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Honduras' High-cost Coup: Donors Cut Hundreds Of Millions In Aid And Loans

by LADB Staff

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In the aftermath of the coup that saw Honduras' President Manuel Zelaya kidnapped and exiled by military forces acting on orders from the Corte Suprema de Justicia (CSJ) and later by what would become a de facto government (see NotiCen, 2009-07-02), vital aid to the country has been cut off. The US State Department, in response to questions, gave a detailed synopsis of what had been cut off and what not. Other governments and entities have announced curtailments and reductions. A State Department statement said that, as a policy matter, the US was suspending assistance programs it would be legally required to terminate if triggered by certain findings, among them that a coup d'etat had occurred. But those terminations would affect aid to the government not to the people of the country. "Because most humanitarian assistance is for the people of a country, rather than for a government, it is generally not affected by the provision. Thus, among other things, all assistance supporting the provision of food aid, HIV/AIDS and other disease prevention, child survival, and disaster assistance, as well as elections assistance to facilitate free and fair presidential elections, is still being provided to the people of Honduras," read the statement, which was dated July 7. Military-assistance programs and development-assistance programs for the government, however, were suspended. The dollar amount would be about US\$16.5 million and would affect foreign military financing, international military education and training, peacekeeping operations, and similar assistance. Also terminated were activities related to basic education and some environmental and family-planning programs. Support to the Honduras government for CAFTA environmental standards was also cut. These are USAID programs amounting to about US \$1.9 million. Separately, an unnamed senior State Department official explained that Millennium Challenge compact assistance would be cut as well. The official explained that, typically under US statutes, "humanitarian assistance is not cut off when statutory triggers are reached regarding military coups against democracies. The other assistance, however, can be suspended or ended depending on decisions taken by the secretary of state. As noted, this assistance has been paused since Sunday as we make the decisions that lie in front of us and which we'll be making very shortly." Pretty soon, you're talking about real money. Prior to these clarifications, the administration of President Barack Obama had announced suspension of "joint military operations with Honduras to protest a coup," but said that it had withheld stronger action pending developments. These amounts are small but affect sensitive areas vital to Honduras' well-being. Potentially crushing blows include the World Bank's suspension of US\$200 million in financing and the Inter-American Development Bank (IDB) putting a hold on US\$450 million. These were the losses that OAS Secretary-General Jose Miguel Insulza dangled before the coup perpetrators in his bid to get them to reverse course, but a laconic Roberto Micheletti, head of the de facto government, seemed unperturbed at the loss, saying, "If Honduras is out of the OAS, well, we will be isolated, little by little we will gain the confidence of other nations." Before that happens, however, without a resolution to the conflict, isolation and the enforced deprivation it will bring to Hondurans is almost certain to increase as Latin American governments make good on promises to impose trade sanctions. One sanction will affect all of Central America, not just Honduras. The European Union

(EU) has suspended negotiations on the Association Agreement with Central America. The eighth round was to have begun in Brussels on July 7.

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