with their poverty struggles. It is estimated that one in five Hondurans in rural areas live on less than \$1.90 per day (Philipp et al., 2020). Since about 45.4% of the population lives in rural areas and are isolated from the remaining urban population, many economic disparities exist geographically in Honduras (Moncada, 2019). While the economic struggles are the most obvious challenges faced by Honduras, they are exacerbated by other factors such as natural disasters and gang violence. Honduras lacks the resources to combat these challenges and as a result, the economy never has a chance to improve. Honduras was hit by Hurricane Mitch in 1998, which was one of the worst hurricanes to ever strike the western hemisphere. The aftermath was devastating, thousands of people died, much of the country's infrastructure was ruined, the economy worsened and unemployment increased greatly (Moncada, 2019). In 2010, Honduras had the highest homicide rate in the world of 86.5 per 100,000 people. For reference, at the time this rate was 18 times higher than the homicide rate of the United States. Much of the violence seen in Honduras was a result of gang violence and drug cartels. Though the

rate has since reduced, it is still a major challenge faced in Honduras (ASJ, 2020).

Natural disasters, gang violence, lack of health care and education access, especially in rural areas, combined with the already drastic poverty are huge challenges that negatively impact the health and sustainable development of Honduras. By investing in infrastructure, health care access, and education, Honduras could improve the overall health and well-being of their citizens.

The first investment for Honduras to improve the overall health and well-being of its citizens is an investment in health care access. The World Health Organization estimates that in order to achieve adequate primary care coverage, a country should have a rate no lower than 2.3 physicians per 1,000 population. In Honduras, this rate is at a shocking 0.37 per 1,000 population (2021). There is also an unequal distribution of accessible health care in Honduras as a result of low socioeconomic status and whether individuals live in a rural environment. Rural, low income indigenous people have significantly worse health outcomes compared to urban nonindigenous people (Asgary & Price, 2002). Expanding access to healthcare could help reduce the many inequalities that exist among socioeconomic status, remote residences, indigenous identity, and gender. Healthcare access is a key part of prevention and treatment of both communicable and non-communicable diseases. Oftentimes, early detection of a disease reduces the need for more expensive treatment in the future (World Health Organization). Additionally, about nine out of ten people in Honduras are not covered by health insurance and about 1.5 million people do not have access to any type of care (Carmenate-Milián et al., 2017). This lack of insurance poses a threat to those who do not have access to healthcare, as they will be unable to pay for treatments they receive

or be protected. It is estimated that in developing countries, for every \$1 invested in health, there is an economic return of about \$2 to \$4 (Remes et al., 2020). One study done on healthcare investment in 67 lower-middle income countries (LMIC) found that to provide adequate preventive interventions and outpatient services to meet SDG health targets, primary health care investments would require an additional \$200 billion investment for all 67 LMIC (Stenberg et al., 2019). An investment in access to healthcare would reduce inequalities, especially those experienced by rural, low-income populations, which would help Honduras achieve the goal of increasing good health and well being for all people.

An investment in infrastructure simultaneously improves access to healthcare and overall quality of health. Following Hurricane Mitch in 1998, around half of Honduras's road network, hundreds of bridges, around 50,000 telephone lines, water and sewage pipes, airports and schools were all destroyed (Encyclopedia of Nations). Being a country that already struggled with poverty, it was devastated by the effects of Hurricane Mitch. Before Honduras's infrastructure and economy could fully recover, the country was struck by two Category four hurricanes, Ita and Iota, only two weeks apart. The existence of poverty was only magnified by the hurricanes. It is estimated that Honduras suffered economic destruction as high as \$10 billion dollars from the hurricanes (2021). By investing in infrastructure for the future, much of the damage caused by flooding and mudslides could be resolved and prevented. Rural areas especially lack access to roads, meaning they are isolated from employment opportunities, quality healthcare and education (Andréu). It is necessary that the government uses infrastructure to connect the poor outside their communities to seek

opportunities and reduce poverty. According to one article about how infrastructure investments alleviate poverty:

“Infrastructure investments alleviate poverty in developing countries through the application of projects such as bridges, roads, communication, sewage and electricity. These projects enable both public and private investors to gain on capital appreciation. While servicing the vital infrastructure needs of billions of people, these countries will, along with their booming populations, generate significant prospects for long-term growth and profit for generations to come (cite)”

By investing in infrastructure, isolated communities suffering from poverty will have more access to opportunities and inequalities among the Honduran population will be reduced, resulting in improvement of overall health and well-being.

The last investment suggested for Honduras is an investment in education. Although Honduras has a free public education system for children ages 7 to 14, “the public education system is characterized by lack of schools, understaffing, and lack of funds for school equipment” (Andréu). While the entirety of the education system is lacking, students who live in rural areas are even more disadvantaged because they are difficult to access. Education is a necessary step for ending the poverty cycle. About 850,000 children in Honduras do not work or attend school, increasing their chances of being recruited by gangs or leaving the country (Peña & Telemundo, 2020). As mentioned previously, Honduras had the highest homicide rate in the world at 86.5 deaths per 100,000 people. While this rate improved to 44.7% in 2019, there was still an average of thirteen people murdered per day (ASJ, 2020). This type of violence has the

ability to emerge due to Honduras' weak economy, which has caused many citizens to fall into a cycle of poverty. Once citizens enter into poverty, it makes them vulnerable to gang exploitation and violence. Furthermore, the lack of educational and employment opportunities for children and young adults in Honduras makes them targets for gang recruitment (UNICEF, 2021). There is a vicious cycle of poverty preventing access to education, and lack of education worsening poverty. An investment in education could be the boost Honduras needs to end this cycle.

In order for Honduras to achieve sustainable development and improve as a country, it is necessary the country receives investments in education, healthcare access, and infrastructure. In 2015, all United Nations Member Nations adopted the 2030 Agenda for Global Development. The backbone of this agenda is seventeen Sustainable Development Goals (SDGs) which focus on eradicating poverty, combating inequality, preserving the planet, sustaining economic growth, and fostering social inclusion (United Nations). Due to the interrelatedness of these goals, to improve one SDG, improvement must occur on a multidimensional scale. In this case, in order to improve SDG number 3, overall health and well being of all ages, investments in infrastructure, education, and healthcare access are necessary. An investment in infrastructure would connect those isolated in rural communities due to lack of road access. Inequalities that exist among rural and urban communities would reduce if rural communities had the same access to education, healthcare, and employment, in turn improving overall health and well being of the individuals. Improving infrastructure would also give Honduras a stronger foundation to withstand natural disasters like the hurricanes, mudslides, and flooding that have wreaked havoc on the country in the past.

An investment in expanding access to healthcare would also improve the overall health and well being of all individuals in Honduras. As previously mentioned, many communities are isolated from receiving healthcare due to the lack of infrastructure in those communities. If everyone had access to healthcare, more individuals would have the opportunity to thrive and maintain a healthy, full life. Lastly, an investment in education is a huge step in ending the cycle of poverty that negatively impacts the well being of individuals. Education opens the door to employment opportunities that could enable those in rural communities to escape poverty. Additionally, education could help reduce Honduras's problems with gang violence. Students who do not have access to a proper, safe education are much more vulnerable to exploitation by gangs and drug cartels. This means by increasing access to education, more people could be protected from gang recruitment and the violence that is associated with gangs that impairs health.

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