

Educational Challenges in Honduras and Consequences for Human Capital and Development

February, 2017.

One of the cornerstones of human development and progress in the global economy is a skilled labor force. A skilled labor force is one that has the ability to create, adopt and adapt to innovation, technology and complex economic activities. In terms of its labor force, Honduras lags behind in the global economy.¹ In its Human Capital Index, the World Economic Forum ranked Honduras very low, as 93rd out of 130 economies, in the bottom 71%.

In order to compete in the global economy, it is important to build the skill set of the labor force in order to be able to adapt to the complexities of production and markets. Education has a significant role in building the human capital necessary to compete and integrate people in a modern society. Specifically, education enrollment, quality and attainment impact the future of the labor force.

However, Honduras shows great disparities in education. Despite being one of the countries in the Central American region that spends the highest percentage of its national budget on education,² it exhibits some of the lowest performance. The challenges that it faces are formidable, and include addressing illiteracy among rural populations, improving access to secondary school, increasing enrollment in post-secondary schools, and improving overall educational quality. Those challenges make it extremely difficult to close the gap between Honduras, with an average of four years of education, and the rest of the world, with a global average of 12 years.

These challenges have negative impacts in terms of the country's human capital. Specifically,

- a. One in ten Hondurans are illiterate, and in rural areas, this increases to two in ten;
- b. Sixty-three percent of the Honduran labor force has only a primary education;
- c. Performance in primary and secondary school is remedial: less than one in ten achieve a milestone goal in reading, math or sciences;
- d. Eighty-one percent of the Honduran labor force is concentrated in the agriculture or manufacturing sectors.
- e. Twenty-seven percent of Honduran youth neither study nor work, and 39% only work but do not study.³

In this brief, we review the educational landscape in Honduras, including literacy, K-12 education, and workforce development.

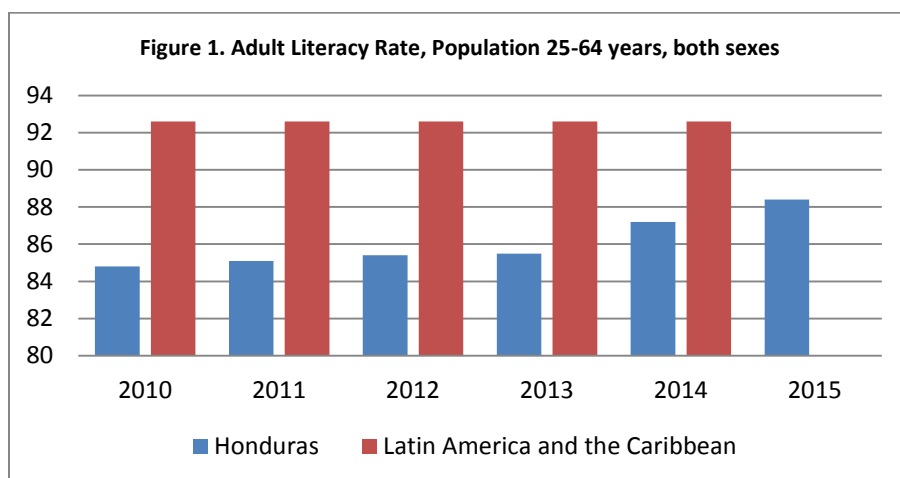
¹ Human capital is understood here as the capacity of the population to drive economic growth (World Economic Forum, "Index Structure," *Human Capital Report 2016*, <http://reports.weforum.org/human-capital-report-2016/technical-notes/>). That capacity typically entails a stock or value that is encompassed by (quantity and quality of) education, (hard and soft) skills attainment and workforce training.

² In 2015, the Ministry of Education's budget was reduced by 600 million lempiras (approximately 25 million USD) in contrast with the Ministry of Security and Defense, which witnessed an increase in its budget. (approximately 25 million USD) in contrast with the Ministry of Security and Defense, which witnessed an increase in its budget. (Casa Alianza Honduras, Pastoral de Movilidad Humana and Catholic Relief Services, *Niñas y niños migrantes. Factores de expulsión y desafíos para su reinserción en Honduras*, Tegucigalpa, January 2016).

³ Guatemala and Honduras comprise 56% of the youth in the region (population between 15 and 24 years) and, thus, their performance significantly affects the outcomes of the region. (ERCA, *Quinto Informe Estado de la región en Desarrollo Humano Sostenible 2016*, Costa Rica, PEN CONARE, 2016, p. 81).

I. Educational Landscape: Literacy

Honduras has the third highest illiteracy rate in Central America, after Guatemala and El Salvador. In 2015, 12% of the adult population (15 years and older) could not read or write, compared to 7% in the Latin America and Caribbean region as a whole.⁴ However, experts claim that the number of people who are illiterate in Honduras is actually much higher than these statistics suggest.⁵



Source: UNESCO Institute for Statistics, “Adult Literacy Rate, Population 15+ years, both sexes (%)”, available at: <http://datatopics.worldbank.org/education/>

Equity

Illiteracy rates are relatively high among male and female adults in Honduras. These rates are also significantly higher among the elderly: among those 35 years and younger, illiteracy rate is lower than 10%. However, this figure increases in the population 36 years and older and reaches its maximum among the population over sixty years of age, among which 30.2% are illiterate.

Some of the greatest inequities emerge when comparing urban and rural populations, or high and low income groups, as the following tables show. The illiteracy rate among rural populations is almost twice that of urban populations.⁶

Figure 2. Literacy Rates by Sex and Urban/Rural Setting

	Illiteracy Rate	Men	Women
Total National	11.0	11.0	11.1
Urban	6.3	5.5	7.0
Rural	17.2	17.5	16.8

Source: Instituto Nacional de Estadística (INE), Encuesta Permanente de Hogares de Propósitos Múltiples (EPHPM), 2016.

⁴ This figure is actually a significant improvement. In 2001, only 78.4% of the adult population was literate (UNESCO Institute for Statistics, “Adult Literacy Rate, Population 15+ years, both sexes (%)”, available at: <http://datatopics.worldbank.org/education/>).

⁵ “Honduras es el tercer país con tasa de analfabetismo más alta en Centroamérica”, *HRN*, May 4, 2016, available at: <http://www.radiohrn.hn/noticias/honduras-es-el-tercer-pa%C3%ADs-con-tasa-de-analfabetismo-m%C3%A1s-alta-en-centroam%C3%A9rica>

⁶ 45% of Hondurans live in rural areas according to the national census.

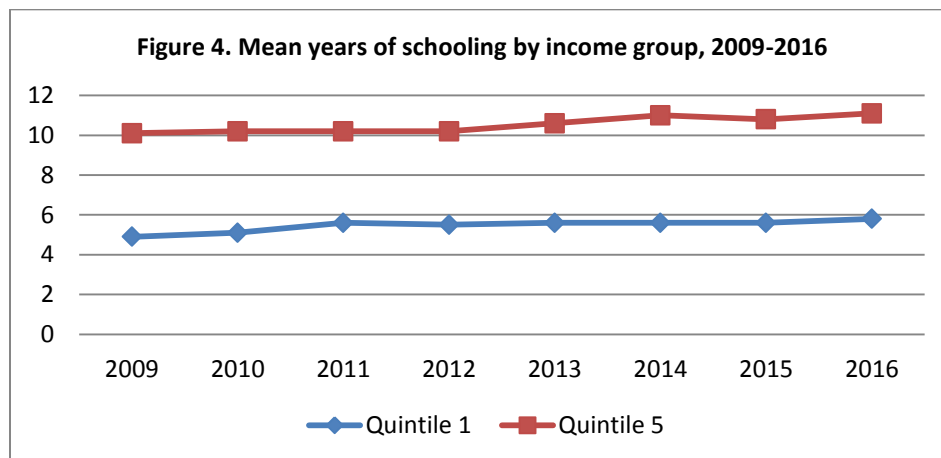
In general terms, when controlling for income, those among the highest income group (Q5) attended school for twice as long as a Honduran in the lowest income group. The disparity reflected in education is indicative of the economic inequality in Honduras, the highest in Latin America.⁷

Figure 3.
Literacy Rates and Mean Years of Schooling by Sex and Income Group

Income Group	Total		Men		Women	
	Illiteracy Rate	Mean years of schooling	Illiteracy Rate	Mean years of schooling	Illiteracy Rate	Mean years of schooling
Quintile 1	20.0	5.7	20.1	5.5	20.0	5.8
Quintile 2	16.3	6.5	16.5	6.2	16.2	6.7
Quintile 3	9.4	7.4	9.1	7.2	9.6	7.5
Quintile 4	7.2	8.5	6.5	8.4	7.8	8.6
Quintile 5	2.5	11.1	2.7	11.1	2.4	11.1

Source: INE, Encuesta Permanente de Hogares de Propósito Múltiples: Educación, 2016.

Even more troubling is the fact that high levels of educational inequality have been present for most of the 21st century.



Source: INE, Encuesta Permanente de Hogares de Propósito Múltiples: Educación (2009-2016)

Challenges to addressing illiteracy in Honduras include the lack of a comprehensive reform, scarce public resources devoted to the education system, high rates of grade repetition and dropouts, and the low educational attainment of parents.

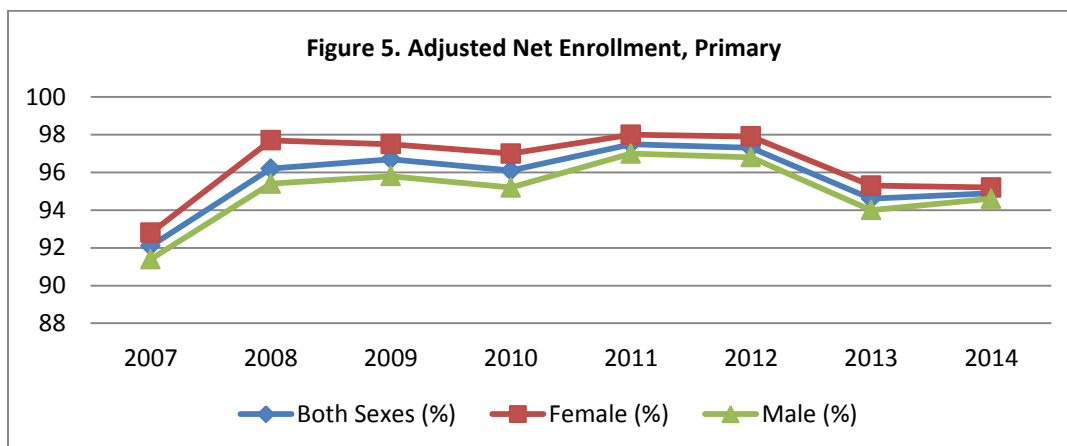
Primary Education

Coverage

Although official statistics show that coverage is high, with 95% of Honduran children of school age enrolled in primary education, the teacher's union claims that in 2015, a million children were left out of the education system.⁸

⁷ World Bank data shows that Gini coefficient for Honduras was 50.64 in 2014.

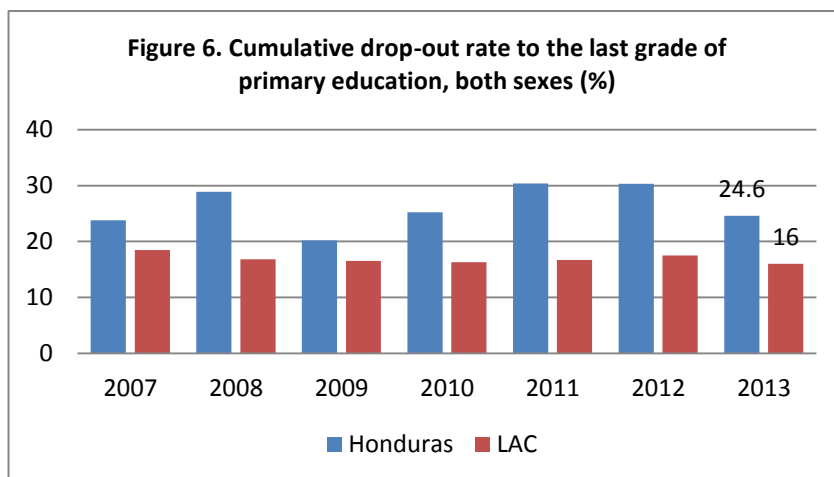
⁸ Casa Alianza Honduras, Pastoral de Movilidad Humana and Catholic Relief Services, *Niñas y niños migrantes. Factores de expulsión y desafíos para su inserción en Honduras*, Tegucigalpa, January 2016, p. 25.



Source: UNESCO Institute for Statistics, “Adjusted net enrollment rate, both sexes, female and female, %”, available at: <http://uis.unesco.org/>

Furthermore, drop-out rates⁹ among Honduran students at the primary level is significantly higher than in the Latin American region. In 2013, for example, a fourth of students dropped out compared to 16% in the region.

Among other causes, we can cite the necessity of increasing family earnings, forcing children out of school to begin working. The lack of a parent education is also another aspect related to drop-out rates: in 2016, for example, 78% of the students who dropped out had parents with either no education or primary education only.¹⁰



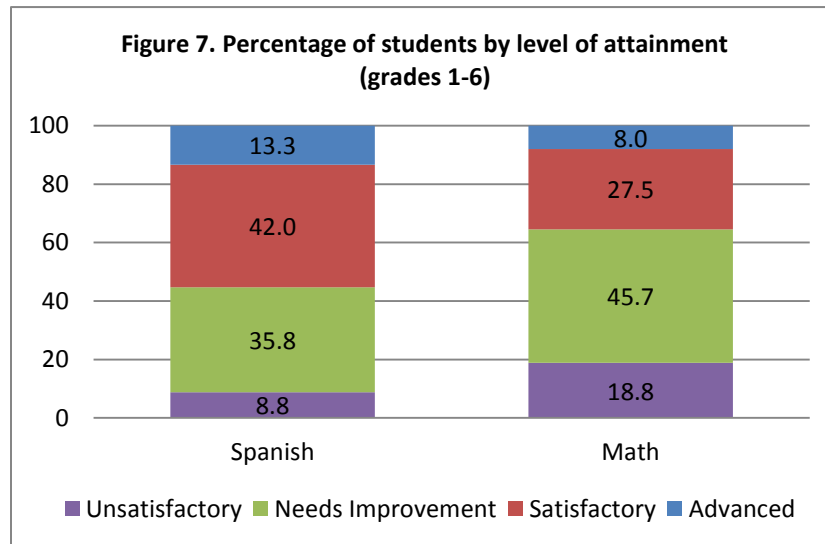
Source: UNESCO Institute for Statistics, “Cumulative drop-out rate to the last grade of primary education, both sexes (%)”, available at: <http://uis.unesco.org/>

⁹ Cumulative drop-out rate to the last grade of primary education, both sexes (%): Proportion of pupils from a cohort enrolled in a given grade at a given school year who are no longer enrolled in the following school year. Cumulative drop-out rate in primary education is calculated by subtracting the survival rate from 100 at a given grade (Source: UNESCO Institute for Statistics).

¹⁰ See table in Annex.

Quality and Performance

Official statistics show that approximately half of students in grades 1 to 9 reach satisfactory or advanced performance in reading and only 35% reach these levels in mathematics.



Source: Ministry of Education, *Informe Nacional de Rendimiento Académico 2015*.

But at the regional level, performance indicators are significantly lower. Honduran sixth graders fare worse than their counterparts according to UNESCO's annual examination (TERCE) of 15 Latin American countries. The results of the test are summarized in Table 8.¹¹

Figure 8. Results of the 2015 TERCE Study by UNESCO (6th graders)

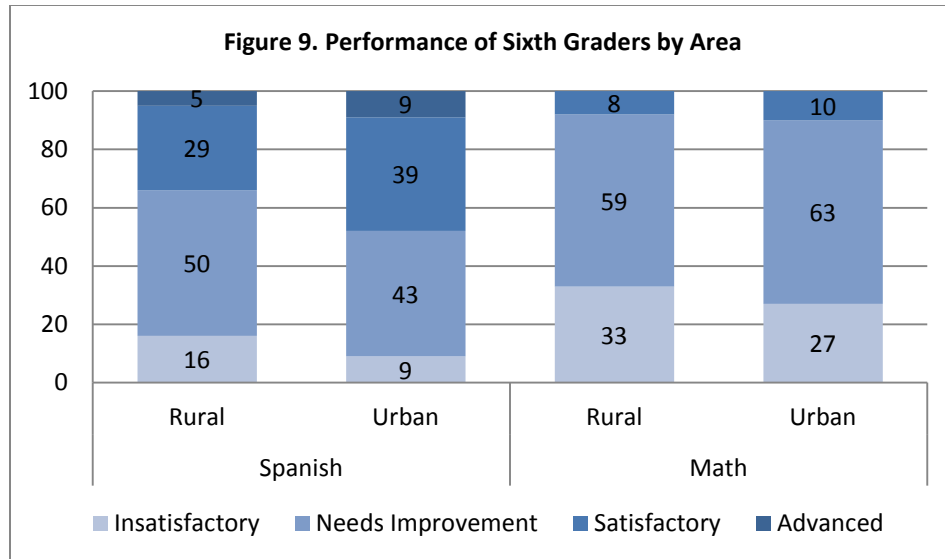
	Honduras	Regional Average	Honduras Ranking
Reading	662	700	12/15
Mathematics	680	700	10/15
Natural Sciences	668	700	12/15
Writing	2.87	3.19	15/15

Source: UNESCO, *Tercer Estudio Regional Comparativo y Explicativo (TERCE): Informe de Resultados*, July 2015

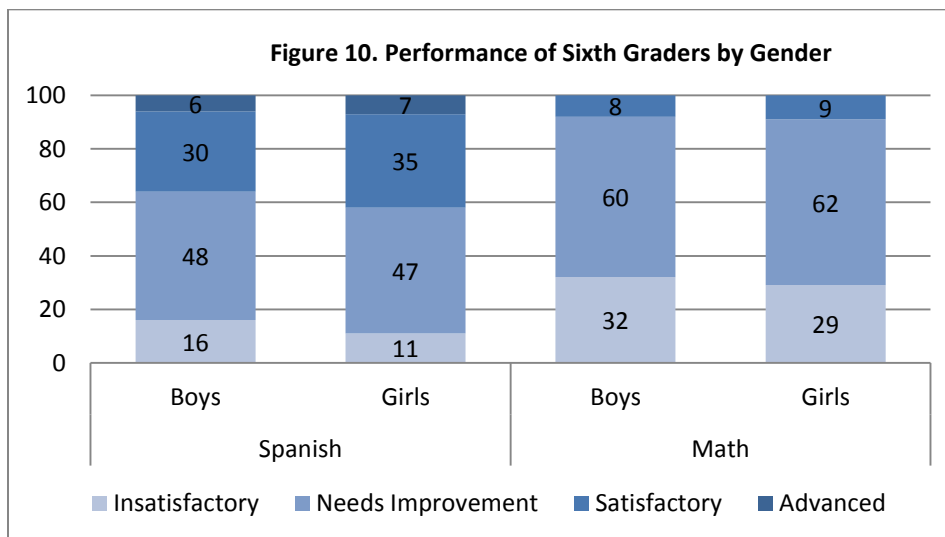
Equity

At the national level, students from urban areas fare better than those from rural areas, while gender differences in performance tend to be more minimal.

¹¹ TERCE, or the "Third Regional, Comparative and Explanatory Study" is conducted by UNESCO on a yearly basis. The study applies a standardized test to evaluate the performance of students at the primary education level in 15 countries of Latin America and one state in Mexico (Nuevo León).



Source: Ministry of Education, *Informe Nacional de Rendimiento Académico 2015*.



Source: Ministry of Education, *Informe Nacional de Rendimiento Académico 2015*.

Going Backwards in Secondary Education

The challenge of primary education does not compare at all with the daunting problems in secondary schooling in Honduras.¹² To give some perspective, of the 23,835 schools, 21,761 are public schools, but only 10% or less offer secondary education.¹³ Moreover, close to 80% of those schools are in urban areas.¹⁴

¹² Secondary education is comprised of a lower secondary cycle, grades 7-9, which is part of mandatory basic education, and an upper secondary cycle, grades 10 and 11 in the academic stream and 10-12 in the vocational stream.

¹³ There are 2,161 schools that offer “educación media” in Honduras (See Secretaría de Educación, *Sistema Educativo Hondureño en Cifras –Periodo Académico 2015*, June 2016, p. 19, available at: https://www.se.gob.hn/media/files/articles/INFORME_ESTADISTICO_2014_Y_2015.pdf).

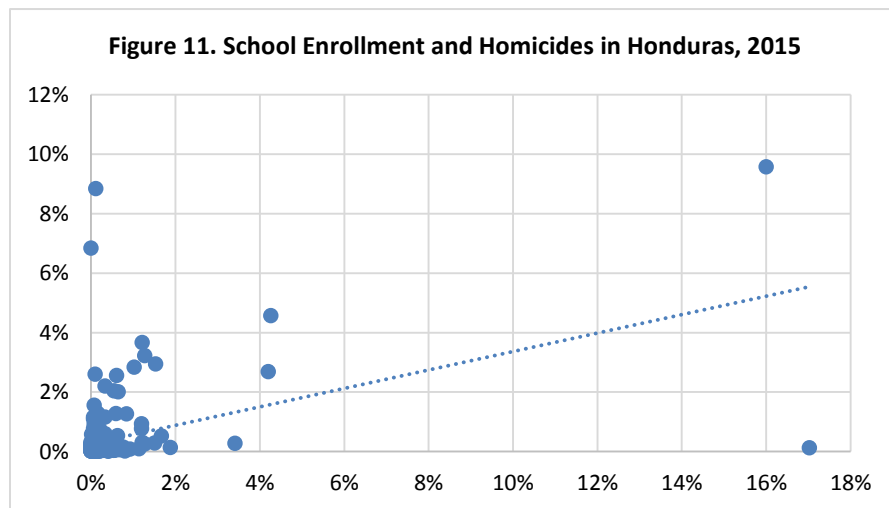
¹⁴ *Ibid.*, p. 14.

Secondary education in Honduras is of critical importance: according to the World Bank, private rates of return to schooling are highest at the upper secondary level, even higher than returns to university schooling.¹⁵

One consequence is that the number of students enrolled at the secondary level includes only 48% of youth of secondary-school age. Moreover, this number drops to 25% at the upper secondary level.¹⁶ In other words, only one in four youth age 16 to 18 is enrolled in upper secondary school. In practical terms, less than 500,000 kids in that age group are enrolled in secondary school in a country of more than 7 million people.

Another factor that accounts for the low enrollment rates at this level is criminal violence. A recent study observes that Honduran youth, ages 13-17, are the most targeted age group by criminal groups to engage them in activities such as extortion and drug trafficking among others.¹⁷

Statistically, we find that homicide rates not only correlate with migration but with school enrollment.



Source: Inter-American Dialogue, Database on violence, education and migration, 2016.

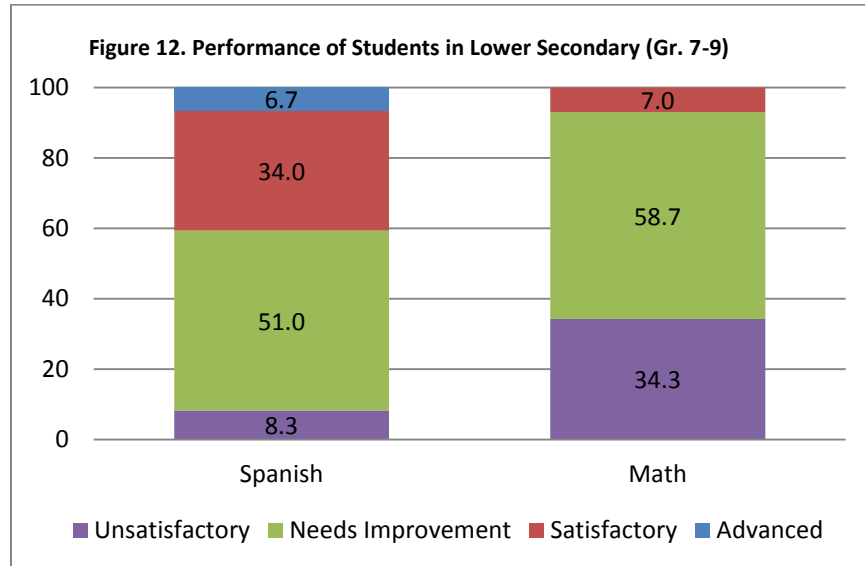
¹⁵ Ilana Umansky, Russbel Hernandez, Mario Alas and German Moncada, *Alternative Upper Secondary Education in Honduras: Assessment and Recommendations*, USAID-Honduras, February 2007, available at: http://pdf.usaid.gov/pdf_docs/Pnadr154.pdf

¹⁶ UNESCO Institute for Statistics, Secondary Education: Adjusted Net Enrollment Rate, Lower Secondary and Upper Secondary, Both Sexes (%), accessed through the World DataBank, available at: <http://databank.worldbank.org/data/reports.aspx?source=Education%20Statistics&preview=off>

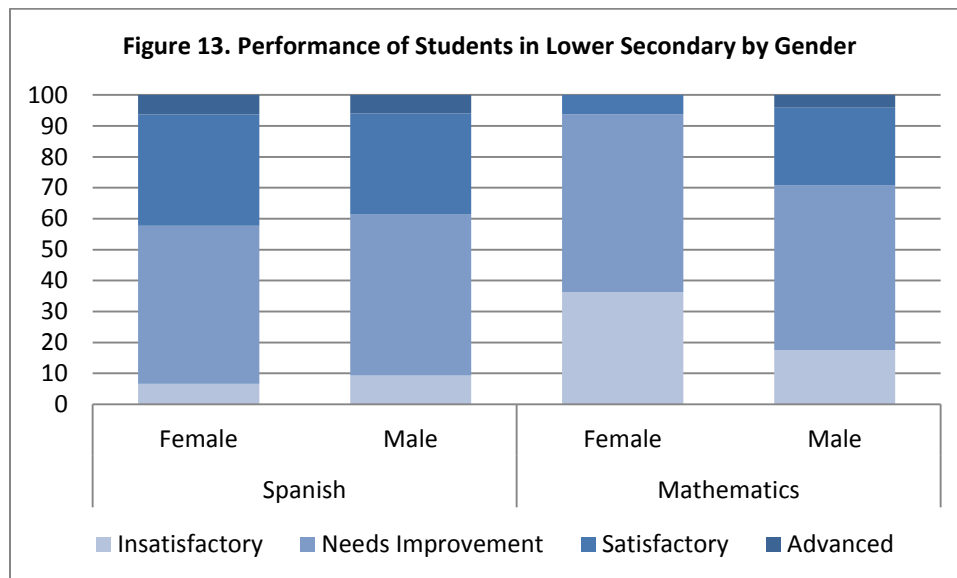
¹⁷ Casa Alianza Honduras, Pastoral de Movilidad Human and Catholic Relief Services, *Niñas y niños migrantes. Factores de expulsión y desafíos para su reinserción en Honduras*, January 2016.

Performance and Equity

The problems at the secondary level get worse because among those who enroll, more than half of students fall in the category “in need of improvement” in the areas of Mathematics and Spanish. Not one student tested in Math has achieved an ‘advanced’ level. Although girls have a higher enrollment rate, and lower dropout rate, at both lower secondary and upper secondary levels, they fare equally low in all levels of education when it comes to performance.



Source: Ministry of Education, *Informe Nacional de Rendimiento Académico 2015*.



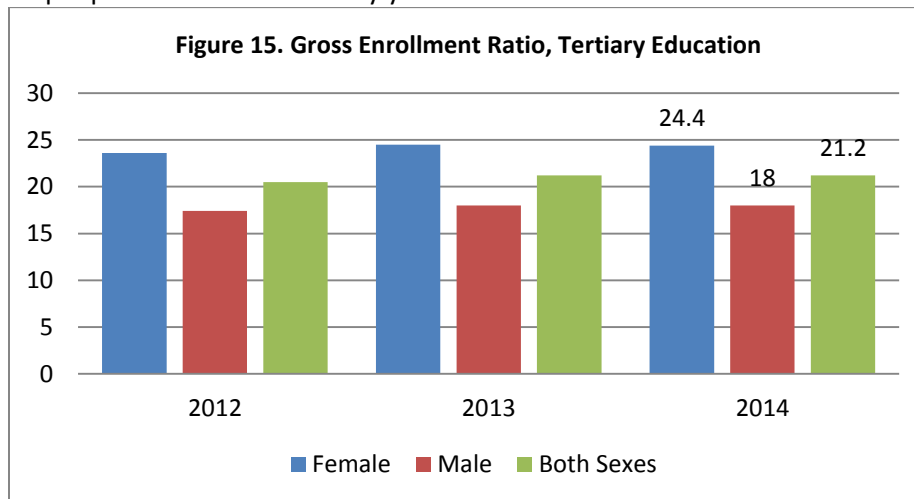
Source: Ministry of Education, *Informe Nacional de Rendimiento Académico 2015*.

Figure 14. Adjusted Net Enrollment Rate (2014)		
	Lower Secondary	Upper Secondary
Female (%)	52.1	29.1
Male (%)	44.9	21.1
Both Sexes (%)	48.4	25

Source: Unesco Statistics Secondary Education: Adjusted Net Enrollment Rate, Lower Secondary and Upper Secondary, Both Sexes (%), accessed through the World DataBank.

Higher Education

When it comes to higher education, Honduras' 20 institutions of higher education, six of which are public, recruit those who finish secondary education. However, as school graduation approaches, the education system resembles a funnel, from low completion in primary to low enrollment in secondary and finally, with only 21% of Hondurans (in the five-year age group following on from secondary school) enrolling in a higher education institution. This amounted to 187,000 students in 2013.¹⁸ Of those, 61.5% of all students enrolled were at public institutions¹⁹ (See Appendix). The majority of these students enroll in liberal arts careers and education, and 20% in sciences.²⁰ With a 10.9% graduation rate,²¹ Honduras is graduating less than 20,000 people in the sciences every year.



Source: UNESCO Statistics, Tertiary: Gross Enrollment Ratio (Female, Male and Both Sexes), 2012-2014, accessed through World DataBank, available at:

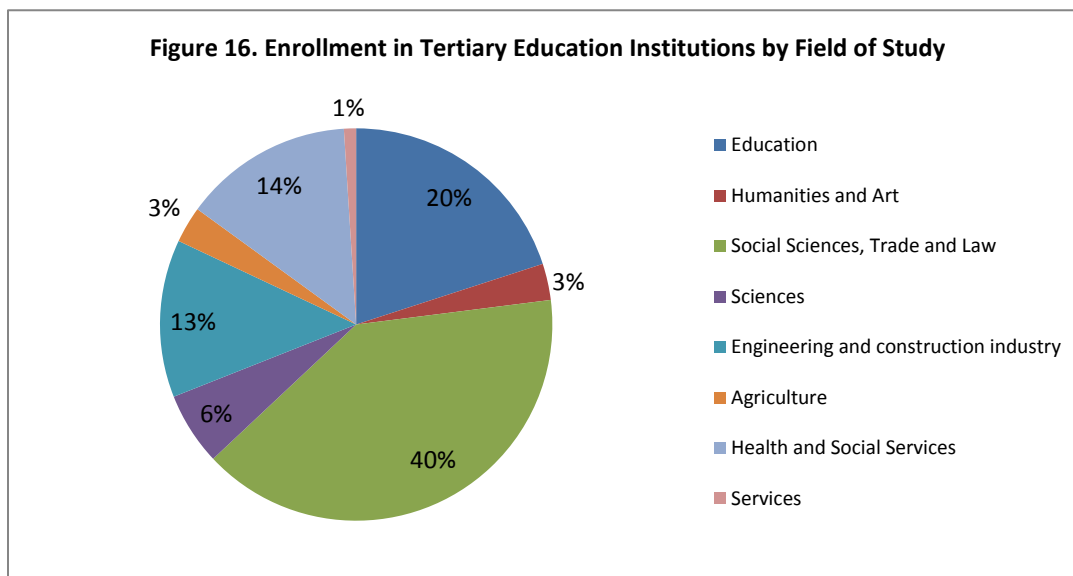
<http://databank.worldbank.org/data/reports.aspx?source=Education%20Statistics&preview=off>

¹⁸ World Bank, Education Statistics, The World Bank database. Accessed 2017.

¹⁹ Dirección de Educación Superior, Statistics: "Percentage of Coverage by Administration (Higher Education), 2010-2015", available at: <https://des.unah.edu.hn/servicio-al-usuario/estadisticas/>

²⁰ *Ibid.*, "Enrollment in Institutions of Higher Education by Field of Study, available at: <https://des.unah.edu.hn/servicio-al-usuario/estadisticas/>

²¹ UNESCO Institute for Statistics, Tertiary: Gross graduation ratio from first degree programmes (ISCED 6 and 7) in tertiary education, both sexes (%), accessed through World DataBank, available at: <http://databank.worldbank.org/data/reports.aspx?source=Education%20Statistics&preview=off>



Source: Dirección de Estudios Superiores, “Enrollment in Tertiary Education Institutions by Field of Study, UNESCO 2015”, available at: <https://des.unah.edu.hn/servicio-al-usuario/estadisticas/>

II. Education, Human Capital and Development

In addition to being a core element in human capital, the educational landscape forms a basis for the composition of the country’s labor force. For one, as the young population enters the funnel of education, they enter the labor force with weak training, both in level and quality of education attained. In turn, adults participate in the labor market with limited knowledge and skills.

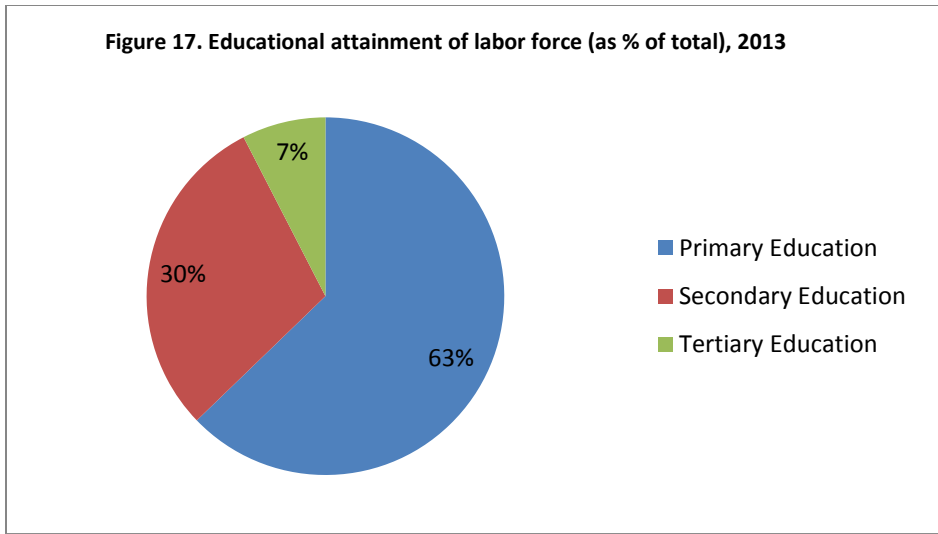
Therefore, the labor force lacks the skills needed to access high-quality jobs and reduce inequality. Moreover, with few science and technology degrees, the labor force is unfit to compete in the global economy and promote innovation.

Unskilled Labor Force

As seen earlier, net enrollment rates at different stages of education decrease progressively. The effect of this ‘educational funnel’ is that the stock of Honduras’ human capital is highly concentrated in the primary education sector or below, which is also reflected in the composition of its labor force.

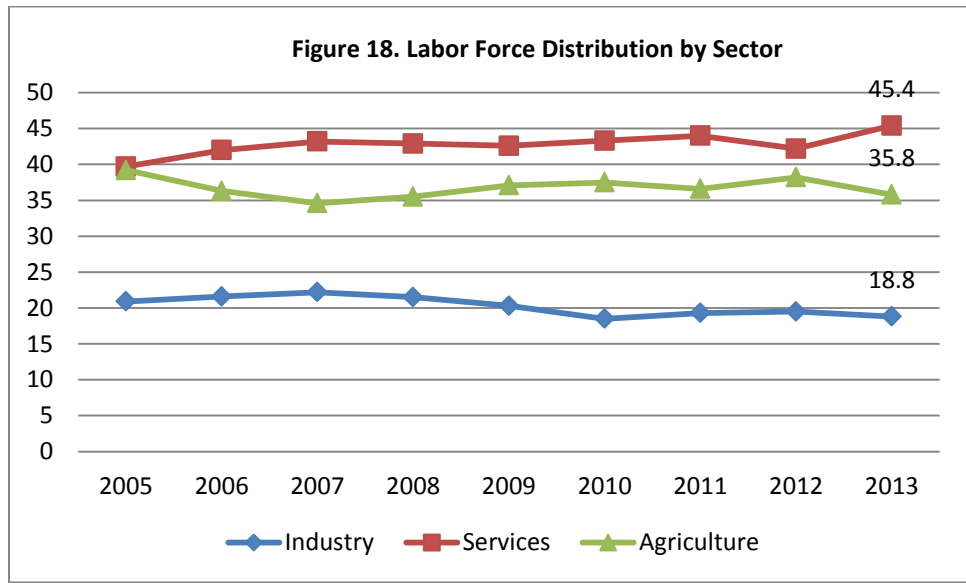
In 2013, only 7% of the Honduran labor force had more than 12 years of schooling, the average period of education that reduces the risk of being poor, according to Economic Commission for Latin America and the Caribbean.²²

²² Cited in Programa Estado de la Nación en Desarrollo Humano Sostenible (Costa Rica), *Quinto Informe Estado de la Región/PEN CONARE*, San José, PEN, 2016.



Source: UNESCO Statistics, Educational Attainment, Labor force with primary, secondary and tertiary education (% of total).

One consequence, or byproduct of this model of growth, is that 81% of the labor force is concentrated in the agriculture and industry sectors (comprised of manufacturing, mining and construction, among others).²³ Moreover, those working in services predominantly operate within the informal economy.

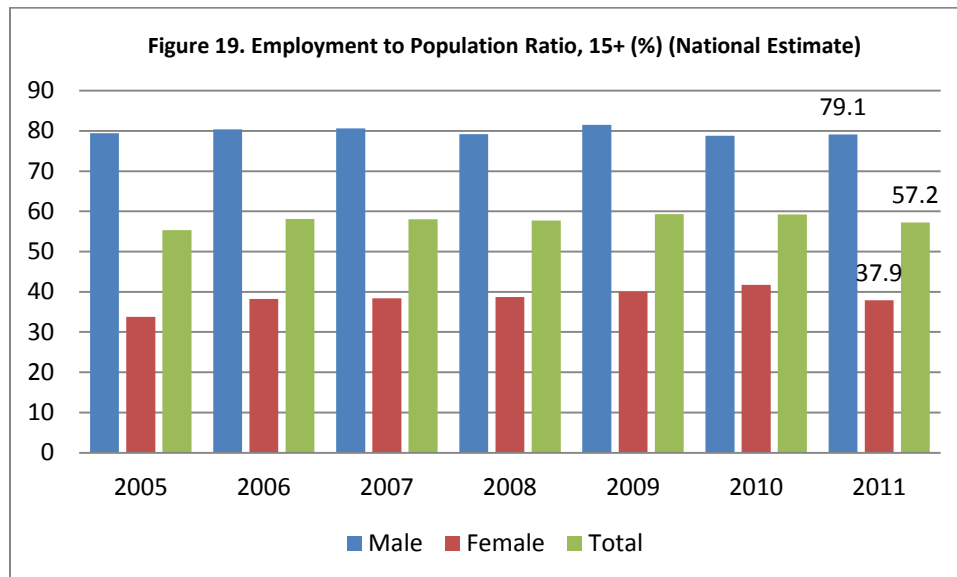


Source: International Labor Organization (ILO), Social Protection & Labor: Economic Activity: Employment in Services, Industry and Agriculture (as % of total employment), accessed through World Databank.

²³ The industry sector, as defined by the International Labor Organization, consists of mining and quarrying, manufacturing, construction, and public utilities (electricity, gas, and water).

Although enrollment rates are higher for females at all levels of education, the presence of women falls dramatically once it comes to the composition of the labor force. In 2011, only 40% of women (ages 15 and older) were employed compared to 57% of men. The gender disparity reflects a deep rooted bias in the society, pointing woman to a subordinate position as child bearers and homemakers.

As economic necessity related to inequality pushes youth to drop out school, males, as 'providers' tend to enroll the labor force in larger numbers, while expecting girls and women to stay home. Thus, enrollment ratios in school, K-12, is higher because of this bias. When it comes to enrolling in the labor force, the challenge to integrate females into the labor force turns in to one of numbers, quality, training and empowerment.



Source: International Labor Organization, Social Protection & Labor: Economic Activity: Employment to population ratio, 15+, female, male and total (national estimates), accessed through World Databank.

Low Innovation, Low Wages

Among the many consequences of poor educational attainment and performance are low earnings, low skills and informal activity. Fifty-three percent of Honduras are unskilled workers earning less than the minimum wage. In the informal sector, two thirds of workers earned less than the minimum wage. Close to half of the agricultural workers and unskilled workers were in the same situation.

Figure 20. Share of workers in each sector earning less than and at the minimum wage, 2013		
	Less than 90% of minimum wage	Within +/-10% of Minimum Wage
Workers	64.7	12.3
Urban wage workers	39.8	20.5
Skills		
Unskilled	53.4	3.8
Low-skilled	41.4	8.2
Skilled	19.0	10.1
Sector		
Formal	39.4	17.5
Informal	74.5	6.0
Gender		
Female	29.1	4.7
Male	53.4	10.0
Setting		
Rural	49.1	4.0
Urban	32.1	10.2
Source: <i>Working to End Poverty in Latin America and the Caribbean: Workers, Jobs and Wages</i> , World Bank, 2015.		

Another consequence of poor education, particularly within the context of a society plagued by large challenges in personal safety and insecurity, is migration.

One of the most important effects of migratory processes can be seen in the educational landscape. For example, in 2014, for example, more than 60,000 children dropped out, 17% of which did so because they migrated (either domestically or internationally). See table below.

Figure 21. Drop-out Students by Category, 2014-2015				
Category of Desertion	2014	%	2015	%
Student dropped out	49,972	81	41,167	87.8
Student died	191	0.3	148	0.3
Student migrated to other country	10,487	17	3,293	7.0
Student migrated within country	1,041	1.7	2,267	4.8
Total	61,691	100	46,875	100
Source: Ministry of Education, <i>Informe Nacional de Rendimiento Académico 2015</i> .				

Conclusions

Education remains a critical tool to build human capital and endow a country's workforce with the necessary skills to compete in a globalized economy. As this brief has shown, Honduras faces significant challenges in its educational landscape and poor performance at the earliest levels becomes, in practice, obstacles for achievement at higher levels. As a result, more than half of Honduras' workforce has a primary education only which, in turn, affects their income and poverty levels.

Similarly to other countries in the region, development, insecurity and education are closely interrelated in Honduras. On the one hand, its pervasive violence constitutes a significant factor that hinders educational enrollment and performance among the students. On the other, migration processes that result from lack of opportunities and violence also exert an influence on the number of drop-out students across the whole education specter.

Furthermore, despite its relative high levels of investment in education, Honduras fares lower than its regional counterparts and students exhibit significant differences in their performance according to their income level.

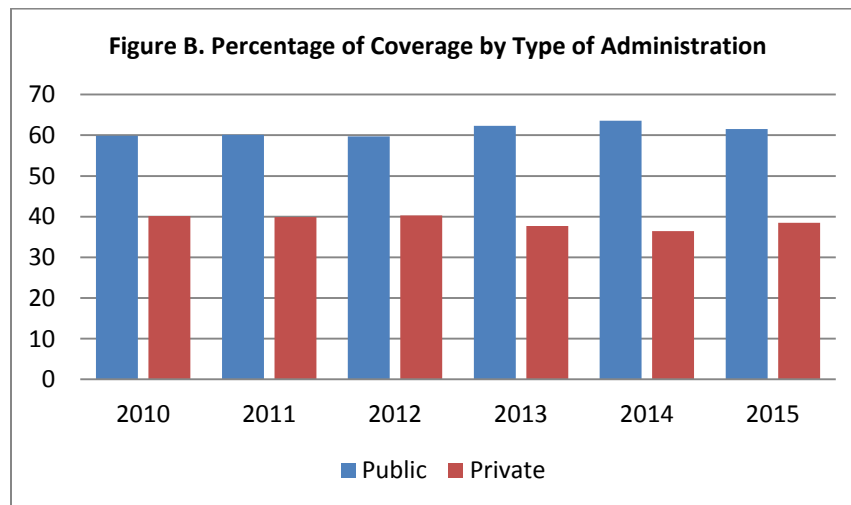
What comes across is the need to rethink the prevailing approach to education and human capital in Honduras, motivating a national dialogue that goes beyond simply educational expenditures, and considers the role of investments in extracurricular and after school education. Under the existing circumstances, it is highly unlikely that the economy and its labor force will substantially progress beyond limited goals; education reform requires a radical departure from the current approach.

Appendix

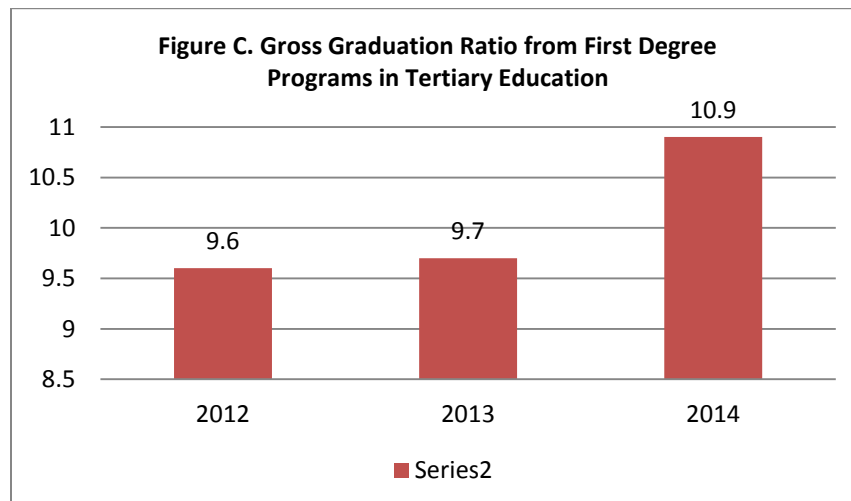
Figure A. Drop-out rate in relation to the educational attainment of students' parents

Educational attainment of parent	% of students who dropped out from previous year
No Education	15.2
Primary	62.8
Secondary	17.0
Superior	4.7
Does not know/Does not respond	0.3

Source: INE, Encuesta Permanente de Hogares de Propósito Múltiple: Educación (2009-2016)



Source: Dirección de Estudios Superiores, "Porcentaje de CObertura de Educación Superior según tipo de administración, 2010-2015", available at: <https://des.unah.edu.hn/servicio-al-usuario/estadisticas/>



Source: UNESCO Institute for Statistics, "Gross Graduation Ratio from First Degree Programs in Tertiary Education", accessed through World DataBank.