

MEMORANDUM TO THE DCI COMMITTEE

CONCERNING THE

Annual action programme 2018 in favour of Honduras to be financed from the general budget of the Union

1. Identification

Budget heading	21.02.01.00– Latin America – Poverty reduction and sustainable development
Total cost	EUR 68.4 million of EU contribution
Basic act	Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action ¹ , and in particular Article 2(1).

2. Country background

Human rights are bound to remain an issue in Honduras. However, there was a significant drop in the homicide rate in 2017 compared to the previous year, from 59 to 42 murders per 100,000 inhabitants per year, according to figures of the National Observatory of Violence. Still, the figures remain high and impunity in the face of serious crimes remains a major concern. Violence against women and, girls in particular, remains a serious issue. According to the Centre for Women's Rights (CDM), 409 women were killed in 2017 compared to 483 women in 2016, though only 5% of the cases were brought to justice. The upgrading of the Human Rights Vice-Ministry into a full-fledged Ministry could entail increased human and financial resources towards addressing women's rights and human rights more broadly in 2018. Impunity, organised crime and drug-trafficking, combined with an institutionally weak justice and security sector, provide a fertile ground for corruption. Impunity and corruption remain widespread and a major obstacle to the rule of law. In April 2016, the Organization of American States (OAS) Mission to Support the Fight against Corruption and Impunity in Honduras (known by its Spanish acronym MACCIH) arrived in the country and began its work with vigour focusing on prevention and fighting against corruption; reform of criminal justice; political-electoral reform; and public security.

Poverty rate remains quite high in absolute terms. Over the last five years, the average economic growth was 3.5%. The performance was higher in 2017 with a growth of 4.8%. 2018 should show a decrease of this percentage. This growth hinders the reduction of poverty. Indeed, Honduras has one of the highest poverty rates in Latin America. Poverty in Honduras in 2017 affected 60.9% of households with 35.4% of the population in situation of extreme poverty that rises to 50.5% in rural areas. From 2013 to 2017, poverty rates slightly diminished significantly (down 3.6 percentage points). The recent slight reduction in poverty that is claimed by the Government seems to come primarily from increased employment among the poor and increased remittances and, to a lesser extent, public transfer programs. However, opportunities remain unevenly distributed: the GINI coefficient in Honduras was at 0.54 in

¹ OJ L 77, 15.3.2014, p. 95.

2013 and 0.52 in 2017, equal to the 2009 Gini coefficient, year of the beginning of the last international crisis.

The recent efforts carried out by the Government have been insufficient to address and **solve employment problems** in a market characterized by low productivity jobs primarily within the informal economy, resulting from a constricted productive base and the limited offer of skilled workers in relation to the needs of the private sector. Among the Central American countries, Honduras has one of the lowest participation rates in the labour market and the highest rates of self-employed workers. Informality remains high while potential growth and employment remain relatively low. There is also an important gap between women and men in terms of labour participation (43.8% for women and 76% for men in 2017).

Honduras improved the Public Finance Management (PFM) and transparency. The strict application of the Fiscal Responsibility Law (Decree 25-2016) of April 28, 2016, introduced various functional and operational changes in the PFM which has contributed to the improved results. The process of implementation of Results Oriented Management was initiated and measures were implemented to improve the linkage of planning with the budget, which included the review and definition of programmatic categories in several pilot institutions. On the other hand, the structure of the tax revenue remains strongly regressive. The income tax represented 28.3% of the total tax collection, showing an increase of 3.2% compared to the end of 2016. The most significant tax continued to be Value Added Tax (VAT), which was 54.2% of the total collection at the end of 2017 and increased 4% compared to end 2016. The tax exemptions granted to the payment of Income Tax and VAT generate a high Tax Cost estimated to 6.6% of GPP in 2017. Good progress has been made in terms of transparency and some measures which have a positive impact on the improvement of budgetary oversight, especially those targeting transparency of extra budgetary expenditures, which effects should appear at end 2018, and 2019.

3. Summary of the Annual Action Programme

1) Background:

The two actions proposed are consistent with the Multiannual Indicative Programme for Honduras 2014-2020 and address focal areas within two of three focal sectors (Decent Work and Rule of Law).

The entry into force of the Association Agreement between the European Union and the countries of Central America reinforces the ties that traditionally have existed between the EU and Honduras. This association is based on the principles of democracy and fundamental human rights, rule of law and good governance.

Honduras continues to face challenges in particular with respect to poverty eradication and equality, competitiveness, employment generation, human rights and human security macroeconomic stability and public finance management, preservation of the environment and resilience to natural disasters.

Against this background, the European Union and Honduras are committed to work jointly for the eradication of the poverty, job creation, fair and sustainable development, including aspects like the vulnerability to natural disasters, the conservation and protection of global public goods like the environment, climate and biodiversity, while assuring the participation of all stakeholders, including civil society and the private sector. Also, the association targets growing, sustainable economic relations between the European Union and Honduras, in particular in the areas of trade and investment, which are essential to deepening the regional integration process, fostering economic and social development, as well as modernization and technological innovation.

Similarly, the European Union and Honduras recognize the importance of promoting stability, security and justice, including by fighting drug trafficking, organised crime and corruption, as well as helping the country to build stronger and more independent institutions able to respond to these phenomena as well as increasing citizen's participation in the democratic processes, especially those of vulnerable groups (women, ethnic minorities, youth, rural population). In this context, the EU is particularly keen on contributing to the promotion of human rights, helping to put in place conditions for their effective protection.

Civil society is a key partner for the EU in the promotion of sustainable development. In this context, it is important to recognize that civil society organization in Honduras still face challenges to strengthen their role as development actors and achieve an enhanced dialogue with government institutions. The EU will pursue its political dialogue as part of a comprehensive approach when promoting a positive environment for civil society and will seek complementarity between its cooperation instruments in order to promote an improved participation of civil society in development processes.

2) Cooperation related policy of beneficiary country

The National Plan 2010-2022 remains the long term strategic reference for the new administration. The conclusion of the analysis of the National Plan 2010-2022 (NP) and the Country Vision 2010-2038 (CV), that was carried out when drafting the EU's multiannual indicative program (MIP), is that it is comprehensive and specific enough to offer a basis for strategic planning. It does have thematic weaknesses, which need to be overcome by means of sector policies and plans, some of which have already been adopted or are under construction. Ownership by civil society can be improved, in particular in order to facilitate its sustainability. It is coherent with the priorities of the Agenda for Change.

The National Plan adopts the following eleven strategic guidelines:

1. Sustainable development of the population
2. Democracy, citizenship and governance
3. Poverty reduction, generation of assets and equity of opportunity
4. Education and culture as means of social emancipation
5. Health as a fundament for improved living conditions
6. Citizen security as a requirement for development
7. Regional development, natural resources and environment
8. Productive infrastructure as a motor of economic activity
9. Macroeconomic stability as a fundament of internal savings
10. Competitiveness, country image and productive sector development
11. Climate change adaptation and mitigation

The administration's platform puts a special focus on growth and social inclusion. The new government elected in 2017 reiterated its commitment to the NP and launched, for the period 2018-2022, the "*Everybody's Plan for a Better Life*" which articulates seven purposes:

- Productive innovation
- Access to credit
- Promotion of tourism and employment
- Full reform of the health sector and the education sector
- Improvement of security and defense
- Strengthening of macroeconomic stability and management of public spending
- Transparency and fight against corruption

The national development policy facilitates the alignment of donors. The plan's priorities represent an opportunity for the implementation of the EC's Multiannual Indicative Programme since our focal sectors are well aligned with the new government's strategy. The first hundred days of the new administration, a strong symbolic milestone in Honduras, have been the occasion for the government to demonstrate the seriousness of its commitment and the credibility of its strategy, in spite of a dose of over-optimism.

3) Coherence with the programming documents:

The Multiannual Indicative Programme (MIP) for Honduras 2014-2020 defines three focal areas: i) food Security ii) decent work and iii) rule of law. Additionally, a special provision is made for the support measures.

Concerning focal area 2 the MIP states that "*The EU's objective is to increase Honduras' capacity to generate and sustain decent employment and social protection. This requires a detailed and comprehensive policy on decent work and social security to be approved and implemented, on the basis of social dialogue. In addition, micro and small enterprises will have to build their productive and competitive capacity, and professional training will need to be improved*". The entry point of this action is the institutional strengthening of the stakeholders at central level. This approach will pave the way for interventions of larger scale.

Concerning focal area 3 the MIP states that "*The EU's objective is to help ensure the universal application of the law and the protection of human rights, and to support the democratic system, including by increasing citizens' participation. Particular attention will be paid to following up on recommendations by the EU Electoral Observation Mission to Honduras in 2013, which emphasised the importance of reforming electoral laws and key institutions. This will require a clear strategy to be developed, extensive work with civil society and improved division of labour.*"

Both interventions included in the AAP 2018 were specifically foreseen in the 2014-2020 MIP.

4) Identified actions

The following two actions have been identified for the AAP 2018 in favour of Honduras under focal areas one, two and three of the MIP:

- **SRPC "Access to employment through improved labour force skills and entrepreneurial fostering in Honduras" (EURO +Empleo)**". The overall objective of this action is: in accordance with the General Objective of the National Employment Policy 2017 – 2028 the general objective of this intervention is to foster sustained and inclusive economic growth. The specific objectives are a) to promote the generation and sustainability of decent employment, b) To improve the workforce qualifications and labour market efficiency and c) To strengthen access to markets and competitiveness of Honduran micro and small enterprises.
- **Democracy and Human Rights Support Programme to Honduras (PRODERECHOS)**. The overall objective of this action is to support the consolidation of a National System to promote, protect and ensure compliance with human rights in Honduras for all men and women. The specific objectives are: a) to support national efforts for the institutional strengthening and harmonization of a National System of human rights at national and local level in line with the National Policy for Human Rights of Honduras and b) to support the active participation of Non-State Actors in the National Human Rights system as key agents for the

promotion of human rights, prevention of abuses, and the formulation, implementation and oversight of policies and strategies related to human rights.

5) Expected Induced Outputs

- **Sector Reform Performance Contract (SRPC) “Access to employment through improved labour force skills and entrepreneurial fostering in Honduras” (EURO Empleo)”.**

IO1. Enhanced efforts to reduce underemployment (related to insufficiency of income and of work time).

IO2. Enhanced efforts to increase the affiliation to social security schemes.

IO3. The National Technical and Vocational Training System is improved and adopted as a strategic instrument for the development of the Honduran labour force.

IO4. Beneficiaries trained and certified under the technical and vocational training system increase.

IO5. The business environment for MSEs has improved through administrative simplification.

IO6. Inclusive access to financial services by MSEs owned by women has improved.

IO7. The support provided by Government institutions on employment promotion, employability, business development and entrepreneurship services is increased in coverage and improved in quality.

IO8. National financial resources allocated to the employment sector are reinforced and based on results on a multiannual basis.

- **Democracy and Human Rights Support Programme to Honduras (PRODERECHOS):**

IO 1: The National Human Rights System complaints management, and regulatory frameworks are harmonized and strengthened.

IO 2: The capacities of key national institutions acting in the human rights system Ministry of Human Rights (SEDH), National Human Rights Commission in Honduras (CONADEH), public attorney’s office, MNP- CONAPREV) are strengthened in order to comply with their mandate.

IO 3: The capacities of human rights institutions at local level are strengthened and institutional articulation is achieved in prioritized geographical areas.

IO 4: The Human Rights Civil Society Organizations’ capacities are improved and are organized in local platforms

IO5: Business enterprises are aware of their responsibilities around human rights, and integrate these responsibilities within their policies and activities.

6) Past EU assistance and lessons learnt

The proposed interventions build on the lessons learnt from the Midterm Review of MIP 2014-2020 achieved in 2017

The proposed interventions complete and reinforce ongoing operations implemented in the framework of AAP 2014, 2015 and 2017:

For Sector 2: EUROLABOR and for Sector 3, EUROJUSTICIA and Support to Fight Against Corruption in Honduras.

Cooperation with Honduras is characterised by strong partnership around strategic political dialogue, clear and demonstrable impact and significant EU visibility in a context of continued needs to promote inclusive development. The strategic objectives reflect common priorities and the programming of the MIP is well on track. A mix of instruments is applied ranging from mixed grants, blending and budget support to sector programmes and thematic projects.

The current MIP is directly addressing key priorities of the 2030 Agenda for Sustainable Development as well as the new European Consensus. Honduras continues to face challenges, particularly with respect to poverty eradication and equality, competitiveness, employment, human security and human rights, macroeconomic stability and public finance management, preservation of the environment and resilience to natural disasters.

Programmed activities address directly or indirectly sustainable growth and job creation. Sustainable growth is a key priority for the first priority sector on food security and nutrition, aiming at creating higher and more stable production in rural areas affected by drought. The second priority sector – decent employment – works with the establishment of long-term policies to create jobs, especially for youth. This effort is combined with specific projects providing vocational training for returned migrants in an effort to link them to the local job market.

Since 2016, in the framework of Support Measure Programme – MADIGEP, a **solid structured dialogue** has been implemented at three levels: Operational, Technical and Political (on cooperation domain). The regular organisation of this dialogue process (twice a year at least) allows a continuous exchange between EU and Authorities and thus allows an improvement of quality of actions forecasted. As a result of this wide policy dialogue, the EU maintains in Honduras the established strategic objectives for 2018-2020: Building resilience and sustainability; Sustainable growth and job creation; Human rights, good governance and democratic process and strengthening support measures to support the enhance of public value chains.

Institution building has proven to be one of the key strategies to overcome the weak performance of development policies. This is particularly true in the case of employment policies when it comes to generating greater opportunities for decent employment. The EU's Backbone Strategy on Reforming Technical Cooperation (TC) and Project Implementation Units stipulates that the provision of TC must be based on the demand and requirements of the partner country. Costs and available options should be transparent. Dialogue and support is needed to enable clear formulation of the demand for TC.

7) Complementary actions/donor coordination

i) Complementary actions

Directly linked to sector 2:

Under the Honduras 2014-2020 MIP, the EU has launched the EURO +LABOR programme as the first intervention in the employment sector, which currently is contributing to the strengthening of national policies and institutional capacities of relevant stakeholders in order to enable them for the provision of employment services and the promotion of decent work in the informal economy. In order to generate sustainability of EURO +LABOR's results, this second intervention titled EURO Empleo, will complement the approach of EURO +LABOR

by addressing the decent work deficits for workers and entrepreneurs in the informal economy with the objective of improving their productivity as well as their working conditions. EURO +LABOR supported the design and drafting of the National Employment Policy while EURO Empleo will support its implementation and follow-up.

EUROsocial: Other EU funded complementary actions have also been carried out under this programme in response to the Government's demands of extending to Municipalities, the services provided by the Ministry of Labour particularly, through the National Employment Service (SENAEH). Also, SOCIEUX+, the EU's demand-driven technical assistance facility can complement the proposed action with a multi-country and multi-sectoral approach from EU Member States public institutions expertise.

Directly linked to sector 3:

European Instrument for Democracy and Human Rights (EIDHR): Since 2008, over 30 actions impacting Honduras have been implemented through the EIDHR instrument. The EIDHR in Honduras is used as complementary instrument to geographical programming, and is primarily intended to support CSOs initiatives in their role for the defence of human rights and democracy construction. The flexibility and openness of EIDHR to work directly with HRDs and initiatives in local level, allows mutual reinforcement with the bilateral cooperation tools.

SPOTLIGHT INITIATIVE: In partnership with the United Nations, EU is implementing a global project, the Spotlight Initiative which aims to eliminate all forms of violence against women and girls. The project has allocated 16 million EUR budget in Honduras for a 4 year period of implementation.

ii) Donor-coordination which are common to the two action fiches.

Representatives of donor countries to Honduras have created the Group of 16 (G-16), which includes, amongst others, Germany, Canada, Spain, United States, Sweden, Japan, Italy, the Netherlands, the United Kingdom, France, Switzerland and the World Bank.

For the employment sector, a G-16 Donors Working Group on Decent Employment and Sustainable Economic Development was created in 2016. This donor's working group should improve harmonization and alignment of donor's actions at national and local level, but also international contributions to national strategies within the framework of global action. The EU currently chairs this working group. Another relevant coordination group on labour skills was created in 2017, led by USAID in order to contribute to the identification of priorities and common actions among donors in terms of technical and vocational education and training.

The Governance, Security and Human Rights G-16 roundtable covers most of the Rule of Law Sector, enhancing coordination among cooperation agencies involved. It contributes to the political and technical dialogue towards the protection, promotion and compliance with human rights, among others.

COMMUNICATION AND VISIBILITY

A communication strategy, based on the Communication and Visibility Manual for European Union External Action has been designed for the whole scope of the MIP, in 2017 which will include specific activities for its different components.

Communication and visibility activities will, on the one hand, contribute to transparency and domestic accountability, by advertising the use of public funds and the results obtained. On the other hand, it will present evidences and hints on how the EU financing has generated substantial changes in the life of vulnerable groups while at the same time promoting the EU's fundamental values.

Based on the positive experience of the visibility contract implemented by the Autonomous National University of Honduras, under the project APN - DCI-ALA/2008/019-893, it might be considered to involve national universities in this component.

4. Cost and financing

“Access to employment through improved labour force skills and entrepreneurial fostering in Honduras” (EURO +Empleo)	EUR 60.4 million
Democracy and Human Rights Support Programme to Honduras (PRODERECHOS)	EUR 8 million
Total EU contribution to the programme	EUR 68,4 million

The committee is invited to give its opinion on the attached annual action programme 2018 in favour of Honduras.



ANNEX I

of the Commission Implementing Decision on the “Access to employment through improved labour force skills and entrepreneurial fostering in Honduras” (EURO EMPLEO)

Action Document for “Access to employment through improved labour force skills and entrepreneurial fostering in Honduras” (EURO EMPLEO)

2018 ANNUAL¹ PROGRAMME/MEASURE

This document constitutes the 2018 annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	“Access to employment through improved labour force skills and entrepreneurial fostering in Honduras” (EURO EMPLEO) CRIS number: LA/2018/040-697 financed under Development Cooperation Instrument	
2. Zone benefiting from the action/location	Latin America/Honduras The action shall be carried out at the following location: Honduras, at national level.	
3. Programming document	Multiannual Indicative Programme 2014-2020 Honduras	
4. SDGs	Goal 1. End poverty in all its forms everywhere Goal 3. Ensure healthy lives and promote well-being for all at all ages Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all Goal 5. Achieve gender equality and empower all women and girls Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	
5. Sector of intervention/ thematic area	Sector 2 Employment: decent work and social protection policy	DEV. Assistance: YES ²

¹ Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budgetary years subject to the availability of the commitment appropriations.

² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

6. Amounts concerned	<p>Total estimated cost: EUR 60,400,000</p> <p>Total amount of EU Budget contribution EUR 60,400,000 of which EUR 54,300,000 for budget support and EUR 6,100,000 for complementary support.</p> <ul style="list-style-type: none"> • EUR 5,000,000 Technical assistance services contract • EUR 800,000 Communication and Visibility services contract • EUR 300,000 Final Evaluation 			
7. Aid modality(ies) and implementation modality(ies)	<p>Direct Management –</p> <ul style="list-style-type: none"> • Budget Support: Sector Reform Performance Contract • Complementary Support: Services 			
8 a) DAC code(s)	<p>16020 - Employment policy and administrative management 11330 - Vocational training 25010 - Business support services and institutions 32130 - Small and medium-sized enterprises (SME) development ³</p>			
b) Main Delivery Channel	<p>12000 – Recipient Government 12001 – Central Government⁴</p>			
9. Markers (from CRIS DAC form)⁵	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment ⁶	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

³ Please see CRIS Manual 3.4.1 DAC Sector code(s)

⁴ <http://www.oecd.org/dac/stats/annex2.htm>

⁵ When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

⁶ Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.

10. Global Public Goods and Challenges (GPGC) thematic flags	Flagship 3. SWITCH TO GREEN – Supporting private sector-led inclusive green growth Flagship 7. Trade integration for green and inclusive growth Flagship 9. Migrant domestic workers' labour and human rights Flagship 11. Rights-based development for the working poor
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SUMMARY

Honduras has given significance to employment by establishing as an objective of its 2010-2038 Country Vision and 2010-2022 National Development Plan to accomplish a productive country that generates decent employment opportunities under a territorial development model and adequate regulatory instruments for productive investment, in harmony with resourceful government institutions that can lead to achieving a sustainable economic and social growth.

Through the EU funded "Institutional Strengthening of Decent Employment and Employment Opportunities for Young People" (EURO +LABOR) programme, the Honduran government has started its way towards strengthening its political, regulatory and institutional framework at national and local level in the employment sector. As a result, a National Employment Policy has been adopted (May 2017) with the purpose of promoting inclusive and sustainable economic growth as well as decent and productive employment for all during the period 2017 - 2028. Moreover, a Joint Action Framework, a document containing a set of elements needed for a relevant and credible sector policy⁷, has been developed in order to guide the implementation of the Employment Policy.

In this context, the proposed Sector Reform Performance Contract in the employment sector will contribute to support the implementation of the Honduran National Employment Policy which aims to: i) increase competitiveness; ii) ease the creation of more and better jobs; iii) address the skills deficit of Honduran workforce; and iv) enable the environment for entrepreneurial development.

Complementary support is envisaged under this intervention through: i) a Technical Assistance services contract in order to ensure interinstitutional coordination among relevant stakeholders; improvement of planning, budgeting, and implementation of medium and long-term strategies that contribute to the effective implementation of the National Employment Policy; and strengthening of domestic revenue mobilisation; and ii) a Communication and Visibility contract that will promote knowledge among the Honduran population on employment and its link with the country's economic development; support the dissemination of progress and achievements in the implementation of the National Employment Policy and promote awareness of the EU's support to the employment sector.

⁷ The Joint Action Framework (MAC – *Marco de Acción Conjunta*) was drafted by the Decent Employment Sector Working Group of the Economic and Social Council (CES) with the purpose of establishing the actions that each sector considers should be prioritized during its implementation. This document was approved by the CES Assembly in November 2018.

1 CONTEXT ANALYSIS

1.1 Context Description

Honduras has been recovering from the recessive cycle suffered in 2008 - 2009 due to the effects of the international financial crisis and internal political instability which affected the country's production and employment. According to official figures, Honduras' poverty level was 60.9% in 2016⁸. However, Honduras had an acceptable growth of its Gross Domestic Product over the last four years (3.5% on average and is expected to grow 3.7% in 2018). While social spending has been protected, structural reforms to boost growth and employment should focus on reducing crime and violence; closing infrastructure gaps, especially in energy; increasing financial market access for poor households; and the efficiency of tax collection and public spending.

The recent efforts carried out by the Government have been insufficient to address and solve employment problems in a market characterized by low productivity jobs primarily within the informal economy, resulting from a constricted productive base and the limited offer of skilled workers in relation to the needs of the private sector. Among the Central American countries, Honduras has one of the lowest participation rates in the labour market and the highest rates of self-employed workers⁹. Informality remains high while potential growth and employment remain relatively low¹⁰. There is also an important gap between women and men in terms of labour participation (43.8% for women and 76% for men in 2017)¹¹.

The country is characterized by high levels of inequality¹², which limit the population's access to productive factors, financial and human capital, particularly in the rural sector. Being a small economy, the country is also exposed to trade crises that have sometimes interrupted periods of economic expansion. In this context, women and young people are the most affected by underemployment and unemployment, generating in these groups the need to migrate under irregular conditions¹³. The Honduran population is predominantly young¹⁴.

⁸ World Bank Data 2016.

⁹ The National participation rate in the labour market was 59% and 42 out of 100 persons were own account workers in 2017, according to the 58th National Statistics Institute Household Survey.
<http://www.ine.gob.hn/images/Productos%20ine/encuesta%20de%20hogares/EPHPM%202017/002%20Resumen%20Ejecutivo%202017.pdf>

¹⁰ There is no clear definition of labour informality in Honduras. However, health care, pension schemes, work contracts systems are very weak and with a reduced coverage: for example, more than 50% of employees have no health coverage proposed by the employer. Only 11% of active employees contribute to pension schemes.

ILOSTAT Country Profiles: <https://www.ilo.org/ilostatcp/CPDesktop/?list=true&lang=en&country=HND>

¹¹ The market has a bias toward male occupation. The unemployment rate is 4% for men and 10.8% for women. The market seems to absorb male labour more quickly than female labour since a male takes 2.3 months to search for a job while a woman takes 3 months. Unemployment affects the young population mainly since out of a total of 273,496 unemployed in the country, 58.9% are young people under 25 years of age. However, the National Household Survey indicates that the Invisible Underemployment Rate is 44.2% and the Visible Underemployment Rate is 11.8%. This leads to the conclusion that the labour market's main problem is not unemployment, but invisible underemployment which is associated to low income and low productivity jobs. These disparities will be addressed by the Honduran government with the EU's contribution, through the implementation of the National Employment Policy's strategies, as further mentioned.

¹² According to the 2017 National Statistics Institute Household Survey, the GINI coefficient for Honduras is 0.52.
<http://www.ine.gob.hn/images/Productos%20ine/encuesta%20de%20hogares/EPHPM%202017/002%20Resumen%20Ejecutivo%202017.pdf>

¹³ The proposed action is intended to contribute to the Honduran Government efforts destined to implement the National Employment Policy. In this sense, the Government has defined in its Policy the strategies to be implemented in order to address underemployment among young men and women. The strategies include, among others: i) investment promotion for employment generation with emphasis for young people and women through the development of a business service platform for rapid growth that incorporates young labour force; ii) increase the added value of value chains in the agricultural sector, by supporting micro-enterprises and public credit generation and technical assistance programs for young people and women; iii) public initiatives management to generate employment and opportunities through the creation of direct jobs in the construction and public productive infrastructure works maintenance; iv) promotion of employability, through the improvement of the National Professional Training System, with technical training options for young people and women oriented to scientific and technological innovation with a focus on productive chains. In conclusion, through the Policy's

Although basic education coverage has increased, there is still an 11.8% of the population over 15 years old who cannot read or write. In 2016, only 1 in 3 of the young population between 15 and 17 years attended school¹⁵. Young people graduating from basic education do not have the relevant qualifications to fulfil the private sector needs. Technical education and training could be the alternative to address these deficiencies¹⁶. However, this educational level suffers from a similar problem, since most of its graduates may or may not continue with higher education or are not inserted into the labour market.

1.2 Policy Framework (Global, EU)

In June 2017, the EU and its Member States adopted the new European Consensus on Development "Our world, our dignity, our future". Under this instrument, the EU and its Member States commit to respond to the 2030 Agenda through a comprehensive and strategic approach; integrating the economic, social and environmental dimensions of sustainable development; and addressing interlinkages between the different Sustainable Development Goals (SDGs) and their impact. In this sense, the EU and its Member States engage in contributing in developing countries to the promotion of decent job creation, particularly for women and youth; the promotion of economic transformation; enabling a business-friendly environment respectful of human rights; and support the implementation of effective policies in education, vocational training and skills development as essential elements for inclusive and sustainable growth. With regard to political dialogue, the European Union and Latin America and the Caribbean address employment issues within a broader framework of social cohesion through the EUROsociAL program. Based on the Agenda for Change, the Development Cooperation Instrument and the diverse European Commission's Communications, the 2014-2020 EU Multiannual Indicative Program for Honduras provides the programs and financial allocations that aim to contribute in the medium and long term to structural changes and impacts in the employment sector and poverty reduction in the country. Additionally, Honduras is part of the EU – Central America Association Agreement which covers obligations on both parties to ensure that their laws and policies are consistent with International Labour Standards listed in the agreement and to effectively implement in law and practice the ILO Fundamental Conventions.

implementation the Government will ensure the improvement of young men and women's participation in the labour market and their access to the benefits of decent employment on equal terms.

¹⁴ The Honduran population is estimated at 8,859,980 (of which 47.7% are men and 2.3% are women). The Honduran population represented by persons under the age of 19 is 41.8% of the total population. Source: 58th National Statistics Institute Household Survey. <http://www.ine.gob.hn/images/Productos%20ine/encuesta%20de%20hogares/EPHPM%202017/002%20Resumen%20Ejecutivo%202017.pdf>

¹⁵ According to the 58th National Statistics Institute Household Survey of June 2017, out of a total of 191,571 students between the ages of 16 and 18 years old attending school, 88, 813 were boys and 102,758 were girls. <http://www.ine.gob.hn/images/Productos%20ine/encuesta%20de%20hogares/EPHPM%202017/002%20Resumen%20Ejecutivo%202017.pdf>.

¹⁶ It is a fact that acquiring a better training allows individuals to access better paid jobs. This generates among the population the common goal to pursue a higher academic level which results in an increasing demand for education and training. Despite the achievements accomplished by the Ministry of Education, the formal education system is unable to reach the entire population. Therefore, professional technical and vocational training becomes relevant in order to establish the education – employment link. However, according to a recent technical assistance mission report carried out in June 2018 under the EUROsociAL program, the professional technical and vocational current mechanism in Honduras also has weaknesses that need to be addressed such as the National Professional Training Institute's (INFOP) lack of leadership, an obsolete regulatory framework, a poor coverage, the absence of procedures and monitoring systems, a poor budget management with an excess consumption on staff salaries, high cost-efficiency training offer and academic offer mismatch with the labour market needs.

1.3 Public Policy Analysis of the partner country/region

The Government of Honduras has started its way towards strengthening its political, regulatory and institutional framework at national and local level. As a result, a National Employment Policy has been adopted (May 2017) with the purpose of promoting inclusive and sustainable economic growth; and decent and productive employment for all during the period 2017 – 2028. The policy is considered to be relevant, since it properly identifies the strategies that will guide the government's efforts towards addressing the weaknesses and limitations that hamper economic growth, employment generation and the provision of quality skills training in the labour market from a multisector and multi-actor approach. This policy is fully in line with the Sustainable Development Goals (SDGs) of the 2030 Agenda¹⁷ and the EU objectives in the country. Indeed, the EU has supported the elaboration of this policy through the EURO +LABOR program. The National Employment Policy is fully in line and coherent with other wider strategies of the Government such as the Honduras 20/20 Plan, to which it is expected to contribute. The ownership of the Government is ensured by the proper integration of this policy in the wider policy framework in Honduras.

The National Employment Policy is also considered to be credible, since the Government of Honduras has shown its commitment to the employment sector reform by improving the quality and expanding the coverage of its services through the allocation of around EUR 1.300 million of its budget resources for public investment promotion and employment generation during the period 2015 – 2018. The use of the allocated resources has allowed the Government of Honduras to generate up to 551,577 new jobs since 2014¹⁸. There is a clear upwards trend in the last years in terms of budget allocation to the Ministry of Labour as shown in Table 1¹⁹.

Expenditure on Employment Sector (M€)				
2015	2016	2017	2018	Total
302	308	340	347	1297

Monitoring and Evaluation System: The new "*Marco de Acción Conjunta*" (MAC, Joint Action Framework)²⁰, guides the implementation of the policy in line with the National Planning System strategic guidelines²¹.

¹⁷ The Honduran Government and United Nations have determined the parameters for the alignment of the 2030 Agenda SDGs with the national planning mechanism as well as the priorities established in the current Government Plan. The General Government Coordination Ministry is the focal point institution for the follow-up of the SDGs implementation, as it ensures institutional ownership of the SDGs achievement and its monitoring. The indicative SDGs to which the Honduran government has committed to achieve are the following: SDG 1, 2,3, 4, 5,6, 8,9, 15,16 and 17.

¹⁸ Ministry of Labour and Social Security 2014-2017 Report on Institutional Advances in the Promotion of Decent Employment

¹⁹ This figure refers only to the institutional budget of the Ministry of Labour and the trust fund for the management of the "Employment Gives you a Better Life" (Con Chamba Vivís Mejor) program, under the responsibility of the Ministry of Labour.

²⁰ The Joint Action Framework (MAC) was drafted with the EU's support and approved in November 2018 by the CES. .

²¹ Based on the National Planning System, the National Employment Policy defines the medium and long term key strategies for the sector's development, which are also defined in the Institutional Strategic Plan (PEI). The PEI is the instrument that allows the achievement of the development objectives and strategies defined in the government's global planning. In order to guarantee the implementation of the MAC, the Ministry of Labour has adopted the PEI as the strategic instrument to manage three fundamental aspects: processes, budgetary structure and monitoring. The results and product goals defined in the PEI are incorporated into the Presidential Results Management System, which is the support tool for monitoring the results-oriented institutional planning and reporting. The PEI has been the main input for the drafting process of the MAC, allowing the definition of medium-term interventions, products and goals as well as assigning the institutional responsibilities for its implementation.

The MAC is the medium-term inter-institutional planning instrument that will turn the policy operational. This instrument identifies: i) the public value chain and institutional production that guarantees the medium-term sector results; ii) the allocation of resources through the adaptation of the budgetary structures; and iii) the periodic monitoring of the physical and financial progress achieved. In this sense, the MAC is the sector roadmap that will contribute to improve the conditions and capacities of employability and productive entrepreneurship of the population, especially of young people and women; and increase the levels of productivity and competitiveness of the private sector by taking advantage of the country's economic and labour force potential²². The National Employment Policy and the MAC respond to a multisector and multidimensional approach, in arrangement with the sector institutions that are part of the Employment and Opportunities Task Force. The MAC will also favour social dialogue and political will under the Economic and Social Council (CES) as the government, the private sector and the workers unions determine priorities for the improvement of employment and sustainable economic development.

Institutional Capacity: The Government of Honduras has developed the institutional capacity to implement the National Employment Policy in order to address the country's employment challenges. Among these institutions, two concentrate the greatest responsibilities and competences in the sector: i) the Ministry of Labour and Social Security, which is responsible for implementing labour market policies and strategies; promote a culture of dialogue and consultation on labour-management relations; promote decent work and sustainable skills training²³; and promote social protection in particular pensions and social security for all Hondurans; and ii) the Ministry of Economic Development, responsible of fostering investments and exports; guaranteeing access to international markets and the effectiveness of operation of the foreign trade regime; facilitate business management; contribute to employment generation through the promotion of MSMEs competitiveness and productivity; and ensure the protection of consumers. Although significant efforts are being carried out by the Government, sector institutions still present capacity limitations that hinder its effective response to decent work demands such as the scarce inter-institutional coordination and articulation efforts to implement joint actions; weak sector governance; and inaccuracy in the definition of their roles. However, these deficiencies can be addressed through the foreseen technical assistance contract as part of this proposal.

Policy costing and financing: In 2017, the spending on the Employment sector represents around 30% of public sector investment. It includes three main areas: Economics, Education and Social Protection. For the last three years the spending has increased an average of 4.8% annually (including social protection). The cost of implementing the Employment policy has been estimated at EUR 151 million for the next four years. Due to the conventional structure of budgeting in place in Honduras and, despite the availability of the information, analysing

²² With the support of the EU funded program EURO +LABOR, the INFOP along with other relevant actors linked to technical and skills training, has taken the initial steps to develop the mechanisms that will anticipate the professional training needs in order to adapt or create the curricular design of its training offer. A Prospective Advisory Committee composed of 16 public and private institutions was created on March 2017. This Committee prioritized coffee, cocoa, horticulture and tourism as the initial productive sectors, under which studies are being produced for the detection of specific emerging technologies and the occupational trends that are expected to impact these sectors in the next ten years. As a result, the current curricula will be updated and modified, or new ones will be created in order to ensure availability of relevant skills training in those sectors.

²³ According to the 1972 Law for the Creation of the National Professional Training Institute (INFOP), the Ministry of Labour is the linking entity for communication between the Executive branch and the INFOP. The INFOP is responsible for guiding, controlling, supervising and evaluating professional training activities at national level, destined to increase the country's productivity as well as economic and social development.

allocations for the Employment sector demands a supplementary effort to re-organise the information in order to reflect outputs on the basis of the results oriented employment policy. In this way the performance assessment framework of the MAC, the Institutional Strategic Plan (PEI)²⁴ and the gradual migration from conventional budgeting to result-oriented budgeting (having implications on adaptation of the Integrated Financial Administration System) will reinforce monitoring systems and transparency. Due to the investment-based implementation of the policy the balance between wage and non-wage expenditure is adequate (estimated wage expenditure of the sector: 10% to 12%). To ensure financial sustainability for the implementation of the employment policy, support to domestic revenue mobilisation in Honduras will be required.

Budget comprehensiveness: While 11% of the public sector budget is supposed to be channelled to local government authorities, most of resources for the sector are managed at central government. The main problem on budget comprehensiveness for the sector remains the lack of transparency on the management of trust funds. For 2017, as regards the Ministry of Employment, it represents an extrabudgetary investment budget of 613.130 million Lempiras while the in-budget investment for the Ministry was "only" 347.013 million Lempiras²⁵.

Financial sustainability: the financing sustainability of the sector is not at risk considering the high political priority this government is giving to the sector that is reflected in the yearly allocation of national resources (e.g. 6.8% average increase of investment resources to the Ministry of Employment since 2015). National resources represent in 2017, 88.6% of the investment budget to the sector (not included extra-budget resources).

Therefore, the institutional, operational and financial framework for the implementation of the policy is firm and generates the confidence of the actors in the ongoing reform process.

1.4 Stakeholder analysis

The Ministry of Labour ("Secretaría de Trabajo y Seguridad Social", STSS) is the leading institution in charge of the implementation and follow-up of the National Employment Policy. Therefore, the STSS is the natural partner for the proposed sector reform performance contract. However, there are other relevant stakeholders the proposed project has identified: i) one of them is the Ministry of Economic Development (SDE), since it is the government institution responsible among others, of favouring an appropriate business climate for investment and job creation; promoting business development, improvement of products and services, and stimulating the development of micro and small enterprises (MSE) for the enhancement of the social sector of the economy²⁶; and ii) the Ministry of Finance as the institution responsible for the formulation, coordination, implementation and evaluation of policies related to: public finances and the General Revenues and Expenditures Budget; public debt and public investment. In relation to the proposed action, the Ministry of Finance

²⁴ As mentioned before, the PEI is the instrument that allows the achievement of the development objectives and strategies defined in the government's global planning.

²⁵ Source SEFIN: Ministry of Finances

²⁶ The SDE's connection with local business development actions is carried out through legal entities formed by public and private institutions called Entrepreneurial Development Centers (CDE-MIPYME), under the surveillance of the SDE MSEs Promotion Unit. The CDE-MiPYMEs provide technical assistance services, business consultancy, market research, training, links with financial institutions and other companies to SMEs in the 16 regions specified under the Country Vision and National Development Plan, in order to contribute to achieve: i) the formalization of the SMEs; ii) economic development; and iii) the generation of new jobs.

plays an important role in the surveillance, control and analysis of financial performance of the funds allocated for the implementation of the National Employment Policy; improve the control of customs exemptions and tax exemptions to increase the availability of domestic resources; and maintain the sustainability of public indebtedness and the country's credibility in financial markets. Furthermore, the Economic and Social Council (CES) plays an important role in the sector since it is the social dialogue organ with legal competence to decide on fundamental issues linked with the economic policy, labour market, wage policy, employment, education, social protection, technical and vocational education and training, promoting and increasing the competitiveness of enterprises, as well as other strategic issues.

In order to promote decent and productive jobs, the Honduran government has created an Employment Cabinet, formed by Ministers of 14 institutions with responsibilities in the employment sector²⁷. In this context, the Employment Cabinet and the CES under the lead of the STSS are the main bodies in charge of designing and implementing the National Employment Policy joint action framework.

As part of the President's political commitment to the improvement of employment, the Employment Opportunities and Income Generation Task Force was created in January 2018. The Task Force has become an interinstitutional structure within the Executive branch in charge of coordinating the actions derived from the National Employment Policy and that will ensure effective coordination between sector institutions and the Employment Cabinet. It also has four working groups, accordingly to the four strategic areas of the National Employment Policy. Other key stakeholders are the National Professional Training Institute (INFOP)²⁸, the Ministry of Education, the National Council for Alternative and Non-formal Training (CONEANFO), the Centre for Labour Education (CENET), local technical and vocational institutions, the Honduran Private Enterprise Council (COHEP), workers unions²⁹, business representatives at local level such as Chambers of Commerce, producers associations, local governments and local NGOs.

1.5 Problem analysis/priority areas for support

The challenges that Honduras faces in the employment sector are various and complex. The Honduran population, mainly women and young people³⁰, is affected by employment

²⁷ The Cabinet is in charge of promoting the conditions for the generation of decent jobs as an objective to achieve social inclusion in Honduras. The Cabinet's Secretary is the Minister of Labour.

²⁸ INFOP has: i) a Steering Committee composed of representatives designated by the government, private sector and the workers unions; and ii) an Executive Director, who is in charge of the INFOP's management and the implementation of the Steering Committee's decisions. INFOP's budget is composed of the Government institutions, private sector and working unions' contributions.

²⁹ Women's organisations particularly those composed of labour rights defenders as well as several indigenous peoples organisations are affiliated to the Honduran Workers Confederation (CUTH). The CUTH is one of the workers unions represented in the Economic and Social Council (CES), on behalf of the workers. This form of participation ensures that female workers and indigenous peoples' rights and needs are heard and addressed in the tripartite dialogue spaces established for this purpose.

³⁰ In Honduras, 72.4% of the population between 5 and 17 years old is dedicated only to study, 15.2% works (this includes those who study and work, and those who only work) and 12.4% neither study nor work. Out these, 80.3% are women and 19.7% are men. This reveals a low educational level of the youth labour force. Young people who find a job, usually do so in unpaid family work (especially women, who also have a significant weight in terms of domestic work), as well as in microenterprises. In addition, young women labour discrimination persists since the Labour Market Participation Rate for the population between 15 and 18 years old is 58.7% for men and 28.8% for women. Both, the lack of educational and job opportunities, as well as family poverty have resulted in an irregular migration of 60% of people between the ages of 20 and 34 years, mainly young men who consequently are deported. In 2016, the national think tank known as Social Forum of External Debt and Development of Honduras (FOSDEH), carried out a study titled "An Approach to the Attention Policies for Deported Persons in the countries of the Northern Triangle of Central America". This study revealed that 16,728 men and 2,485 women were deported in 2015. The Ministry of Foreign Affairs reported that only five of every 100 deported Honduran migrants have obtained a job in 2018 through the Ministry of Foreign Affairs' Migrant Assistance Unit (UMAR) created in February 2017. Government figures show that from January to July 2018, a total of 37,778 people were returned from the United States and Mexico because they entered illegally, of which only 2,000 were able to be employed.

problems such as unemployment, and visible and invisible underemployment³¹. The labour market is largely affected by the informal economy³².

Employability is often determined by the private sector's low demand for jobs and by its increasing need to find skilled labour force³³ with adequate competencies, since labour supply problems stem from the lack of skilled labour, poor quality or insufficient technical training of job applicants as well as their limited knowledge in the use of technologies, and the lack of research and development. Furthermore, micro and small enterprises (MSEs) account for 53% of the total number of private sector employees in the country³⁴. These economic units are characterized by very low capitalization rates which limit their productivity since their workers are self-employed persons who have low wages, limited or no qualifications, inadequate working conditions, and random and unstable access to markets. These units operate informally due to their limited operational, administrative and commercial capacities; and stagnate due to their simple accumulation and subsistence activities, which hamper their possibilities of growth, development and sustainability³⁵. These challenges can be addressed through the strategic actions described in the National Employment Policy. However, the implementation of a new policy such as the Employment one requires enhancing sector governance of relevant Ministries, programs and public-private partnerships with multidimensional solutions to the employment problems.

Therefore, this sector reform performance contract will support the implementation of the already in progress policy and institutional reforms and ensure the adequate budget allocation to sector institutions at national and local level, in order to allow the implementation of strategies for the workforce skills development and entrepreneurial fostering in prioritized value chains³⁶. Consequently, this will contribute to improve the efficiency of the labour market, increase social inclusion and reduce poverty and inequality.

Sources:<http://www.fosdeh.com/wp-content/uploads/2017/02/Deportados-2017-Honduras.pdf> <http://www.laprensa.hn/honduras/1197308-410/migrantes-retornados-empleo-hondurenos-estados-unidos>

³¹ According to the National Employment Policy, the rates of people with employment problems increased from 62.5% (2015) to 63.1% (2016), mainly due to the lack of labour market absorption capacity of young people who become a labour force when they reach the age of 15 years. Precarious work is severe among young people between 15 and 29 years of age since 70% of them have employment problems. 58% of the unemployed are women and 42% are men. Youth unemployment rate is much higher for women (21.0%) than for men (8.5%). Also, this variable worsens for those who do not study or work, particularly in the rural area (47% in the urban area versus 53% in the rural area). The number of persons with underemployment is 1,688,225 at national level, of which 46.4% belong to the rural area. 58th National Statistics Institute Household Survey, June 2017.

³² There is a 17.65% of informal work in the formal sector of the economy while in the informal sector of the economy, informality rises to 81.1%. Informality is not officially measured in Honduras. These figures have been estimated according to the Informal Economy in Central America and the Dominican Republic, Subregional Development and Case Studies report published by the ILO and the Labour Market Observatories Network.

http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---sro-san_jose/documents/publication/wcms_237269.pdf

³³ As previously mentioned, the EU funded program EURO +LABOR is contributing to develop the mechanisms that will anticipate the professional training needs in order to adapt or create the curricular design of the INFOP's training offer in the economic sectors of coffee, cocoa, horticulture and tourism as initially prioritized by the Prospective Advisory Committee.

³⁴ Figures illustrated according to the National Employment Policy. This information has not been provided in a disaggregated manner by the Honduran government. The proposed budget support program includes among its indicators, one that will allow this information to be generated in a disaggregated manner. This indicator will be destined to contribute to the improvement of women's micro and small enterprise owners' economic inclusion.

³⁵ Other factors that influence the MSEs situation are: the country's economic situation which slightly contributes to its development; limited business development policies and outdated legislation that does not comply with the changes in the international market; limited advising for the implementation of modern processes that lead to productive improvement; limited financial services and access to productive credit; lack of resources to stimulate innovation; and limited access to information technologies. This characterization of the MSEs was reported in 2015 in the study "The SMEs in Honduras: Possibilities and Challenges" financed by the EU in Honduras through the Support to the Public Administration and Regional Integration Program (PAAPIR).

³⁶ Through Decree 36-2016, the Honduran government with the agreement of the private sector, adopted the Employment Generation and Economic Growth National Program, which sets tourism; textiles and apparel; manufacturing; outsourcing services; housing; and agribusiness as priority sectors in terms of competitive advantages. The National Employment Policy provides a series of strategic actions that will be developed by the Honduran government in order to favour women's employment under the selected sectors such as i) support the development of micro-enterprises, through credit generation and technical assistance programs; ii) promote the hiring of the

1.6 Other areas of assessment

The assessment of these conditions is common among the ongoing budget support programmes in Honduras and are analysed continuously for the disbursement of the fixed and variable tranches of such programmes. In the past years and following the analysis through the Risk Management Framework the overall fulfilment of these conditions has been considered acceptable for the respective disbursements.

1.6.1 Fundamental values

Human rights are bound to remain an issue in Honduras. However, there was a significant drop in the homicide rate in 2017 compared to the previous year, from 59 to 42 murders per 100,000 inhabitants per year³⁷, according to figures of the National Observatory of Violence. According to UNODC, the breakdown of Intentional homicide victims (male and female) from 2000-2015 is 91% men and 9% women or levels of femicides and domestic violence remain high. According to the Centre for Women's Rights (CDM), 409 women were killed in 2017 compared to 483 women in 2016, though only 5% of the cases were brought to justice. Still, the figures remain high and impunity in the face of serious crimes remains a major concern.

In the aftermath of the elections (November 2017), amid allegations of fraud by the opposition, as well as certain sectors of civil society, massive protests were organised across the country. The OHCHR issued in mid-march, its report "Human rights Violations in Honduras in the Context of the 2017 Elections" in which it highlights that "the situation of human rights in Honduras remains fragile, characterized by the high levels of violence and insecurity, a widespread social conflict and impunity for the violations of human rights and the past and continuous corruption".

According to OHCHR, in the context of the elections, violations included excessive use of force by the security forces, massive arrests, persecutions, illegal house raids, harassment and killings against political activists, journalists, human rights defenders and civil society members³⁸.

However, the Government's commitments in terms of complying with the international agreements on decent employment it has contracted are encouraging. For example, the new Inspection Law currently under implementation has allowed a gradual renewal of compliance culture among the employers; and has strengthened freedom of association since 11 new workers unions' registration requests have been approved during the first semester of the year. Also, in compliance with the Article 6 of the ILO 169 Convention on Indigenous and Afro-Honduran People, the Government of Honduras has drafted a law proposal for free, prior and consultation under an inclusive dialogue, with representatives from the organizations belonging to the nine ethnic groups in the country. Yet its approval still remains pending.

unemployed population, mainly young people and women, through incentives; iii) improve the skills of young people and women in rural areas, orienting them to new ventures with a focus on productive chains; and iv) strengthening and expansion of the coverage of day-care centers in support of labour insertion of women with children under five years of age.

³⁷ Sex disaggregated data not available.

³⁸ Civil society observers noted that women were affected in particular ways by the repression, in part due to their support of the injured when distributing food to protesters or in the context of raids. Women were also noted to be particularly vulnerable to sexualised physical and psychological violence by members of the state security forces.

Violence against women and, girls in particular, remains a serious issue. According to the Centre for Women's Rights (CDM), 409 women were killed in 2017 compared to 483 women in 2016, though only 5% of the cases were brought to justice. The upgrading of the Human Rights Vice-Ministry into a full-fledged Ministry could entail increased human and financial resources towards addressing women's rights and human rights more broadly in 2018.

Indigenous peoples and Afro-Honduran communities reportedly continue to suffer human rights violations, harassment and persecution at times culminating in assassinations. Facing the EU's pressure (under the framework of the VPA-FLEGT negotiations), the government has undertaken a serious effort to implement the ILO 169 Convention as mentioned earlier. The UN Committee on the Elimination of Racial Discrimination has raised its concerns about the Special Economic Zones (ZEDEs) involving drastic consequences on the indigenous peoples and Afro-Honduran communities that inhabit the target regions located on the Honduran coasts. Nevertheless, the Minister of Employment has recently indicated that the geographical location of ZEDEs would avoid areas highly populated by indigenous groups in order to avoid conflict. Legislative reform on land tenure remains outstanding.

Impunity, organised crime and drug-trafficking, combined with an institutionally weak justice and security sector, provide a fertile ground for corruption. According to the World Justice Project 2015 Rule of Law Index, in terms of absence of corruption, Honduras is ranked at position 25 out of 30 countries of the region.

Impunity and corruption remain widespread and a major obstacle to the rule of law. In April 2016, the OAS Mission to Support the Fight against Corruption and Impunity in Honduras (known by its Spanish acronym MACCIH) arrived in the country and began its work with vigour focusing on prevention and fighting against corruption; reform of criminal justice; political-electoral reform; and public security. In January 2018, the announcement of the corruption inquiry resulted in more than 60 current and former members of the National Congress, triggering a deep crisis. This event and its consequences demonstrate the vulnerability of the fight against corruption framework, the permeability among Government branches as well as the remarkable role played by the MACCIH.

1.6.2 *Macroeconomic policy*

Honduras suffers from a low international competitiveness due to poor infrastructure, high energy costs³⁹ and low educational levels. When compared to Latin America, the most striking constraints to doing business are corruption, insecurity, logistics and access to finance⁴⁰. Remittances continue to be a key contribution to balancing external accounts, since they have increased in 2017⁴¹, representing 18.84% of GDP. Yet, there are concerns about

³⁹ Since 2013, the Honduran Private Enterprise Council (COHEP) and the Honduran Government have engaged in adopting the National Strategy for Sustainable Enterprises in Honduras which includes among other aspects, a minimum set of reforms that represent a considerable change in the operating environment of Honduran companies. In terms of resource efficiency to strengthen competitiveness and to protect the environment, as well as environmental infrastructure for a better waste management from the micro and small enterprises, the government of Honduras is gradually carrying out the necessary reforms towards providing an efficient electric power service; reducing the cost and number of procedures to obtain permits to build electricity networks; and ensure the quality, cost and stability of electric power service in all regions of the country. These aspects will be addressed by the proposed budget support operation under the foreseen policy dialogue with the Government as well as in the capacity building component (services contract) accompanying the budget support.

⁴⁰ World Bank, Doing Business 2017 – Economy Profile Honduras

⁴¹ Central Bank of Honduras (BCH) Family Remittances Survey Results corresponding to 2018 first semester.

whether these will remain constant or increase due to the recent migration measures adopted by the new USA administration.

In June 2018, the Executive Board validated the 2017 Article IV Consultation⁴². IMF welcomed that the country's economic reform program supported by the Stand-By Agreement and Stand-by Credit Facility Fund's has made considerable progress in restoring macroeconomic stability, reducing the fiscal deficit, and tackling some structural issues. At the same time, the external current account deficit has narrowed down, private credit is expanding at a sustainable pace, and net international reserves have risen. Together, these favourable developments have contributed to a systematic improvement in Honduras' international sovereign debt credit ratings.

Honduras is highly committed to stability-oriented macroeconomic policies and reforms. A fully implemented IMF economic programme expired in 2017 and the review (autumn 2017) concludes that "the authorities' commitment to their reform agenda has remained strong during the program, which has successfully stabilized the economy, restored confidence, and paved the way for accelerating growth and reducing poverty."

Honduras has made significant progress in safeguarding macro-financial stability. Almost all performance criteria and continuous performance criteria set by the IMF economic programme were met: the deficit targets of the Non-Financial Public Sector (NFPS) and the Central Government (CG), monetary targets of the central bank, indicative targets on the CG wage bill and social expenditure. However, the indicative target on the operating balance of the state-owned national electricity company (ENEE) was missed by a small margin, reflecting upfront fees paid to the loss reduction concessionaire.

Fiscal discipline has been key in bringing stability and improved confidence of sovereign debt credit ratings. On the structural front, notable achievements are: the implementation of the Fiscal Responsibility Law (FRL) to anchor a sustainable medium-term fiscal position; the overhaul of the tax administration; the reduction in the heavily overstaffed payroll of the state electricity company (ENEE); the adoption of a decisive plan to modernize monetary and exchange rate policies to adopt inflation targeting; and the reform of the bank resolution framework that substantially strengthens the authorities' capacity for dealing with financial sector distress.

1.6.3 Public Financial Management (PFM)

Honduras has fully implemented fiscal responsibility with important results in 2017. The deficit, the increase of expenditures and payment arrears are kept within the forecasted band expressed in the Medium-term Macro-fiscal Framework established in 2016. The strict application of the Fiscal Responsibility Law (Decree 25-2016) of April 28, 2016, introduced various functional and operational changes in the PFM which has contributed to the improved results. The process of implementation of Results Oriented Management was initiated and measures were implemented to improve the linkage of planning with the budget, which included the review and definition of programmatic categories in several pilot institutions. Main weaknesses of PFM are concentrated in two areas: management and accountability of extra budgetary funds and tax management, especially exonerations and informality management.

⁴² 2018 IMF Article IV Consultation, June 2018.

However, Honduras has fully implemented fiscal responsibility with important results in 2017. The deficit, the increase of expenditures and payment arrears are kept within the forecasted band expressed in the Medium-term Macro-fiscal Framework established in 2016. The strict application of the Fiscal Responsibility Law (Decree 25-2016) of April 28, 2016, introduced various functional and operational changes in the PFM which has contributed to the improved results. The process of implementation of Results Oriented Management was initiated and measures were implemented to improve the linkage of planning with the budget, which included the review and definition of programmatic categories in several pilot institutions.

The main challenges are to anchor the medium-term perspective in PFM; to implement the Medium-Term Expenditure Framework; to Strengthen the Human Resources and Civil Service Policy; to update the transversal computer modules and their full articulation to the design of a new technological platform of SIAFI (SIAFI - GES); and last but not least, to improve tax collection by: increasing the base of potential taxpayers through support to census and detention programs for non-declaring taxpayers; strengthening computer systems, taxpayer registration, crossing and verification of information; improve cooperation agreements and exchange of information with other countries; and recover tax debts.

The structure of the tax revenue remains strongly regressive. The income tax represented 28.3% of the total tax collection, showing an increase of 3.2% compared to the end of 2016. The most significant tax continued to be Value Added Tax (VAT), which was 54.2% of the total collection at the end of 2017 and increased 4% compared to end 2016. The tax exemptions granted to the payment of Income Tax and VAT generate a high Tax Cost estimated to 6.6% of GPP in 2017. The IMF's Article 4 consultation of 2018 proposes to rationalise tax exemptions in Honduras, which are among the highest in the region. There is a very wide registration gap in the identification and location of taxpayers (informality); an excessive number of Obligated Subjects who do not present declarations with the information that reflects the economic reality (omission); a great number who pay less in their obligations (delinquent taxpayers, evasion); many taxpayers postpone the payment of their tax obligations (delay).

Good progress has been made in terms of transparency and some measures which have a positive impact on the improvement of budgetary oversight, especially those targeting transparency of extra budgetary expenditures, which effects should appear at end 2018, and 2019.

1.6.4 *Transparency and oversight of the budget*

Honduras' OBI⁴³ score of 54 out of 100 is substantially higher than the global average score of 42 and exactly at the average for Central America and Trinidad & Tobago. Since 2015, Honduras has increased the availability of budget information by increasing the information provided in the Executive's Budget Proposal and by increasing the information provided in the Pre-Budget Statement. The General Secretariat for Coordination of Government presented in November 2016 the third Open Government Action Plan 2016-2018 PAGAH (III

⁴³ Open Budget Initiative

Honduras). For this exercise an Inter-institutional Transparency Committee has been conformed for coordinating the participation of civil society, the private sector and donors as observers. The main weakness on PFM regards the PI 6 of the PEFA 2016 (methodology 2015): "Magnitude of government operations not included in budget reports". To determine the magnitude of the extra-budgetary operations is not possible due to the lack of information of income and expenditures of the trust funds. There are extra-budgetary expenses that are not adequately reported in the monthly accountability reports and in the year-end financial statements. Its magnitude is uncertain due to the lack of information. This occurs because the information until 2016 is largely incomplete in relation to the trust funds, which are a significant part of the extra-budgetary funds. Most of the entities that operate extra-budgetary funds comply with sending detailed financial reports to the central government within six months of the end of the year. However, these reports contain many discrepancies, especially those reports issued by the institutions in charge of administering trust funds. Since 2016, information regarding trust funds, which are a significant part of extra-budgetary funds, is more complete and consistent. In 2017, SEFIN put more attention on monitoring trust fund.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Honduran economy is vulnerable and dependent from external factors; this could put at risk a solid economic growth and the macroeconomic stability.	H	The EUD will maintain the political dialogue on macroeconomic stability and the management of public finances with the Government and other donors in order to promote its stability and will continue supporting through technical assistance these areas.
Relevant stakeholders may not be responsive to the implementation of a new employment policy as means for addressing the employment challenges the country faces.	M	Under the EURO +LABOR programme, the inclusion of relevant stakeholders in the formulation of the Employment policy's joint action framework has been carried out. Moreover, intensive policy dialogue with relevant stakeholders will take place to keep their engagement as key parties in the implementation of strategic actions under the Employment policy.
Implementation of the actions foreseen in the program may be hindered due to weak technical and operational capacities in sector institutions.	L	A technical assistance contract for the strengthening of capacities in sector institution is foreseen under the proposed action linked to the support measures for the management of public policies that the MADIGEP programme has initiated.

<p>The Government of Honduras may not allocate the necessary financial resources to implement the National Employment Policy.</p>	<p>L</p>	<p>Support for the implementation of the Results Based Budgeting Monitoring System will be carried out through the MADIGEP programme along with policy dialogue with relevant Ministries (Finance and Government General Coordination Ministry) in order to ensure the adequate allocation of resources for the Policy's implementation. In addition, a cross-cutting indicator has been included under this action to reinforce the allocation of national financial resources based on results on a multiannual basis.</p>
<p>Political instability and polarization can hamper the implementation of sector policy.</p>	<p>M</p>	<p>Continuous support of the EU as observer of the National Political Dialogue process is carried out in order to consolidate a much more peaceful environment in the country.</p>
<p>Difficulties in integrating trade unions and employers in social dialogue and consensus due to conflicts and limitations to freedom of association.</p>	<p>L</p>	<p>Through policy dialogue, consultation and joint planning among employment sector key stakeholders will be promoted particularly under the framework of the CES. In addition, the technical assistance for building consensus processes will be requested and provided through the EUROsociAL and SOCIEUX programmes.</p>
<p>Difficulties in reaching vulnerable populations may arise and hinder the policy's implementation.</p>	<p>L</p>	<p>The EU's support to the institutional strengthening of the National Employment Service through the EURO +LABOR programme has promoted the creation and functioning of eight (8) employment offices at national level besides the seven (7) that currently operate. Through technical assistance services, the consolidation of these fifteen (15) offices will provide jobseekers from vulnerable populations and employers in distant locations access to employment and income generation opportunities in key areas such as technical and professional training and entrepreneurship.</p>
<p>Climate change and environmental vulnerability can affect the sector's policy proper implementation.</p>	<p>L</p>	<p>Through policy dialogue, follow-up to the implementation promotion of the National Strategy for Sustainable Enterprises in Honduras will be considered essential in terms of promoting the necessary reforms that can lead to environment friendly practices among Honduran companies and improvement of environmental infrastructure</p>

		for a better waste management from the micro and small enterprises. These aspects will also be addressed through the capacity building component (services contract) accompanying the budget support.
Assumptions		
<p>Since 2015, the Government of Honduras has been committed to increasing resource allocation to the employment sector institutions including the Ministry of Labour. Significant progress has been achieved through actions such as the endorsement of the National Employment Policy and the new Labour Inspection Law. The main assumption is that the Government of Honduras will continue to be committed to moving forward in the achievement of full and decent employment for all. This will be demonstrated by its willingness in: i) adopting and consolidating the policy framework; ii) allocating the necessary result oriented budget resources for the sector's reform; and iii) supporting continuous public investment promotion for employment generation.</p>		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

- Previous budget support programmes have shown that this aid modality is an effective instrument in the Honduran context since it allows the EU to keep an effective policy dialogue with its different counterparts leading to positive changes while leaving room for improvement at sector level
- The employment area has been supported by different donors and the Government through different programs and initiatives. The impact of all these efforts can be somehow considered limited and fragmented. Experience shows that the main challenges are systematic and therefore should be mainly addressed through a reform of the regulatory framework (a sector policy reform) rather than specific projects.
- Strategic studies developed by the Government of Honduras with the support of the private enterprise and donors, have demonstrated that although skills mismatch between the skills training currently offered and the skills required by the labour market is a problem in most developing countries, a reform of the current technical and vocational training system can prove effective in terms of contributing to yield positive results both in economic growth and improving employment.
- EURO +LABOR is contributing to the Government's efforts towards increasing the country's capacity to generate and maintain decent employment through strengthening of employment institutions and developing an articulated and comprehensive joint action framework based on social tripartite dialogue. The Government has expressed that this support has been valuable in terms of enabling among tripartite actors a favourable environment for legal framework changes and generating confidence for sector governance improvement.
- The MADIGEP programme which supports policy management has proven to be a resourceful policy dialogue tool for budget support programmes. As a consequence, government actions towards policy implementation have turned out to be responsive.

Since this is a new policy, the Government of Honduras continues to express its will in carrying out a reform in the employment sector in coherence with the sector policy. As a result, a sector reform contract is the appropriate modality for this intervention in order to ensure the adoption of the necessary policies, including macroeconomic and public finance ones that can focus on promoting job creation and access to economic opportunities for Honduran citizens.

As a consequence, the EU's support should contribute to reinforce the Honduran employment policy framework that can lead to deep changes in terms of reducing poverty by means of enabling access to decent employment.

3.2 Complementarity, synergy and donor coordination

Under the Honduras 2014-2020 MIP, the EU has launched the EURO +LABOR programme as the first intervention in the employment sector, which currently is contributing to the strengthening of national policies and institutional capacities of relevant stakeholders in order to enable them for the provision of employment services and the promotion of decent work in the informal economy. Also, the programme has progressed in several aspects such as: i) setting the Decent Employment Sector Working Group under the CES whose members have been trained in thematic issues related to the drafting of the Employment policy's joint action framework; ii) drafting and implementing a new organizational structure of the National Employment Service (SENAEH); iii) preparing a National Consultative Committee with the participation of productive sectors representatives and formal and non-formal public and private education institutions at all levels for the INFOP's reform; iv) strengthening of 7 SENAEH offices and setting territorial employment working groups with the participation of relevant stakeholders for the implementation of Local Economic Development and Employment Promotion Plans; and v) design and implementation of the Employment, Social Security and Production Information System within the Labour Market Observatory (OML) of the Ministry.

In order to generate sustainability of EURO +LABOR's results, this second intervention titled EURO EMPLEO, will complement the approach of EURO +LABOR by addressing the decent work deficits for workers and entrepreneurs in the informal economy with the objective of improving their productivity as well as their working conditions. Attention will be on identifying pathways towards expansion of the formal economy through the sustainable expansion of the country's productive base and the proper integration into the formal economy of the SMEs as well as the improvement of skills within the Honduran labour force in order to encourage access to full and productive employment as established in the 2014-2020 MIP. In this sense, EURO +LABOR supported the design and drafting of the National Employment Policy while EURO EMPLEO will support its implementation and follow-up.

Other EU funded complementary actions have also been carried under the EUROsocial Programme in response to the Government's demands of extending to Municipalities, the services provided by the Ministry of Labour particularly, through the National Employment Service (SENAEH)⁴⁴. Furthermore, SOCIEUX+, the EU's demand-driven technical assistance

⁴⁴ With the support of EUROsocial, the Ministry of Labour has: i) created the Employment Center in the city of La Ceiba in order to strengthen its institutional and human resources capacities and therefore, ensure access to employment for all Hondurans; ii) reengineered its employment programs in order to provide a comprehensive response to the citizen's needs, skills and abilities when looking for a job, vocational training or starting their own microenterprise; and iii) recently started its way towards building a proposal for the national framework that allows the governance of a technical and vocational education and training system in Honduras.

facility, can complement the proposed action with a multi-country and multi-sectoral approach from EU Member States public institutions expertise.

Other donors as well are currently financing employment promotion and income opportunities initiatives that are complementary to the proposed action⁴⁵.

Representatives of donor countries to Honduras have created the Group of 16 (G16), which includes among others, Germany, Canada, Spain, United States, Sweden, Japan, Italy, the Netherlands, the United Kingdom, France, Switzerland and the World Bank. From the G16 emerged the Donor Working Group on Decent Employment and Sustainable Economic Development, in 2016. This donor's working group should improve harmonization and alignment of donor's actions at national and local level, but also international contributions to national strategies within the framework of global action. The EU currently chairs this working group which has been reactivated with bi-monthly meetings. Another interest group regarding labour skills was created in 2017, led by USAID in order to contribute to the identification of priorities and common actions among donors in terms of technical and vocational education and training.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

In accordance with Objective 1 of the Law for the Establishment of a Country Vision 2010-2038 and National Development Plan 2010-2022), this program is expected to contribute to achieving a Honduras without extreme poverty, educated and healthy, with consolidated social welfare systems.

Overall objective:

In accordance with the General Objective of the National Employment Policy 2017 – 2028, the general objective of this intervention is to foster sustained and inclusive economic growth.

Specific objectives:

SO1. To promote the generation and sustainability of decent employment⁴⁶.

SO2. To improve the workforce qualifications and labour market efficiency.

SO3. To strengthen access to markets and competitiveness of Honduran micro and small enterprises.

⁴⁵ Some examples are: i) COMRURAL financed by the World Bank, which aims at improving the productivity and competitiveness of organized rural producers by establishing strategic alliances with commercial and private financial allies within the framework of agri-nutritional value chains; ii) FOPRONH implemented by GIZ, focused on technical training of young people and enhancement of entrepreneurial skills in line with market demand; iii) METAS, financed by USAID which contributed to improve the employability conditions of young people through their training and certification in basic skills such as reading and math; iv) PROJOVEN, financed by the Swiss Cooperation destined to training and job placement of young people with employment problems in selected productive sectors of the country; and v) PROMECOM, financed by the Central American Bank for Economic Integration (CABEI) which aims to improve organizational capacities, territorial management practices and market positioning of the products of rural and indigenous poor populations.

⁴⁶ The National Employment Policy's Joint Action Framework refers to decent jobs as a concept that seeks to dignify and allow the development of a person's capabilities; respect of labour principles and rights; generation of a fair and proportional income without any kind of discrimination; with access to social protection and tripartite social dialogue. However, it also defines full employment when the worker has at least access to social security, an income equal or higher than the minimum wage and works the minimum number of the established working hours.

Induced Outputs:

➤ For SO1:

IO1. Enhanced Government's efforts to reduce underemployment (related to insufficiency of income and of work time).

IO2. Enhanced Government's efforts to increase the affiliation to social security schemes⁴⁷.

Under the proposed action, the main target group are the approximately 2,139,770 underemployed persons⁴⁸ out of a total of 3,819,978 employed. In order to promote the generation of decent jobs, the program will seek to reduce informality at work by: i) promoting the implementation of the Labour Inspection Strategy; ii) favouring equal access to social security through the implementation of the social protection law; and iii) strengthening the capacities to improve the quality of services delivered by the Government sector institutions (in particular, the National Employment Service). To this end, complementary support will include direct actions that support the design, implementation and consolidation of new labour relations regulations and the modernization of labour standards as well as communication and visibility actions promoting Corporate Social Responsibility to raise awareness in the private sector as regards the reduction of informality and relevance of social security coverage.

➤ For SO2:

IO3. The National Technical and Vocational Training System is improved and adopted as a strategic instrument for the development of the Honduran labour force⁴⁹.

IO4. Beneficiaries trained and certified under the technical and vocational training system increase.

The programme will seek to support the matching of technical and professional training supply and demand to favour the approximately 255,000 persons who seek to increase their employability and access better employment opportunities. To achieve this outcome, the programme will support the Government's efforts towards the National Professional Training Institute's (INFOP) modernization; review, update and alignment of its training system with the labour market; and increase labour qualification. Adequate resource allocation and technical assistance to Government sector institutions (in particular, the Ministry of Economic Development, Ministry of Education, technical and vocational training institutions, Chambers of Commerce, producers' associations, cooperatives and non-governmental organizations specialized in training and employment promotion) will also contribute to the operationalization of the Standardization and Certification of Labour Competencies National Program and will improve access of mainly young people and women to education and

⁴⁷ Social Security schemes in Honduras are health coverage, disability, advanced age and death; pensions; and retirement. The National Employment Policy does not detail any specific social security benefits for women and young people. However, it is linked with the Social Protection Policy which includes specific actions for women that promote maternity care, breastfeeding during working hours and child day care. In the case of youth, the Ministry of Labour is planning on drafting a Youth Employment Plan linked with the strategic actions resulting from the Joint Action Framework.

⁴⁸ This figure refers to persons facing underemployment related to insufficiency of income and of work time. According to the 2017 National Statistics Institute Household and Multiple Purposes Survey, there are 451,545 people in situation of visible underemployment in the country, meaning that when they are employed they work less than 36 hours a week and want to work more. Persons employed under conditions of invisible underemployment amount to 1,688,225 that is, people who work more than 36 hours and had an income below the minimum wage.

⁴⁹ Although women and young people have been prioritized by the Government as target groups for the implementation of the National Employment Policy, this Policy's Joint Action Framework refers to the person in general and emphasizes access to training for all citizens without any kind of discrimination.

technical training oriented to scientific and technological innovation. Communication activities will be aimed at supporting the institutions responsible for job training to develop modern training strategies (e.g.: distance education) and project a positive image of Honduran society.

➤ For SO3:

IO5. Business environment for MSEs has improved through administrative simplification⁵⁰.

IO6. Inclusive access to financial services by MSEs owned by women has improved.

IO7. Support provided by Government institutions on employment promotion, employability, business development and entrepreneurship services is increased in coverage and improved in quality.

Young entrepreneurs and women in particular will benefit from programme's actions destined to increase the development of competitive, productive and marketing capacities of urban and rural micro and small enterprises. This will be carried out through support to the implementation of the National Entrepreneurship Promotion Strategy, coordination between vocational training centers, Business Development Centers, financial institutions and the strengthening of the 15 National Employment Service (SENAEH) offices at local level.

In addition, the regulatory framework for MSMEs registration and operations procedures is to be simplified (e.g. as regards business operating permits, construction permits, environmental licences and requests for connection to electric power services). Moreover, activities such as reforming the regulation on evaluation and classification of credits to incorporate risk mitigating instruments (e.g. agricultural insurance, security guarantees) are also contemplated to further facilitate access to credit. Complementary support for the achievement of this outcome will be focused on the consolidation of regional employment offices and improving the quality of their services as well as the integration of activities for the improvement of credit allocation and extension systems for women entrepreneurs. Communication will be a fundamental element both to emphasize the link with the media, as well as to relate the activities to the EU Gender Action Plan objectives and the Spotlight Initiative, since women's economic empowerment is a factor that contributes to the reduction of gender-based violence.

➤ For all SOs:

IO8. National financial resources allocated to the employment sector are reinforced and based on results on a multiannual basis.

The nature of this output is cross-cutting. Therefore, activities will be oriented to support the implementation of the results-based management model through the preparation of the PEIs and linkage with the Annual Operating Plans and their corresponding budgets. Complementary actions linked to this outcome are already being carried out under the EU funded program MADIGEP, in close coordination with the involved sector institutions. There are no specific communication actions foreseen for this outcome. However, dissemination of the EU support to the achievement of this outcome will be carried out through dialogue with multilateral and bi-lateral donors grouped under the G16 and its working groups.

⁵⁰ Administrative simplification understood as the minimization of periods in processes related to the attention given to job opportunities seekers through the deconcentration of actions at local level.

The achievement of the above mentioned induced outputs is based on the implementation of the National Employment Policy's Joint Action Framework as well as the Strategic Institutional Plan and programs of each of the relevant Ministries.

Direct Outputs:

DO1. Funding available for employment promotion increased.

DO2. Public capacities for employment promotion strengthened.

The main activities of the budget support operation are:

- Disbursement of budget support funds on the basis of satisfactory assessment of eligibility criteria:
 - Public policy: satisfactory progress in the implementation of the National Employment Policy and its Joint Action Framework as well as continued credibility and relevance of this or any successor strategy⁵¹.
 - Macroeconomic: maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
 - Public financial management and domestic revenue mobilisation: satisfactory progress in the implementation of reforms to improve public financial management, domestic revenue mobilisation and continued relevance and credibility of the reform programme.
 - Budget Transparency: satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.
- Conduct result oriented policy dialogue on the basis of agreed performance indicators;

Although the Government of Honduras has achieved progress in terms of strengthening the institutions involved in the employment sector, complementary support is still needed:

- i. A Technical assistance services contract is foreseen aiming to reinforce capacities of partners; improve planning processes; support the implementation of medium and long-term strategies at local and national level; and support budget formulation on issues related to the National Employment Policy in order to ensure ownership, domestic revenue mobilisation, knowledge transfer and coordination among sector institutions;
- ii. A communication and visibility services contract that will raise awareness among Hondurans and relevant sector stakeholders in terms of promoting decent employment and the attractiveness of skills training for enhancing employability; promote dissemination of progress and achievements in the implementation of the National Employment Policy; and stimulate knowledge on the economic, political and social elements necessary for the country's economic growth;
- iii. A Final Evaluation services contract is envisaged in order to contribute to provide an assessment of the results achieved under the programme, the obstacles that sector

⁵¹ Policy dialogue will focus among others, in assessing the quality of job creation as a condition for sustainability of the proposed budget support operation.

institutions had to overcome during its implementation, and furthermore, to contribute to promote accountability of sector institutions.

4.2 Intervention Logic

The problem analysis has identified that the lack of a skilled workforce, low productivity of micro and small enterprises and the general low capacities of the main actors in the sector are the main challenges to be addressed, which defines the priority areas for this operation. These are systematic problems that can only be addressed through a reform of the regulatory framework and capacity building of the institutions involved in the sector. In this sense, the EU programme EURO + LABOR (MIP 2014-2020) has paved the way for this reform by supporting the Government in the elaboration of a relevant and credible National Employment Policy. In order to implement this policy, a Joint Action Framework has been designed by the Government, always with the support of EURO + LABOR.

Consolidation of the policy, institutional reforms and adequate budget allocation to relevant sector institutions at national and local level, will allow for an effective implementation of strategies targeting the workforce skills development and entrepreneurial fostering in prioritized value chains. This, in turn, will improve the efficiency of the labour market and, therefore, increase social inclusion and reduce poverty and inequality.

EURO EMPLEO will support the implementation of the National Employment Policy through a Sector Reform Performance Contract that will facilitate an active policy dialogue on key sector priorities; contribute to progress in these areas through carefully selected indicators, contribute to the strategic resource allocation for the consolidation of the policy framework as well as continuous public investment promotion for employment generation through domestic resources mobilization. Moreover, complementary support will further accompany and build the capacities of the institutions responsible for the implementation of the policy.

4.3 Mainstreaming

Gender

The National Employment Policy seeks among its principles, to give women the opportunities to improve their access to decent employment and respect their rights to education and health. Since women have little participation in the labour market compared to men, the proposed intervention will focus in contributing to improve women's employability through increasing opportunities for them in the technical and vocational education system as well as developing their entrepreneurial skills in order to enable a higher participation of women in the labour market.

The intervention will also pay attention to support other inclusive actions for women such as those related to child care, combating discrimination at work, preventing mobbing, and fostering a culture of shared obligations at home⁵².

Environmental sustainability

⁵² In order to justify a G1 Marker, four out of seven indicators under the proposed action will be sex disaggregated.

If applicable, this intervention will contribute to the promotion of employment actions that are environment friendly as established in the strategic areas identified under the National Employment Policy. Additionally, the proposed budget support operation through policy dialogue and technical assistance, will consider relevant addressing progress in terms of sustainable environmental growth and capacity building for a responsible management of the environment; definition and adoption of an appropriate waste management regulatory framework for MSEs particularly in the agricultural sector.

Indigenous people

Indigenous peoples and Afro-Honduran communities reportedly continue to suffer human rights violations, harassment and persecution at times culminating in assassinations. The UN Committee on the Elimination of Racial Discrimination has raised its concerns about these ZEDEs involving drastic consequences on the indigenous peoples and Afro-Honduran communities that inhabit the target regions located on the Honduran coasts. Nevertheless, the Minister of Employment has recently indicated that the geographical location of ZEDEs would avoid areas highly populated by indigenous groups in order to avoid conflict. Legislative reform on land tenure remains outstanding. Honduras has committed itself to comply with international commitments that affect the employment sector. In that sense, this programme will draw its attention to following closely the Honduran government's implementation process of the ILO 169 Indigenous and Tribal Peoples Convention, particularly the prior consultation process and the respect for the rights of indigenous peoples, especially the right to work.

Good governance and human rights

In order to guarantee labour justice, the programme will aim to promote the respect of economic and social rights which include the right to work and the right to education for all citizens, particularly those in vulnerable conditions.

Social inclusion

Social and economic development is conceived as a result of the individuals' effort to achieve their well-being. In this sense, the programme will seek to favour equal participation and the inclusion of the most disadvantaged populations.

4. 4 Contribution to SDGs

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal(s) 1 "End poverty in all its forms everywhere" and 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", but also promotes progress towards Goal(s)3 "Ensure healthy lives and promote well-being for all at all ages"; 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; and 5 Achieve gender equality and empower all women and girls. This does not imply a commitment by Honduras benefiting from this programme.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 66 months from the date of where financing agreement is concluded.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

5.3.1 *Rationale for the amounts allocated to budget support*

Since the government's commitment to the advancement of the National Employment Policy is strong and frontward, a sector reform performance contract through budget support is the preferred implementation method. A significant weight will be given to fixed tranches compared to variable tranches in order to encourage the Government to reinforce a stable public finance that will enable a proper investment environment, business climate, and implementation of the sector and results-oriented policies and budget. Variable tranches will focus on strengthening progress of the National Employment Policy, performance of selected indicators and mobilization of domestic resources for budgetary allocations to implement the policy. Another important performance indicator will be focused on sector budget allocation through domestic resources. The amount allocated for budget support component is EUR 54,300,000.00, and for complementary support is EUR 6,100,000.00. This amount is based on the provision of a Technical assistance services contract (EUR 5,000,000.00), a Communication and Visibility services contract (EUR 800,000) and a Final Evaluation services contract (EUR 300,000).

5.3.2 *Criteria for disbursement of budget support*

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the National Employment Policy and continued credibility and relevance thereof;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

The specific conditions as well as the tranches to which they apply are as follows: level of improvement and efficiency of the labour market; of productive and entrepreneurial

capacities; of access to market for micro and small enterprises; and improvement of domestic resources mobilisation that allow the policy implementation.

b) The performance indicators for disbursement that may be used for variable tranches are the following:

The chosen performance indicators and targets to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, the Ministry of Labour and/or Ministry of Finances may submit a request to the Commission for the targets and indicators to be changed.

Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The agreed changes to the targets and indicators shall be agreed in advance and may be authorised in writing (either through a formal amendment to the financing agreement or an exchange of letters).

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Lempiras will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement. The budget support amounts to 54.3 M€. Variable tranches will be based on the performance of the sector policy and the targets achieved within the Performance Assessment Framework (PAF).

	Year 2019	Year N+1 2020	Year N+2 2021	Year N+3 2022	Year N+4 2023	Total	%
	T3	T3	T3	T3	T3		
Fixed Tranche	10.3	5	3	1		19.3	35.5%
Variable Tranches		5	10	10	10	35	64.5%
TOTAL	10.3	10	13	11	10	54.3	100%

The distribution of budget support disbursements over the years is based on the need to provide greater funds at the beginning (to support the initial reforms to be carried out at the beginning of MAC implementation) and the constant support for the rest of the period. The balance between variable and fix tranches provides a heavier weight to the variable ones in order to maximise the leverage on reform performance. However, the fix tranches are disbursed within the first 2 years to leave time to achieve the expected impact.

5.4 **Implementation modalities for complementary support to budget support**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation⁵³.

5.4.1 Grants: (direct management)

Not applicable.

5.4.2 Prize(s) (direct management)

Not applicable

5.4.3 Procurement (direct management)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester/year of launch of the procedure
Technical Assistance	Services	1	Q1 2019 – Q1 2021
Communication and Visibility	Services	1	Q2 2021
Evaluation	Services	1	Q2 2023

5.4.4 Indirect management with a Member State Organisation, third donor country, EU specialised agency, international organisation

Not applicable

5.4.5 Indirect management with a regional organisation][the partner country

Not applicable.

5.4.6 Contribution to an existing Regional Blending Facility

Not applicable.

⁵³ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

5.4.7 *Changes from indirect to direct management mode due to exceptional circumstances (one alternative second option)*

Not applicable.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014.

5.6 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
5.3. Budget support Sector Reform Contract	54,300,000.00	N.A.
5.4.3 Procurement (direct management)	6,100,000.00	N.A.
Procurement – total envelop under section 5.4	5,000,000.00	N.A.
5.9. Evaluation	300,000.00	N.A.
5.11. Communication and visibility	800,000.00	N.A.
Total	60,400,000.00	N.A.

5.7 Organisational set-up and responsibilities

According to the National Employment Policy, the formulation, coordination, implementation and evaluation of employment policies is under the responsibility of the Ministry of Labour and Social Security.

5.8 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the

implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports⁵⁴. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix or the partner's strategy, policy or reform action plan list.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature] of the action, a(n) final evaluation(s) will be carried out for this action or its components contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that it will contribute to collect useful experiences for further EU or other donors support programmes in the employment sector.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least 6 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract indicatively in 2022.

⁵⁴ To this end, the current EU funded program EURO +LABOR, has contributed to the design and implementation of the Employment, Social Security and Production Information System within the Labour Market Observatory (OML) of the Ministry of Labour, ensuring that information regarding the National Employment Policy indicators will be available in an adequate and timely manner for report generation and decision making.

5.10 **Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract indicatively in 2022.

5.11 **Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

An amount of EUR 800,000.00 is planned as overall budget allocation for communication and visibility. It is foreseen that a contract for communication and visibility may be contracted through procurement. Indicatively, this contract will contribute to raise awareness among Hondurans and relevant sector stakeholders in terms of promoting decent employment and the attractiveness of skills training for enhancing employability; promote dissemination of progress and achievements in the implementation of the National Employment Policy; and stimulate knowledge on the economic, political and social elements necessary for the country's economic growth.

LOGFRAME -Access to employment through improved labour force skills and entrepreneurial fostering in Honduras (EURO EMPLEO)

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
Overall objective: Impact	To foster sustained and inclusive economic growth	• GDP Real (% of variation with regard to previous year)	2017: 4.8%	Average of annual variation: range 3-4% per year	Central Bank of Honduras reports on http://www.bch.hn/honduras_en_cifras.php IMF/World Bank projections
		• GDP per capita (% of variation with regard to previous year)	2017: 2.31%	Average of annual variation: 1.54% per year.	
		• Percentage of Households in Extreme Poverty	2017: 40.7% ⁵⁷	2022: 32.3% ⁵⁸	National Statistics Institute Household and Multiple Purposes Surveys
		• Global Competitiveness Index	2017 Score: 3.92	2022: 4.5 ⁵⁹	Annual Global Competitiveness Report

⁵⁵ In the case of the overall objective, the proposed indicator is part of the Law for the Establishment of a Country Vision 2010-2038 and National Development Plan 2010-2022 indicators. The rest of the proposed indicators are part of the National Employment Policy indicators.

⁵⁶ Sources and means of verification for each indicator are indicative.

⁵⁷ Figure under the Poverty of Households according to Domain of Estimate Table, using the Poverty Line Method in the National Statistics Institute Household Survey.

⁵⁸ Own elaboration based on historical interannual variation average planned since 2010 by the National Statistics Institute and the projections of the National Development Plan

⁵⁹ Target established by the Government in the Country Visión 2010 – 2038 and National Development Plan 2010-2022.

	Results chain	Indicators ⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification ⁵⁶
Specific objective(s): Outcome(s)	SO1. To promote the generation and sustainability of decent employment ⁶⁰ .	<ul style="list-style-type: none"> Labour participation rate, disaggregated by sex (in terms of Economically Active Population among Working Age Population (PEA / PET)). 	2017: 59.0% Women: 43.8% Men: 76%	2022 ⁶¹ 65.9% Women: 52.1% Men: 70%	National Statistics Institute Household and Multiple Purposes Surveys/ Labour Market Observatory Surveys and Analysis reports.
		<ul style="list-style-type: none"> Unemployment rate⁶² 	2017: 6.7% Women: 10.8% Men: 4%	2022: N/A	
	SO.2 To improve the workforce qualifications and labour market efficiency	<ul style="list-style-type: none"> Labour market efficiency score⁶³ 	2017: Score 3.5/7	2022 3.8/7 (average 2017 for Central American region ⁶⁴)	Annual Global Competitiveness Report

⁶⁰ The National Employment Policy's Joint Action Framework refers to decent jobs as a concept that seeks to dignify and allow the development of a person's capabilities; respect of labour principles and rights; generation of a fair and proportional income without any kind of discrimination; with access to social protection and tripartite social dialogue. However, it also defines full employment when the worker has at least access to social security, an income equal or higher than the minimum wage and works the minimum number of the established working hours.

⁶¹ Own elaboration based on the positive trend observed since 2012 for women and in a desired and reasonable trend of gradual closing of gaps for men.

⁶² This indicator is measured in relation to the Economically Active Population. The figure will be disaggregated by sex. However, the Country Visión 2010 – 2038 and National Development Plan 2010-2022 target is not disaggregated by sex.

⁶³ According to the Global Competitiveness Report, the Labour Market Efficiency score measures the labour market's flexibility in terms of ensuring that workers are allocated to their most effective use in the economy and provided with incentives in their jobs. This allows workers to shift from one economic activity to another rapidly, at a low cost and reduces social disruption caused by wage fluctuations. An efficient labour market has a positive effect on worker performance and the attractiveness of the country for talent.

⁶⁴ This average refers to Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

	Results chain	Indicators ⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification ⁵⁶
		<ul style="list-style-type: none"> Weight of inadequately educated workforce as part of problematic factor for doing business 	2017: 4.2%	3.8% (lowest rate in Central American region in 2017)	
	SO3. To strengthen access to markets and competitiveness of Honduran micro and small enterprises	<ul style="list-style-type: none"> Time to start a business (Market efficiency) 	2017 Ranking: 77/137	70/137 (by reducing two days (13 to 11 days) it should rank 65/137)	Annual Global Competitiveness Report
		<ul style="list-style-type: none"> Number of procedures to start a business (Market efficiency) 	2017 Ranking: 121/137	80/137 (ranking average in 2017 for Central America).	
	For SO1: IO1. Enhanced efforts to reduce underemployment (related to insufficiency of income and of work time). .	<ul style="list-style-type: none"> Population with full employment⁶⁵ (<i>ES: Población con empleo pleno</i>) 	2017: 44.0%	Year N+1: 45.1% Year N+2: 46.3% Year N+3: 47.4% Year N+4: 48.5% Year N+5: 49.6%	National Statistics Institute Household and Multiple Purposes Surveys.

⁶⁵ Full employment is understood as the employed population that complies with at least 36 hours of weekly work and earns at least the minimum wage.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
	IO2. Enhanced efforts to increase the affiliation to social security schemes.	<ul style="list-style-type: none"> Proportion of wage earning population enrolled in Social Security in relation to the total wage earning population (<i>ES: Proporción de población asalariada inscrita en la Seguridad Social en relación al total de la población asalariada</i>) 	2017: 43.2%	Year N+1: 44.3% Year N+2: 45.7% Year N+3: 46.9% Year N+4: 47.8% Year N+5: 48.7%	Official reports of the Honduran Institute of Social Security (IHSS) processed by the Labour Market Observatory (OML) of the Ministry of Labour and Social Security, whose mission is to develop, process, analyse and provide primary and secondary information on the labour market, with the purpose of contributing to decision-making for the design, formulation and monitoring of public policies on employment, social security, formal and non-formal professional technical training and the strengthening of tripartite social dialogue.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
	<p>For SO2:</p> <p>IO3. The National Technical and Vocational Training System is improved and adopted as a strategic instrument for the development of the Honduran labour force.</p>	<ul style="list-style-type: none"> Status of the Regulatory framework of the National Vocational Training System (<i>ES: Marco regulador del Sistema Nacional de Formación Profesional revisado y fortalecido</i>) 	<p>2017 Year and value (current situation and processes)</p>	<p>Year n+2: National Technical and Vocational Training System draft law submitted to the National Congress.</p> <p>Year n+3: National professional qualifications catalogue proposal approved by the Economic and Social Council (CES) and sent to the Executive branch.</p> <p>Year n+4: At least eight (8) training programs and its prospection studies at national level approved.</p> <p>Year n+5: At least eight (8) training programs and certification of competences implemented.</p>	<p>Annual reports of the National Technical and Vocational Training System and National Employment Service of Honduras (SENAEH) administrative records.</p>

	Results chain	Indicators ⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification ⁵⁶
Induced outputs ⁶⁶	IO4. Beneficiaries trained and certified under the technical and vocational training system increase.	<ul style="list-style-type: none"> Percentage of the population trained and certified through the National Technical and Vocational Training System, disaggregated by sex. (ES: <i>Porcentaje de población formada y certificada en el Sistema Nacional de Formación Profesional</i>) 	Year 2017 100% (247,788) ⁶⁷	Year n + 2: Economic sectors and their corresponding training courses approved by the Economic and Social Council (CES). ⁶⁸ Year n + 3: 14,083 Year n + 4: 11,475 Year n + 5: 10,432	Reports of the National Technical and Vocational Training System, processed by the Ministry of Labour and Social Security Labour Market Observatory (OML).

⁶⁶ Induced outputs have been defined according to the Strategic Objectives of the National Employment Policy.

⁶⁷ Currently, this figure is not available disaggregated by sex. However, through complementary support the proposed action will contribute develop the relevant mechanisms to allow the National Professional Training System to manage its statistics in a sex disaggregated.

⁶⁸ In agreement with the private sector, the Government of Honduras has prioritized the sectors, under which skilled labour force is required. However, the Government considers relevant to expand the number of courses under the productive chains of the prioritized sectors. To this end, the National Technical and Vocational Training Institute has engaged in a reform process to improve the link between vocational training supply and demand; update obsolete curricula; and strengthen its capacities. This will allow an improvement of the labour force's knowledge and skills as well as its employability, in prioritized sectors of the economy.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
	For SO3: IO5. The business environment for MSEs has improved through administrative simplification. ⁶⁹	<ul style="list-style-type: none"> Level of progress for simplification of registration and operation processes for Micro, small and medium enterprises (MSMEs) <i>(ES: Nivel de avance en la simplificación de los procesos de registro y operación de MiPYME)</i>. 	Year 2018: current situation and process	<p>Year n + 2: Procedures to be intervened identified.</p> <p>Year n + 3: Diagnosis and engineering process performed.</p> <p>Year n+4: Action plan to implement the strategy drafted.</p> <p>Year n+5: Strategy implemented.</p>	Ministry of Economic Development MSMEs Unit, Presidential Directorate of Transparency, Modernization and Digital Government administrative records. Open Business Index Annual Reports.

⁶⁹ Administrative simplification understood as the minimization of periods in processes related to the attention given to job opportunities seekers through the deconcentration of actions at local level.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
	IO6. Inclusive access to financial services by MSEs owned by women has improved.	<ul style="list-style-type: none"> Proportion of the amount of direct loans disbursed to women entrepreneurs. <i>(ES: Proporción del monto de créditos directos desembolsados a empresarias.)</i> 	2018 19.6%	Year n+2: 22% Year n+3: 24% Year n+4: 27% Year n+5: 30%	Honduran Bank for Production and Housing (BANHPROVI) administrative records.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
	IO7. The support provided by Government institutions on employment promotion, employability, business development and entrepreneurship services is increased in coverage and improved in quality.	<ul style="list-style-type: none"> Coverage of the services provided in the Comprehensive Support Centers for Job and Opportunities Seekers (CEOs). <i>(ES: Cobertura de los servicios prestados en los Centros de Atención Integral para Buscadores de Empleo y Oportunidades (CEOs).</i> 	Year 2018: current situation and process	<p>Year n + 2: New National Employment Service (SENAEH) model proposal, CEOs, Territorial Working Groups and local employment promotion and income generation plans approved and implemented.</p> <p>Year n+3: 7 CEOs already created by the Ministry of Labour operating.</p> <p>8 CEOs created by the Ministry of Labour as a result of the Euro +Labor program operating.</p> <p>The Employment, Productivity and Social Security Information System (SIEPSS) operating.</p> <p>One (1) Single Window for Small Businesses created and operating.</p>	National Employment Service of Honduras (SENAEH) database and reports.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
		•		<p>Year n+4: Creation of two (2) CEOs with physical presence of institutions with employment and opportunities promotion functions.</p> <p>Year n+5: Fifteen (15) Territorial Working Groups and Local Plans for Employment Promotion, updated and in operation.</p>	

	Results chain	Indicators ⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification ⁵⁶
	<p>For all SOs:</p> <p>IO8. National financial resources allocated to the employment sector are reinforced and based on results on a multiannual basis.</p>	<ul style="list-style-type: none"> Variation of the National Treasury resources mobilization in the financing of the Ministry of Labour and Social Security, Ministry of Economic Development and Ministry of Agriculture Institutional Strategic Plan (PEI) Programs. (ES: <i>Variación en la movilización de recursos del Tesoro Nacional en el financiamiento de los Programas Estratégicos del PEI, de la Secretaría de Trabajo y Seguridad Social, Secretaria de Desarrollo Económico y Secretaria de Agricultura.</i>) 	<p>Year 2017: 12.15%</p>	<p>Year n+2: 15%</p> <p>Year n+3: 18%</p> <p>Year n+4: 20%</p> <p>Year n+5: 20%</p>	<p>Budget settlement reports, submitted to the National Congress, published on line by the Ministry of Finance (SEFIN) Budget Unit.</p>

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
Direct outputs	DO1. Funding available for employment promotion increased	<ul style="list-style-type: none"> Budget support amount provided by the EU. 	2018: EUR 0	N+1: EUR 11,300,000 ⁷⁰ N+2: EUR 11,500,000 N+3: EUR 14,700,000 N+4: EUR 12,800,000 N+5: EUR 10,100,000	Government Payment Requests, EU Sector Reform Contract Invoices, Ministry of Finance Budgetary Income Reports

⁷⁰ Indicative amounts of funds to be disbursed for each year provided through EU budget support.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
	DO2. Public capacities for employment promotion strengthened.	<ul style="list-style-type: none"> Services/products delivered through complementary support. 	2018: N/A	<p>Through the duration of the operation, the following indicative services or products are expected:</p> <ul style="list-style-type: none"> In general, drafting of Terms of Reference for short-term support missions that contribute to the achievement of the induced and direct outputs; and monitor the performance of the indicators. Support for the creation and operation of the National Program of Normalization and Certification of labour competencies that improves access of young people to: education and technical training oriented to scientific and technological innovation; and orients them hem to new ventures with a focus on productive chains. 	Technical Assistance quarterly reports.

	Results chain	Indicators⁵⁵	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification⁵⁶
		•		<ul style="list-style-type: none"> • Support the creation of a comprehensive network of employment services providers to favour deconcentration of the National Employment Service. 	
				<ul style="list-style-type: none"> • If requested by the Government, support the drafting process of law proposals and action plans conducive to administrative simplification. • If requested by the Government, provision of specialized technical assistance for studies related to the financial inclusion of women and improvement of access to credit funds for women entrepreneurs. • Any other complementary services requested by the Government, that contributes to the achievement of the budget support general and specific objectives as well as induced outputs. 	



EN

ANNEX 2

of the Commission Implementing Decision on the financing of the annual action programme 2018 in favour of Honduras to be financed from the general budget of the Union

Action Document for Programa de Apoyo a los Derechos Humanos y a la Democracia en Honduras

<u>MULTIANNUAL¹ PROGRAMME/MEASURE</u>	
This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014	
1. Title/basic act/ CRIS number	PRODERECHOS CRIS No. LA/2018/040-890 financed under Development Cooperation Instrument
2. Zone benefiting from the action/location	The action shall be carried out at the following location: Honduras, Central America
3. Programming document	Multi Indicative Programme 2014-2020
4. Sustainable Development Goals (SDGs)	SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. SDG 5: Achieve gender equality and empower all women and girls.
5. Sector of concentration/ thematic area	Sector 3: Rule of Law DEV. Aid: YES ²
6. Amounts concerned	Total estimated cost: EUR 8 million Total amount of EU budget contribution EUR 8 million
6. Aid modalities),	Project Modalities:

¹ Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budgetary years subject to the availability of the commitment appropriations.

² Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

implementation modalities	Direct Management : Services and call for proposals			
7 a) DAC code(s)	15150: Democratic participation and civil society 15160: Human Rights			
b) Main Delivery Channel	European Commission – 42003			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	V
	Aid to environment	V	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	V	<input type="checkbox"/>
	Trade Development	V	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	V	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	V	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	V	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	V	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	V	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagship	N/A			

SUMMARY

Human rights violations are one of the main challenges in terms of rule of law in Honduras. The main challenges are related to: the weaknesses in capacities of key actors (particularly at the local level); lack of coordination of the different actors around common processes for attention and response given to human rights abuses; lack of spaces for dialogue between institutions and civil society, difficulties in the execution of the mandate of Civil Society Organisations (CSOs) in terms of promotion and protection of human rights and oversight of policies; lack of involvement and commitment from the private sector; weak prevention mechanisms of human rights abuses; weak implementation of the regulatory framework and a need for the consolidation of the institutional framework.

The EU is determined to contribute to the consolidation of human rights promotion, compliance and respect in Honduras. To achieve this purpose, PRODERECHOS will undertake a comprehensive approach to tackle strategic facets including articulating and strengthening the institutional frameworks at national and local levels for the protection and promotion of human rights as well as promoting an active role of non-state actors (notably civil society and private sector).

The **overall objective** of the program is:

To support the consolidation of the national system to promote and protect human rights in Honduras for all men and women.

The Specific Objectives

1. SO1: *To support national efforts for the institutional strengthening and harmonization of a National System of Human Rights at national and local level in line with the National Policy for Human Rights of Honduras.*
2. SO2: *To support the active participation of Non-State Actors (including civil society and private sector) in the National Human Rights System as key agents for the promotion of human rights, prevention of conflict and abuses, and the formulation, implementation and oversight of policies and strategies related to human rights.*

The period of implementation is 72 months and the indicative budget EUR 8 million.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic Area

Honduras is a lower middle income country, which nevertheless records high levels of poverty, inequality and underemployment. It is one of the few countries in Latin America where poverty has increased in the last years (63.8% homes were poor in 2015³).

Honduras has important challenges in terms of attaining solid and democratic institutions. In terms of democratic participation, civil society presents weakness and fragmentation limiting its possibilities to effectively participate in policy making and oversight. Limited inclusion of women in public domain is also observed. Corruption, impunity and inequality present a fundamental challenge to democratic governance and the rule of law.

Violence, including violence against women and girls (VAW), presents the second highest rate of violent deaths and femicides (10.2 per 10,000 inhabitants) in the Latin American region⁴. During recent years, it is noticeable that violence has a particular effect on Human Rights defenders, justice operators, journalists and social communicators, and vulnerable populations⁵. According to official figures between 90 and 95%⁶ of the murders remain unpunished. Impunity in Honduras is at historically high level and represents one of the key drivers of the continued violence and insecurity⁷.

The country has been marked by a very dire situation for human rights defenders. The killing of Berta Cáceres (02/03/2016) as well as numerous other human rights defenders has led to ample national and international condemnation. After the post electoral crisis of November presidential elections, social polarization has deepened the breach between the (already very fragmented) civil society and government.

In addition, violence regarding violation of the human rights on freedom of association and collective bargaining present a worrying increase, during the International Labour Conference 107th session (28 May-8 June 2018), the EU and its Member States expressed "deep concern over recent allegations in the Committee on the Application on Conventions and Recommendations (CEACR) report of new murders, kidnappings and death threats against members of the trade union movement" and urged "the

³ Encuesta Permanente de Hogares de Propósitos Múltiples, 2015. Instituto Nacional de Estadísticas de Honduras (INE).

⁴ Gender Equality Observatory for Latin America and the Caribbean, ECLAC. 2016.
<https://oig.cepal.org/en/indicators/femicide-or-feminicide>

⁵ Women, the LGBTI⁵ community, indigenous peoples and afro-descendants

⁶ CSO organisations point out 95 – 98% of murder cases go unpunished due to lack of institutional capacity to carry out effective and successful investigations and prosecution processes.

⁷ Annual report of the United Nations High Commissioner for Human Rights on the human rights situation in Honduras. A/HCR/34/Add2

national authorities to ensure that proper investigation and prosecutions of material and intellectual perpetrators of such crimes are carried out promptly"⁸.

While normative and institutional frameworks are in place, the actual implementation of human rights policies still present important challenges in a context of significant impunity and mistrust. Also, land-rights disputes involving indigenous people have resulted in local conflicts in many parts of the country. Significant challenges persist with regard to the protection of Human Rights Defender (HRDs) and vulnerable groups (which include women, and people living in vulnerable conditions including children, youngster and elders, indigenous peoples, lesbian, gay, bisexual, and transgender people (LGBTI), people with disabilities, HRD, journalists, justice operators, persons deprived of liberty, and forcibly displaced persons). Other human rights problems include the conditions of the detention centres which are notoriously overcrowded, and a significant increase in forcibly displaced persons by violence. The Government has acknowledged the problems and determined strategic actions should be taken. However, the approach is oriented to corrective actions with limited and disperse actions towards prevention of violence and human rights violations.

Following elections on the 26th of November, a social and political crisis was generated in the country. In light of the deteriorating security situation following the general elections, human rights organisations claimed that human rights violations have occurred including disproportionate force used by police military forces against protesters.

Despite a complex environment, Honduras has achieved progress in terms of strengthening national institutions involved in Human Rights. Several examples of institutional progress in the recent past are: i) the implementation of a Public Policy of Human Rights, even if such implementation is showing significant weaknesses, and ii) an improved and systematic follow up and compliance of international commitments including Universal Periodic Review (UPR) recommendations, iii) by mid-2017, the Honduran President Hernandez has announced the re-installation of a Human Rights Ministry as of January 2018. The newly created Human Rights Secretariat (SEDH, for its acronym in Spanish) has initiated operations with the official naming of the Secretary in January 27th and is currently formulating its strategic plan.

1.1.1 Public Policy Assessment and EU Policy Framework

Honduran Policy and Strategic Framework

Honduras has ratified all UN core human rights treaties and most of the Inter-American Human Rights Instruments. Honduras has also ratified the Indigenous and Tribal peoples Convention (C169) of International Labour Organization (ILO)⁹ in 1995¹⁰, although it has not yet finalised the legal framework of FPIC (Free, Prior and Informed Consultation). The VPA-FLEGT¹¹ process in Honduras, was recently signed and should enable indigenous peoples' organisations to reiterate their demand that the Convention be translated into a national law. As member of the OAS system, Honduras is beneficiary to the Inter-American Human Rights System, hence the Inter-American Court of Human Rights, which is permanently observing Honduras since the 2009 political crisis. Reports and recommendations in terms of human rights, economic, social and cultural rights are provided with periodical monitoring.

⁸ https://eeas.europa.eu/delegations/un-geneva/45694/international-labour-conference-107th-session-committee-application-standards-honduras_en

⁹ http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102675

¹⁰ Despite, Honduras has ratified all ILO fundamental Conventions, still has not ratified the 2014 ILO Protocol on Forced Labour.

¹¹ Voluntary Partnership Agreement (VPA) with the EU under the EU's Forest Law Enforcement, Governance and Trade (FLEGT) initiative

Almost half of the goals of the current government Strategic Plan 2014-2018 are oriented to the strengthening of the Rule of Law¹², although, the effective implementation of these commitments remains timid and is in line with the "**Visión de País 2010-2038**", "**Plan de Nación 2010-2022**". Since the large corruption scandals in 2015¹³ and arrival of the OAS Mission for Support the fight Against Corruption and Impunity in Honduras (MACCIH) in 2016, various legal reforms for fight against corruption have been proposed.

Public Policy and National Action Plan on Human Rights (PNADH)

The "Public Policy and National Plan of Action on Human Rights in Honduras"¹⁴ reflects the political will of the State to strategically address the promotion, protection and fulfillment of human rights in the country. Parallel to the policy, a National Plan of Action on Human Rights was elaborated as a strategic and operational tool for the Policy implementation¹⁵. The Public Policy and Action Plan are coordinated by the Secretariat for Human Rights (SEDH) and implemented by 46 public institutions since 2013. In April 2015, this plan was completed by the "Law for the Protection of Human Rights Defenders, Journalists, Social Communicators and Justice Operators". Under this Law, a mechanism¹⁶ to provide effective protection to Human Rights Defenders was created. Moreover, a National Protection Council and a technical committee were installed with representation of governmental and civil society actors with a role of analyzing and decision making on the application of protection mechanisms to human rights defenders at risk.

National Action Plan on violence against women 2014-2022

Under the responsibility of the National Institute for Women (INAM), the National Action Plan on Violence Against Women (2014-2022) was approved¹⁷. This plan expresses the political will of the Honduran State so that all institutions, whether public, private, national or international, contribute to a gradual decrease of violence against women in Honduras. Its objective is to contribute to the integral fulfilment of Honduran women's rights. The plan consists of seven (7) strategic components that will allow initiating the process of prevention and eradication of violence against women, and these are detailed as follows: a) Detection, b) Prevention, c) Attention, d) Legislation, e) Information, f) Research, and g) Monitoring and Evaluation. The Government of Honduras has carried out significant efforts to address violence against women through the adoption of these policies and plans. However, there are several challenges that have to be met mainly, the proper budgetary allocations for the prevention of violence against women; and the fight against impunity, since the penalties for these crimes are relatively indulgent or can be absolved with a fine.

European Union (EU) Policy Framework

In line with EU Human Rights Action Plan on Human Rights and Democracy (2015-2019)¹⁸, the EU in Honduras continues strongly engaged on human rights in Honduras in various settings, including formal demarches, regular contacts with key stakeholders, including via political dialogue with national authorities and civil society and HRDs through a local EU platform for dialogue, which consists of regular meetings to debate, evaluate and seek response to emblematic human rights violation cases.

¹² PEGH 2014-2018. <http://www.scgg.gob.hn/content/plan-estrat%C3%A9gico-de-gobierno-2014-2018-0>

¹³ IHSS: Honduran Social Security Institute

¹⁴ Proposed by the "Secretaría de Derechos Humanos, Justicia, Gobernación y Descentralización" and approved by executive Decree No. PCM-003 of 2013

¹⁵ Approved by executive Decree No. PCM-003 of 2013

¹⁶ The National System for the Protection of Human Rights Defenders

¹⁷ Decree No. PCM 012 in 2014

The entry into force of the Association Agreement between the EU and the countries of Central America in 2013 strengthens the ties that have traditionally existed between the EU and Honduras. These ties are based on the principles of democracy and fundamental human rights, rule of law and good governance¹⁹ promoting an active participation of CSO, through its Title VIII on Trade and Sustainable Development.

Under this framework, the Multiannual Action Plan (MIP) 2014-2020 for Honduras defines Rule of Law as one of the three focal sectors with an indicative financial allocation of 40 million Euros. The MIP's objectives towards Rule of Law Sector are:

- Support national efforts to guarantee the universal application of the law and the protection of human rights, particularly focusing on the fight against corruption.
- Contribute to consolidating the democratic system by increasing citizen participation in policy and democratic processes, with a special focus on vulnerable groups.

Correspondingly, the EU Human Rights and Democracy Country Strategy in 2016 emphasizes the attention to vulnerable groups and defines as its human rights priorities: building bridges between state and civil society; support the protection of Human Right Defenders, including the strengthening of the National Human Rights protection system; promote gender equality and LGBTI rights; strengthen the rule of law, democratic structures and support the fight against impunity and corruption.

Given the extent of the violence against women and girls in the country, the EU has approved the Spotlight Initiative to be implemented in Honduras in partnership with United Nations system. This programme will prioritize prevention actions based on an ecological approach to violence; it will support a coordinated strategy to ensure access to quality, essential services for survivors of violence, including through capacity building for service providers. It will also provide support to strengthen inter-institutional information generation, promoting the periodic dissemination of data and quality analysis, for decision-making. As well, it will support women's organizations in the country in the implementation of actions towards the eradication of discriminatory behavior, violence and femicide. Through this initiative, the programme will contribute to the EU Gender Action Plan 2016-2020, to objectives 7. *Girls and women free from all forms of violence against them (VAWG) both in the public and in the private sphere* and 19 *Challenged and changed discriminatory social norms and gender stereotypes*.

Hence, ProDerechos will contribute, complementarily to the Spotlight Initiative to the EU Gender Action Plan 2016-2020 in particular to objective: 18. *Women's organisations and other CSOs and Human Rights Defenders working for gender equality and women's and girls' empowerment and rights freely able to work and protected by law*.

1.1.2. Stakeholder Analysis

The Human Rights Secretariat (SEDH): Its mandate is to ensure the compliance of the State on Human Rights and the promotion, formulation and coordination of policy and legislative harmonization and promotion of a peace culture in the country.

The SEDH was created in 2013 as the Human Rights Secretariat and downgraded in 2014 as a the sub-Secretariat for Justice and Human Rights within the Secretariat of Justice, Human Rights, Governance and Descentralization (SDHGD). It operated at this level during PADH's implementation period. In June 2017, President Hernández' decided to upgrade the sub-Secretariat into a fully-fledged Human Rights Secretariat. The SEDH has been operational since the official naming of its Secretary of State on January 27th, 2018 and is currently ongoing the formulation of its strategic plan.

¹⁹ See Chapter VIII on Trade and Sustainable Development, Association Agreement between EU and Central America

Institutional commitment towards Human Rights issues has been expressed by the government and institutions involved in the Programme. Furthermore, the Secretary of State named reflects commitment and technical capacities regarding Human Rights. Nonetheless, the Human Rights Secretariat is an institution with frail capacities that require yet technical and financial support to respond to the numerous attributions under its mandate. Within the Secretariat, the newly created Directorate for the Protection of Human Rights Defenders implements the National Mechanism for the Protection of Human Rights Defenders that needs consolidation and sustained public resources allocations to improve performance and attain credibility from civil society and human rights defenders.

National Mechanism of Prevention/ National Committee for the Prevention of Torture and degrading, inhuman treatment for incarcerated populations (MNP-CONAPREV): its creation resulted from the ratification of the Optional Protocol to the Convention against Torture (OPCAT). Its official operation began in 2012, and has rapidly been positioned as an independent and professional organisation with strong credibility. It is led by three commissioners representing the executive and legislative branches and the civil society. With the mandate to regularly examine and prevent the treatment given to people deprived of liberty, towards the protection against torture and cruel and degrading inhuman treatments. It is still a weak institution in terms of public resources allocated and needs support to fulfil its mandate.

The National Human Rights Commission in Honduras, CONADEH: created in 1995 by constitutional mandate, it is an autonomous institution aiming to protect and to promote human rights of the inhabitants, to strengthen the Rule of Law and to supervise the public sector functioning. The CONADEH has a mandate to follow up and investigate any human rights violation and to promote coordination among public institutions and CSOs, as required to guarantee human rights respect. It also has the power to evaluate whether the State complies with Honduras' commitments under binding international human rights treaties. Between 2014 and 2015 CONADEH received 23,257 complaints or denunciations of people, which reflects a level of confidence of the population in the institution.

CONADEH already has infrastructure at local level nationwide²⁰ which can improve access to justice to remote communities²¹. It has initiated the organization and establishment of Local Systems for the Protection and Promotion of Human Rights (SILOP-DH), within the framework of its strategy of Municipal Solidarity Welfare (MBS) in which civil organizations in sectors of greater vulnerability, organized in sectoral and multisectoral networks²².

According to IACHR 2015 report, CONADEH has been satisfactorily working, completing 87% of cases submitted²³. CONADEH was not included in PADH's interventions given profound political issues related to 2009's political crisis.

Public Prosecutor's Office (Ministerio Público): its mandate is the prosecution and criminal investigation (shared with the Security Secretariat/National Police). Its institutional Strategic Plan of 2015-2020 is oriented to the modernization aiming to improve responding to the demand of the society for a modern, transparent and timely justice sector. Seven strategic objectives have been defined to strengthen technical capacities on criminal investigation, prosecution, reinforce response capacity and effective witness protection. This office lacks resources to reply effectively to the demands to investigate and prosecute human rights violations cases, prolonged investigation and prosecuting processes, and lack of credibility from the population. The Public Prosecutor's Office has not yet

²⁰ CONADEH, Informe Anual al Honorable Congreso Nacional, 2015

²¹ CONADEH receives and follows these complaints at its headquarters in Tegucigalpa and 18 departmental offices, counting for this purpose with the SIQUEJAS System that receives face-to-face complaints, through the internet, through the free hotline, mobile units and ex officio.

²² These sectors are children, adolescents, youth, women, indigenous and Afro-descendant peoples, the elderly, HIV / AIDS, disabled persons, migrants, internally displaced by violence, incarcerated, severely addicted and others.

²³ IACHR: The Inter-American Commission on Human Rights. Human Rights Situation in Honduras. 2015. Page 130

achieved to reduce the enormous backlog for finalisation of prosecution and final verdict in court level. As a result of dialogue with technical representatives²⁴ the interest of support from international cooperation was oriented:

1. To get technical support to tackle an enormous backlog of complaints that need to be closed.
2. To respond to Honduran society in the cases of disappearances from the 80s.
3. Support to the development of a Witness Protection mechanism.
4. Support to obtain a forensic software (AFIS) and corresponding training
5. Implement a Master's Degree in Human Rights as a further professional upgrade for the prosecutors nationwide.

This institution is currently in process of institutional changes. The selection of a new Attorney General has been defined with the re-election of the current Attorney General. It is crucial not only in terms of the strategic lines this institution will follow in terms of the approach towards corruption and impunity, in particular those emblematic cases MACCIH has prosecuted, but as well on the institutional approach towards the attention and response on human rights violation cases. Internal changes have been made, other than the Special Attorney's Office for Human Rights, a new office has been created to address HRDs cases, Special Attorney's Office for the Protection of HRDs, and emphasis on strengthening of Ethnical Special Attorney's office has been made.

Civil Society: since 1950 but mainly since the 80s, civil society in Honduras has its roots in church groups and grassroots organizations (labour and peasant-based). Civil Society Organisations (CSOs) have managed to increase their space for civic and social engagement with government at both the executive and legislative levels. In 2011, Honduras approved the Special Law for Non-Governmental Development Organizations (NGO-D) by Legislative Decree No. 32-2011 of June 27, 2011. Since 2014, the administration has begun collaboration with CSOs in order to improve the implementation of the NGO-D Law. While some positive changes have taken place, much still needs to be done to improve the legal environment for CSOs, particularly internally fragmented and in a shrinking environment for the operation of CSOs in terms of regulatory, fiscal and reduction of freedom of expression issued by the government.

In the case of organizations addressing vulnerable populations, in particular, women's organisations, the main challenges civil society organisations face are related to the government's institutional weakness; including the lack of effective law enforcement; women's discrimination in the judicial system and its limited enquiry capacity; inconsistencies in the interpretation and application of the law on femicide; and the lack of access to services for women's safety and prevention of violence.

Office of the United Nations High Commissioner for Human Rights (OHCHR): the Office of the United Nations High Commissioner for Human Rights is promoting and protecting the human rights under international law as stipulated in the Universal Declaration of Human Rights of 1948.

On 4th May 2015, the OHCHR signed an agreement with the Government of Honduras concerning the establishment of a country office. OHCHR's thematic priorities include strengthening international human rights mechanisms; enhancing equality and countering discrimination; combating impunity and strengthening accountability and early warning and protection of human rights in situations of conflict, violence and insecurity.

Private Sector: a number of human rights abuses are allegedly related to private investments. However, until now this sector has not been very involved on the prevention of abuses or protection of human rights. Some of the main business representations are the following: Consejo Hondureño de la Empresa Privada (COHEP), Honduran Private Sector Council and National Industrial Association (ANDI), and chambers of commerce. The first two organisations are currently actively participating with the government in the framework of United Nations Guiding Principles on Business and Human Rights.

²⁴ Special Attorney for Human Rights, Cooperation Director and technical assistants

The Roundtable of donors in Honduras G-16: in the framework of the roundtable of donors in Honduras G-16, the working group for Security, Justice and Human Rights, has defined in its action plan to follow up two defined priorities in the Human Rights sector: i) the compliance of Universal Periodic Review (UPR) recommendations, and ii) contribute to the political and technical dialogue towards prevention of violence policies and strategies.

1.1.3. Priority areas for support/problem analysis

Through its political and cooperation actions, EU has attained important experience in the country gaining trust and leadership in the sector. The situation in terms of Human Rights in Honduras is such that only through consistent support to long term processes sustainable results can be achieved. The program PRODERECHOS builds on what has already been achieved through PADH complementing and strengthening this support. While PADH has been widely recognised as successful, it has also evidenced further challenges that should be addressed in order to advance in this process, in particular:

- **Interinstitutional coordination and additional institutional capacity building:** PADH successfully supported the individual institutional mandate of 3 key institutions (the Public Prosecutor's Office, CONAPREV and the Sub-Secretariat for Human Rights). While capacity building and accompanying of each of these institutions is still required²⁵ in order to upgrade and consolidate those capacities, the need to improve the interinstitutional relations and coordination around human rights processes involving different institutions has been identified as a major challenge to move forward. To illustrate this need, it should be mentioned that the Human Rights Secretariat counts with 47 different implementing partners. PRODERECHOS will now prioritise the reinforcement of this interinstitutional dimension by supporting institutional integration through legal and institutional processes²⁶ and harmonization of the lead institutions acting in human rights promotion and protection. Moreover, capacity building of additional key institutions for the protection of human rights (e.g. CONADEH) will be included in this new program as it was not included in PADH.

- **Participation of Non-State Actors:**

Civil society: is called to play an essential role around human rights (oversight, advocacy, etc.), complementary to that of the relevant official institutions. However, they often lack the necessary capacities (organisational, technical, human and financial) to carry out this role within the system. Moreover, it can be observed the limited spaces for dialogue between CSOs and the Government, the fragmentation of CSOs, and the highly risky environment for human rights defenders. PADH did not particularly target nor actively involve the civil society in the program, reason why it has been criticized by CSOs. Women's organisations carry out their work in a stigmatization and exclusion context, facing continuous threats, surveillance, harassment, criminalization and attacks against their integrity particularly, the members of those organisations that defend common goods and territory, women, students, communicators, and members of LGBTI collectives. Under these circumstances, women's organisations and women human rights defenders catalogue the Honduran's state response to this situation as limited, reactive, and entailing high costs for their organisations.

Private sector: according to several analyses, a significant number of human right violations and violence against human rights defenders relate to the protection of land and natural resources. Economic incentives on extractive agro industries and the use of natural resources are a main cause for conflicts on several locations where local communities are affected on

²⁵ Report on Human Rights Simposium- PADH.2017. pg. 13. "Recommendation on Governance System: The Public Policy adopts a systematic approach for democracy and governance and to jointly attain solutions to the severe problems in the fulfilment of rights for Honduran population"

²⁶ For example complaints registration and filing or education programmes

their property, economy, access to the resources and even health. The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights. Working with capacity building on public institutions towards transparent and efficient processes of consultation and approval of economic inclusive projects; and the participation of private investments on these strategic actions could modify current conflicting situations among stakeholders. There is now a momentum in this regard as for the first time there is an interest from certain private organisations to engage around human rights, and a will from the Human Rights Secretariat to promote the necessary platforms to bring them on-board. ANDI²⁷ and COHEP are private sector representation organisations that have developed initiatives towards the promotion of human rights in their social and economic activities. The elaboration of the Industrial Guide on Human Rights (2015) by ANDI and the Sustainable Enterprises Initiative implemented by COHEP since 2014 illustrate these actions. Working with the private sector on human rights will be an innovation for the new program.

The support to the participation of Non-State Actors, and in particular civil society and the private sector, in the Human Rights system will be a Specific Objective of PRODERECHOS.

- **Access to attention and services at local level:** PADH focused its support at central level. However, the limited access to attention and services to population at local levels, due to the observed disarticulation and weak capacities of local institutions, has been identified as a major challenge. At this stage of the process it is important (and as such will be embedded in PRODERECHOS) to guarantee access to attention and services to population at local level.
- **Towards Prevention:** as the system evolves and matures the almost exclusive focus on protection of human rights should now embrace prevention of violence and human rights abuses as a major strategic priority as important as protection. While prevention was almost marginal within PADH, prevention will be one of the strategic priorities within PRODERECHOS supporting key institutions to design and implement an articulated strategy for the prevention of conflicts and violence with emphasis on vulnerable populations.
- **From the establishment of the framework to the implementation:** PADH has enormously contributed to the establishment of the institutional set-up (including the National Mechanism for the Protection of Human Rights Defenders) and the creation of the necessary regulatory framework, as well as supported the first steps on the implementation. At this stage, the country seems to have the necessary elements in terms of institutional and regulatory frameworks necessary to address the challenges of human rights in Honduras. However, the implementation of all these policies and mechanisms is not yet satisfactory as it lacks among others technical capacities, adequate financial resources, institutional coordination, etc. This is affecting its efficiency and social perception causing for example mistrust on the protection mechanism from those who are expected to use it. PRODERECHOS will therefore support the different actors and processes for the adequate implementation of already existing tools.
- **Changing needs call for flexibility of support:** Human Rights sector has shown a highly evolving and changing context around human rights, and their institutions that translates into continuously changing needs and requirements. A rigid mechanism of support would not be adequate to cope with those needs. In this sense, PRODERECHOS (contrary to PADH), proposes, in the framework of a strategic definition of actions lines²⁸ of support to keep a certain level of flexibility (e.g. reserve of days for short-term non predefined technical assistance) to adapt to those needs and requirements.

²⁷ ANDI: Asociacion Nacional de Industriales (National Industrial Association); COHEP: Consejo Hondureño de la Empresa Privada en Honduras (Private Sector Council in Honduras).

²⁸ The strategic lines are defined in the present action document and the formulation project in next approval phase.

On top of the above mentioned elements, other major challenges that could be considered as root causes of human rights violations are related to corruption, impunity and widespread violence (including violence against women and girls). These issues are addressed as a cross-cutting issue through different EU interventions.

2 RISKS AND ASSUMPTIONS AT PROJECT LEVEL

Risks	Risk level (H/M/L)	Mitigating measures
Diminution in Political will, commitment and support of Honduran government and relevant institutions to support Human Rights affecting capacities to support the key institutions and/or the systemic approach proposed in the program.	H	Political Dialogue strategy will be included in the implementation of the programme. Close M&E from the EU Del during program implementation. A steering committee including institutions, EU Del and civil society could be the most viable way to ensure monitoring and evaluation.
Decrease in Financial Allocation from Honduran government to the sector.	M ²⁹	Political dialogue with key institutions towards the priorities definition and corresponding resource allocation
Deterioration of dialogue between Government and Civil society given the lack of trust of (already) polarized civil society.	H	Promotion of space for dialogue between civil society and Government through this same program. Promotion and education in human rights with public authorities, civil society and the population.
Few CSOs identified with capacities to participate in the programme's defined activities.	M	The program may have to provide more substantial capacity building support than foreseen.
Noncompliance of contractual commitments by beneficiaries: Assignment of professionals (Technical Assistance) with little experience in program management.	H	Joint ex-ante evaluation of the staff proposed. Create clear ToR ensuring that requirements for technical assistance meet with needs of the program.
Instability provoked by post-electoral political and social crisis undermines the institutional advancements to day and weakens even further the meagre achievements in terms of trust building.	M	A close monitoring of the current crisis is on-going and regular engagement with the different actors involved is underway.
Perpetuation of gender inequalities and the exclusion of people in vulnerable situations in the programme activities and attention of responsible human rights institutions.	H	Strategies with active participation of right bearer representatives of vulnerable populations in key actions of the programme; monitoring using disaggregated indicators in the logical framework and making sure of quality participation of representatives of target populations of the programme (vulnerable populations, women in vulnerable conditions, among others) in monitoring activities
Assumptions		
The level of interest, commitment and support for the program by the public institutions involved will remain high.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The implementation of three projects in the rule of law sector in Honduras has provided with relevant lessons to be considered in new interventions in the sector: PADH, EuroJusticia and PASS projects.

²⁹ Currently Honduran government has reported a financial allocation of EUR 960,000 (24 million Lempiras) of national sources (public budget and security tax,) for years 2017 and 2018.

- The three projects showed an increasingly changing environment of the justice, security and human rights sectors. Therefore, regular analysis is necessary to define and implement the adequate risk management strategies in a changing political, institutional and social context. A flexible design is highly recommended for effective actions.
- Active participation and ownership within the respective government agencies/ bodies and key actors can ensure sustainability and the efficacy of the investment. Participatory and transparent activities must be implemented in order to attain adequate acceptance, ownership and sustainability of strategies implemented.
- The PADH and PASS were weak in terms of monitoring and follow-up systems. Monitoring strategy must be developed as initial activity.
- Combined, political dialogue and cooperation actions have shown improved response of interlocutors in the development of actions of the programmes, the approval of the Law,³⁰ the Regulation Framework and creation of the National Protection Mechanism for HRDs were obtained in a relatively short period of time (approximately 1.5 years).
- The implementation period of the projects should consider sufficient time to develop medium term processes. Thanks to a close collaboration of the EU Delegation with the technical assistance and to an extension of the contract, PADH has reached all the expected results. An adequate timeline with sufficient time for implementation after contracting period have to be considered for this project.
- Nonetheless the project presented a gender approach in its formulation, its implementation and monitoring resulted frail. The project will seek to a gender approach and a strategy designing methodologic tools and indicators.

Additionally, lessons learned from PADH experience are also developed in section 1.1.3 (Priority areas for support and problem analysis).

3.2 Complementarity, synergy with donors

Other donors or programs currently active in the area of intervention: the United Nations Development Programme (UNDP), the Office of the United Nations High Commissioner for Human Rights (OHCHR), and the Spanish Cooperation Agency for International Development (AECID) have in the past supported the former Secretaría de Derechos Humanos, Justicia, Gobernación y Descentralización (SDHJGD), now Ministry of Human Rights (SEDH). Although there is still opportunities for improvement in the coordination and harmonization of instruments between these actors, very little overlapping could be observed in the past.

Regarding the implementation of the Law for the Protection of Human Rights Defenders, other donors have expressed their interest of potential future support: USAID, Canada and Swiss Agency for Development and Cooperation (COSUDE in Spanish).

In the framework of the roundtable of donors in Honduras G-16, efforts are made to enhance coordination among cooperation agencies involved in the sector³¹. PRODERECHOS has considered these conclusions and is building the strategy oriented to identified needs, in coordination with other agencies to reduce risks of duplicities or overlaps and will have a strong orientation to coordination

³⁰ The Law for the Protection of Human Rights Defenders, Journalists, Social Communicators and Justice Operators

³¹ A study financed by Switzerland³¹ cooperation concludes that high concentration of efforts is addressed by agencies in certain areas with gaps on other important areas. (Attention to victim's vs less prevention, emphasis on certain population's vs less attention to specific vulnerable groups).

efforts with other donors involved to ensure complementarity and impacts from donor investment. Agencies³² involved are:

Spain's contribution in the sector: The Spanish Cooperation concentrates one sector of interventions in consolidating the democratic processes and the Rule of Law through the following lines of action: i) to strengthen the quality of democracy, ii) to strengthen public sector structures and their management systems, and iii) to support the respect of human rights. Within the Eurojusticia programme, which is to accompany the reform of the security and justice sector in Honduras, AECID³³ is in charge of the component PIT (Proyecto de Lucha contra la Impunidad y Apoyo a la Transparencia.)

Canada's contribution in the sector: in Honduras, Canada's development assistance in the area of "human rights, governance and democracy" aims to strengthen the rule of law and the capacity of government, institutions and civil society to increase access to justice, combat corruption, empower children, youth, women, indigenous peoples, LGBTI, human rights defenders, and protect their rights. Operational bilateral projects include: a contribution to the OAS Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH); a grant to United Nations Population Funds (UNFPA) to promote the sexual and reproductive rights of adolescents and a grant to UNICEF to strengthen the child protection and juvenile justice systems. Two to three new projects that are currently in planning will aim to reduce impunity in cases of violence against women and LGBTI and improve access to justice for the most vulnerable groups of society, including human rights defenders, for this purpose a new project "Justice, Governance and Fight against Impunity" has been recently launched³⁴. Several smaller regional initiatives work on preventing irregular child migration, fight cybercrime against children, help combat gangs and criminality and strengthen border security.

Switzerland's contribution in the sector: Switzerland's development assistance to Honduras is aligned to the OECD DAC principles for states of fragility which characterizes Honduras by weak of rule of law and institutions, high level of violence, militarization as well as endemic poverty. Switzerland supports the Office of the High Commissioner of Human Rights in Honduras and the MACCIH. Furthermore, Switzerland strengthens security sector reforms along international standards including implementation of comprehensive territorial security plans in two geographic clusters: Golfo de Fonseca and La Mosquitia (pocket of exclusion). Switzerland supports civil society networks to address themes such as protection of Human Rights Defenders, strengthening of liberty of expression or promoting social auditing.

USA Contribution in the sector: the USAID/Honduras Country Development Cooperation Strategy (CDCS) goal is a more prosperous and safer Honduras that advances inclusive social and economic development among vulnerable populations. USAID works towards two Development Objectives: 1) Citizen security increased for vulnerable populations in urban and high-crime areas and 2) Extreme poverty sustainably reduced for vulnerable populations in Western Honduras. Under Development Objective 1, USAID is scaling-up programs which provide educational and off-street social opportunities for at risk youth, community infrastructure that mitigates crime, schools and classroom infrastructure to increase access for youth beyond the sixth grade, social services to address household and gender based violence. Freedom House (FH)/USAID is undertaking a two-year (2017-2018) project entitled "Defending the Defenders: Strengthening Honduras Human Rights Defenders Protection Mechanism". A close coordination is established between EU and Freedom House/USAID for synergies and complementarities. *USAID* is also currently implementing a project oriented to support Human Rights, Security and Justice "Unidos por la Justicia".

United Nations System in Honduras

³² At the next stage of formulation a complete matrix of donors will be developed.

³³ Indirect centralised, delegation to AECID (LA 2013/334-111); PIT for its acronym in Spanish means: Project for the Fight Against Impunity and Support to Transparency

³⁴ Avocats Sans Frontiers Canadá

OHCHR: The Honduran OHCHR promotes the full respect of human rights, accompanying the country in fulfilling its international commitments. The contribution and interaction between OHCHR and CONADEH is fluid in terms of human rights information exchange and technical assistance to strengthen the management of CONADEH³⁵ such as the Honduran NHRI³⁶. EU and OHCHR will cooperate within PRODERECHOS by regular meeting for information exchange and potentially establishing a strategic alliance for cooperation in the sector.

United Nations Development Programme (UNDP): The EU Delegation in Honduras is also managing together with UNDP a project on Insider Mediation and Conflict Prevention, which belongs to a global effort including 9 pilot countries, one of which is Honduras.

United Nations High Commissioner for Refugees (UNHCR) Recently the EU Delegation has also initiated a cooperation with UNHCR, signing a contract for enhancing protection to forced child migrants in Honduras, El Salvador and Guatemala. This activity follows up on funding provided to UNHCR in the past by DG ECHO.

EU Contribution in the sector:

PADH (see Chapter 1.1.3): PRODERECHOS is obviously complementary to the Programme for the Support of Human Rights in Honduras (PADH) that played a key role in the strengthening and upgrade of key institutions in the sector.

EIDHR: Since 2008, over 30 actions impacting Honduras have been implemented through the EIDHR instrument for a total amount of EUR 6,303,568 in Honduras and EUR 2,853,997 in the region with an average contribution by project of EUR 300,000. The EIDHR in Honduras, is used as complementary instrument to geographical programming, and is primarily intended to support CSOs initiatives in their role for the defence of human rights and democracy construction. The flexibility and openness of EIDHR to work directly with HRDs and initiatives in local level, allows mutual reinforcement with the bilateral cooperation tools.

EIDHR is a very useful instrument, but has limited funds (EUR 600,000 average per year). It is often used as short term actions to prevent real time crisis, protect human rights defenders in crisis and provide emergency protection services. PRODERECHOS' second component to support civil society is framed on a medium term vision to institutional and structural change at national and local level towards an inclusive and participative human rights system.

Spotlight Initiative: In partnership with the United Nations, EU is implementing a global project, the Spotlight Initiative which aims to eliminate all forms of violence against women and girls. In Honduras, due to the critical situation of violence, particularly femicides that have reached endemic levels and the second highest in the region, Spotlight will focus attention and efforts to fight killings against this population. For this purpose, the project will address six strategic actions: the strengthening of legislative and policies framework and institutional engagement; prevention action towards gender awareness, social and behavioural change; support to the provision of quality services and attention; strengthening information production and diffusion and support to empower and promote participation of women and girls. The project has allocated EUR 8 million budget in Honduras for a 4 year period of implementation.

Other EU Programs: programs like EUROACT, EUROJUSTICIA, or regional programs (ICRIME³⁷, El PACTO, CASAC³⁸, etc.) support the fight against corruption and impunity as well as prevention of the violence, all of them root causes for human rights abuses. It should also be mentioned the initiative

³⁵ Between August and November 2016, the OHCHR carried out a Capacity Assessment of CONADEH, which is currently being implemented. It also supported the training of CONADEH staff at the national level on economic, social, cultural and environmental rights (ESCR) issues.

³⁶ NHRI: National Human Rights Institutions

³⁷ Cooperation on Criminal Investigation in Central America to Fight Transnational Crime and Drug Trafficking

³⁸ Central American Small Arms and Light Weapons Control Programme

VPA-FLEGT that supports the protection of human rights in relation to natural resources, establishing linkages with the Free, Prior, Informed Consent (FPIC) Regulation approved and signed in June 2018.

3.3 Cross-cutting issues

This intervention is built on a rights-based approach drawing attention to the basic obligation of the state to take care of its most vulnerable citizens, including those not able to claim their rights for themselves. The entry point is the strengthening of the institutions involved in the Human Rights sector and support the participation of Non-State Actors, with a special focus on vulnerable groups which include women, and people living in vulnerable conditions including children, youngster and elders, indigenous peoples, LGBTI, people with disabilities, HRD, journalists, justice operators, persons deprived of liberty, and forcibly displaced persons. Vulnerable people will therefore be at the heart of this intervention.

The proposed Rights Based Approach (RBA) methodology will follow the necessary elements in order to apply a RBA to development: i) assessment and analysis in order to identify the human rights claims of rights-holders and the corresponding human rights obligations of duty-bearers as well as the immediate, underlying, and structural causes of the non-realization of rights; ii) program assess the capacity of rights-holders to claim their rights and duty-bearers to fulfil their obligations; and iii) program monitor and evaluate both outcomes and processes guided by the human rights principles.

Reinforced gender equality approach through ensuring the full enjoyment of all Human Rights by women and girls and by the attention of human rights issues particularly relevant for woman (VAWG, femicides, etc.) and greater participation of women in strategic actions of the Human Rights sector is among the objectives of the program.

A significant number of human rights abuses are related to access to natural resources and threats to environmental sustainability. Therefore, this program will have an indirect but important impact on the protection of those resources.

The program will establish synergies with National Committee for the Prevention of Torture, Cruel, Inhuman or Degrading Treatment (CONAPREV) and its National Prevention Mechanism (MNP CONAPREV) with special focus on women deprived of liberty.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant in the framework of the Agenda 2030. It contributes primarily to the progressive achievement of SDG goal 16: “Promote peaceful and sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level”. It targets in particular 16.6: “Promote the rule of law and Develop effective, accountable and transparent institutions at all levels” and 16.7: “Ensure responsive, inclusive, participatory and representative decision-making at all levels”. The program also seeks to contribute to SDG goal 5: empower women and girls.

PRODERECHOS will be implemented in line with the Honduran strategic "National Plan 2010-2022" particularly contributing to its objective number 2: "Honduras is developing in democracy, safety and without violence".

In line with the Public Human Rights Policy and Action Plan, the project will contribute directly to the compliance with the Strategic Guidelines on Justice System and Vulnerable Populations; nonetheless its actions will imply an overall contribution to policy at large.

This program also responds to the following overall **objective of MIP 2014-2020**: "*Contribute to achieving a democratic and secure country, free of violence, based on a transparent, efficient, inclusive and competitive state (as defined in national development plan)*".

The expected results of MIP 2014-2020 related to this action within the Rule of Law Sector are:

- R2: A consolidated national system to promote and protect human rights will be in place and functioning and
- R5: Public policies will be designed, implemented and monitored with increased civil society involvement

Overall Objective:

To support the consolidation of the national system to promote, protect and ensure compliance with human rights in Honduras for all men and women.

Specific Objectives:

- **SO1:** To support national efforts for the institutional strengthening and harmonization of a National System of Human Rights at national and local level in line with the National Policy for Human Rights of Honduras³⁹.
- **SO2:** To support the active participation of Non-State Actors in the National Human Rights System as key agents for the promotion of human rights, prevention of abuses, and the formulation, implementation and oversight of policies and strategies related to human rights.

Induced Outputs

- In order to achieve **Specific Objective 1**, the following results (outputs) are expected:
 - **IO 1:** The **National Human Rights System complaints management and regulatory frameworks** are **harmonized and strengthened**.
 - **IO 2:** The **capacities of key national institutions** acting in the human rights system (SEDH, CONADEH, public attorney's office, MNP- CONAPREV) are **strengthened** in order to comply with their mandate.
 - **IO 3:** The **capacities of human rights institutions at local level** are **strengthened** and institutional articulation is achieved in prioritized geographical areas.
- In order to achieve **Specific Objective 2** the following results are expected:
 - **IO 4:** The **Human Rights Civil Society Organizations' capacities are improved and are organized in local platforms**
 - **IO 5:** **Business enterprises** are aware of their responsibilities around human rights and integrate these responsibilities within their policies and activities.

4.2 Main Activities

The indicative **activities** are in line with the indicative strategic actions (see chapter 1.1.3):

For IO 1 (The National Human Rights System complaints management and regulatory frameworks are harmonized and strengthened):

- Support a strengthened and coordinated interinstitutional attention and response to complaints of human rights violations.

³⁹ The National System of Human Rights is a set of legislative package and the governmental and non-governmental bodies that contribute to the implementation of the national plan of action for the respect and prevention of human rights in Honduras.

- Support to legal and regulatory framework analysis towards interinstitutional articulation of the National System of Human Rights regarding complaints attention, management and resolution.
- Support to the formulation of an interinstitutional strategic plan to implement improved processes (human rights complaints registration, attention, protection and monitoring).
- Support the strengthening of interinstitutional coordination mechanisms as regards complaints management, follow-up and resolutions.
- Support for the assessment, design and implementation of an inter-institutional response for the Human Rights Defenders' Protection System including:
 - Asses the inter-institutional procedures and roles to protect human rights defenders and an implementation plan with institutions involved.
 - Design a digital system for communication and documentation of the cases that are taken care of in the General Directorate for the Protection Mechanism.
 - Design and implement a work plan for a specific mechanism for protection for justice operators.
 - Design and implement a communication and information strategy oriented to institutions and potential users/victims.
 - CSOs supported by the program could provide technical assistance to HR institutions.
- Support to the design and implementation of a mechanism for the prevention of conflicts and human rights violations.
 - Support and promote the review and implementation of an inter-institutional plan for prevention of violence and human rights violations at central and local level.
 - Design, promote and implement a national and local mechanism of alert and conflict mediation which mediates among polarized groups and sectors.

For IO 2 (Capacities of key national institutions (SDHJGD, CONADEH, Public Attorney's Office, MNP-CONAPREV and the General Direction of the Protection mechanism) acting in the human rights system are strengthened in order to comply with their mandate⁴⁰):

- Technical assistance to the Human Rights Secretariat to coordinate the implementation and monitoring of the Human Rights Public Policy and National Action Plan on Human Rights recommendations and obligations at national and subnational level. Prioritization of strategic actions to implement according to specific needs of vulnerable populations.
- Support to update⁴¹, socialize and empower the Human Rights Public Policy and National Action Plan on Human Rights among key public actors, private sector, CSOs, right bearers.
- Technical assistance to support the consolidation of monitoring and information systems (Human Rights Observatory, SIMORE⁴²), with a gender approach and inclusive disaggregation of vulnerable populations addressed by the programme.
- Assistance and accompaniment to CONADEH to comply with its role and mandate and raise institution's profile to category "A" from current category "B" by Global Alliance.
- Support to the Public Attorney's Office key human rights related units⁴³ to strengthen capacities for investigation and prosecution processes as well as information mechanisms as regards human rights violations in the country.

⁴⁰ All the institutional activities must be included in the Strategic Institutional Plans (PEI), the instrument adopted by Honduran government to implement the results oriented model of public management, including budgeting.

⁴¹ If required or demanded by key institutions

⁴² SIMORE: Sistema de Monitoreo de Recomendaciones de Derechos Humanos- Human Rights Recommendations Monitoring System

- Support the MNP-CONAPREV to strengthen its monitoring, information, lobbying and resolution capacities for the prevention of torture and degrading treatment of persons deprived of liberty.
- Support the MNP-CONAPREV to design and implement a plan to address priority needs of people deprived of liberty with emphasis on women (human rights violations prevention, rehabilitation and reinsertion plans may be considered). Support the integration and implementation of a Human Rights School and Education Plan for key beneficiary institutions, ensuring contents and materials are gender sensitive.
- Design and implement an inclusive and integrated communication plan to promote human rights awareness and culture with an active participation of youngsters (boys and girls) at local levels and media education programmes.
- Support the design and implementation and monitoring of strategies in key human rights institutions for a strengthened approach towards gender equality and address to women's main problems in terms of human rights violations and reinforce the participation of women organisations as accountability agents in policy-making and strategies at all levels.

For IO 3 (Local capacities of human rights institutions in prioritized geographical areas are strengthened and institutional articulation is achieved to provide access and efficient attention to the population):

- Support the SEDH to design and/or implement a plan to socialize and implement the Human Rights Public Policy at the local level (local authorities, local public institutions, CSOs, private and local representative organisations, etc.).
- Provide assistance to strengthen the coordination between institutions⁴⁴ involved in the National System of Human Rights at the local level, in compliance with their mandates, to provide attention and response to complaints of human rights violations as well as to implement a prevention mechanism.
- Support with technical assistance to define geographic areas and strategic actions according to rates of violence/human rights violations and conflicts, types of investments, and institutional presence and their situation.
- Support the improvement of the attention and registration system of complaints at local levels through strengthening institutional capacities of CONADEH for a better access to justice with emphasis on vulnerable populations.

For IO 4 (The Human Rights Civil Society Organizations' capacities are improved and are organized in local platforms):

- Support the strengthening of national and local civil society organizations through technical capacity building on human rights promotion and prevention of violence and human rights violations.
- Through training, workshops, information sharing and dialogue spaces, improve capacities of human rights civil society organizations for CSOs-State and CSOs' internal dialogue.
- Creation and/ or strengthening of national and local platforms for dialogue, oversight and participation in the implementation of national and local human rights policies and strategies.
- Support to the design and implementation of local plans for inter-institutional coordination, involving grassroots organizations, local authorities and regional offices of key institutions are implemented in prioritized regions.

⁴³ The Public Attorney's office prioritizes demand of support to the units: Ethnic Special Attorney's Office, newly created HRDs Protection Special Attorney's Office, Human Rights Special Attorney's Office

⁴⁴ Key beneficiary institutions of ProDerechos CONADEH regional offices, Public Attorney's offices, CONAPREV's local prevention community boards, SEDH's local offices which may strengthen synergies with local authorities, CSOs and private local representation.

- Support and accompany CSOs on the implementation of actions to protect human rights and prevent violence and human rights violations against women, girls and women HRDs at national and local levels.
- Support and accompany the active participation of CSOs in the implementation of the Mechanism for Protection of HRDs at local levels in coordination with the Human Rights Secretariat and its General Directorate to the Protection System.
- Support civil society as to the implementation of education on human rights and violence prevention and communication programs at the local level to uphold and enhance human rights culture.
- Strengthening oversight capacities regarding State's compliance with human rights obligations.
- Support participation of Non-State Actors, with a special focus on women's organisations, in the National Human Rights System as key agents for the promotion of human rights, prevention of abuses as well as the formulation, implementation and oversight of policies and strategies related to human rights.

For IO 5 (Business enterprises are aware of their responsibilities around human rights, and integrate these responsibilities within their policies and activities):

- Support the involvement of private sector representatives in the relevant human rights platforms and private sector's dialogue with other stakeholders (public institutions, CSOs and within private sector) at national and local levels.
- Support the implementation of an action plan for the institutionalization and application of the United Nations Guiding Principles on Business and Human Rights through private sector organizations (ANDI, COHEP and chambers of commerce).
- Support the socialization and empowerment of United Nations Guiding Principles on Business and Human Rights among involved actors (government, CSOs, private sector).
- Strengthening the institutional capacities in terms of oversight in order to meet human rights obligations of the relevant Government institutions when they contract with, provide permits, or legislate for business enterprises to provide services that may impact upon the enjoyment of human rights; ensure a structured follow-up of these activities⁴⁵.
- Raising awareness and providing training among business enterprises on the respect of human rights and their responsibility around it (avoid causing or contributing to adverse human rights impacts through their own activities and addressing such impacts when they occur; seeking to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts).
- Support business enterprises to help them identify, prevent and mitigate the human rights-related risks of their activities and business relationships.
- Support business enterprises in addressing human rights impacts derived from their activities and taking remedial actions.
- Support to designing, strengthening and implementation of incentives, certifications, normalization processes into production and/or commercial chains towards compliance of human rights standards.

4.3 Intervention logic

Human rights violations are one of the main challenges in terms of rule of law in Honduras. Some of the root causes are related to corruption, impunity and widespread violence, and addressed through

⁴⁵ A specialized unit in the HR Observatory with corresponding data and/or indicators may be considered.

other EU programs such as EUROACT, EUROJusticia and Spotlight Initiative. Beyond those, the main challenges are related to: weaknesses in capacities of key actors (especially at the local level); lack of coordination of the different actors around common⁴⁶ processes; lack of spaces for dialogue between institutions and civil society; difficulties in the execution of the CSOs mandate in terms of promotion and protection of human rights and oversight of policies; limited involvement and commitment from the private sector; insufficient attention to prevention of human rights abuses; weak implementation of the regulatory framework and a need for consolidation of the institutional framework, etc.

PRODERECHOS will follow a comprehensive and balanced approach to tackle this sector including, on the one hand, support to the institutional frameworks and actors for the prevention and protection of human rights, and, on the other hand, support to Non-State Actors (notably civil society and private sector) to help them play their role. Participation of rights holders will be promoted.

The programme will continue reinforcing capacities of key institutional actors and accompany them in the implementation of the existing policies and supporting interinstitutional platforms and processes including at local levels. It will additionally strengthen the prevention of human rights abuses, a dimension that has not been sufficiently prioritised until now. At the same time, PRODERECHOS will reinforce the capacities of human rights CSOs, support their structuring and accompany them in the provision of their mandates. Support to the institutions to address human rights in relation to private sector operators as well as support to business enterprises in HR platforms and the integration of human rights considerations in their strategies and processes will complement the above.

Both specific objectives of the programme will give a special emphasis to the attention of vulnerable groups which include: women, elders and youngsters in vulnerable situations, LGBTI, people suffering from HIV / AIDS, indigenous peoples and afro descendants, people with disabilities, human rights defenders, journalists, justice operators, environmental defenders and defenders against torture, persons deprived of liberty and forcibly displaced persons. The programme will identify specific and prioritized strategic actions accordingly to the needs of the each target population of the programme, and in line to the compliance of the National Public Policy.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

⁴⁶ Registration, attention, protection, and monitoring processes

5.4 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation⁴⁷.

5.4.1 Procurement. Direct Management

A service contract is foreseen to be signed with a service provider selected through a tender procedure. This contract would directly implement Results 1-3, and 5 mainly through technical assistance, and ensure the implementation of overall intervention, including result 4.

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance aiming at capacity building of a National Human Rights System.	Services	1	T1 2019
Evaluations midterm and final/Audit	Services	2/3	T2 2021 T2 2024

A specialized long term contract is foreseen aiming to provide assistance and strategic and technical advice to the national institutions involved in human rights sector during the duration of the action. This contract will provide technical assistance and accompaniment to the Human Rights Ministry, as a coordinator of the action and the implementation of the Human Rights Public Policy, in terms of strategic planning, monitoring and reporting of the action. As well, it will provide CONADEH, Public Attorney's Office, MNP-CONAPREV, private sector and CSOs, technical support in accomplishing the objectives defined in the action. A number of technical assistance missions (TA) will be provided to each of the beneficiary institutions involved to attain the objectives of the action. An indicative amount for this contract is EUR 4.8 million

This service contract will also include the design and implementation of a monitoring mechanism of the action's results and indicators. Some minor procurement interventions to support the achievement of objectives and involved institutions, in favour of the final beneficiaries, carrying out certain studies and investigations, information documents and communication and visibility.

Indicative technical services that could be included in the contract are:

- Support national institutions (Technical and Director Committees) for the coordination of the implementation of the programme with all actors involved (Gov't, CSOs, private sector)
- Provision of services through technical assistance to the different actors involved (long and short term experts) according to the expected results of the action (central and local level)
- Design and implement an interinstitutional coordination, decision making and communication mechanism
- Technical assistance for the follow up and monitoring of the implementation of the programme.
- Subcontracting of related specialized studies, investigations, technical analysis
- Coordination of the design and implementation of a communication and visibility strategy
- The coordination of implementation and follow up of Result 4
- A percentage of TA days may be programmed for flexible response to demands from key beneficiary institutions in accordance to the programme's objectives

⁴⁷ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

Related institutions, not identified as key beneficiary institutions, may be included in TA´s to respond to objectives (indicative): Security Ministry, MiAmbiente, National Women´s Institute, IUDPAS Violence Observatory (for ex. HR training or education programmes, or capacity building of HR related units or commitments)

5.4.2 Grants: call for proposals (direct management)

A call for proposals will be launched and successful candidates would sign at least one contract. Indicatively, NGOs would be encouraged to apply in consortium of NGOs composed by one main applicant and several co-applicants complementing each other through different expertise and geographical coverage. Subgranting will be included to extend the geographical and beneficiaries scope of attention of the intervention. This contract/s will implement Result 4.

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results.

The main objective of the call is to support Human Rights Civil Society Organizations´ for improved technical and organisational capacities to engage in platform/s for a meaningful dialogue with the institutional partners, as well for the promotion and protection of human rights in the formulation, implementation and oversight of policies and strategies. Eligible actions will respond to the indicative activities listed in Result 4 (ER4) of section 4.2.

(b) Eligibility conditions

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 3 million and the grants may be awarded to a consortium of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 48 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95%. In accordance with Articles 190.3 of Regulation (EU, Euratom) 2018/1046, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission´s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

III Trimester 2019

As in the previous proposal 3 direct managed service contracts for the mid-term and final evaluations, would also need to be launched. This would involve a total of 4 contracts under this program.

5.5 Scope of Geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

5.6 Indicative budget

The following table corresponds to proposed contracts structure:

<i>Module</i>	<i>Amount in EUR</i>	<i>Indicative third party contribution</i>
5.1. Procurement (direct management)	<u>4,800,000</u>	0
Technical assistance which includes communication and visibility	4,600,000	
Evaluations/Audit	200,000	
5.3. – Direct management with CSO Grant	<u>3,000,000</u>	0
Contingencies	<u>200,000</u>	0
Total	<u>8,000,000</u>	0

5.7. Organisational set-up and responsibilities

ProDerechos implementation will be based on Direct Management by means of two main contracts: a specialized technical assistance and a CSO Grant to a Consortium/ of CSOs. Thus, the signature of a Financing Agreement will be signed with the Government of Honduras. The principal coordinating institution will be the Human Rights Secretariat.

A tender procedure will be launched under the "*Practical Guide to contract procedures for EU external actions*", to contract a Technical Assistance (TA) to provide technical support and accompaniment to the Human Rights Secretariat, as coordinator of the action and provide technical services to involved stakeholders (CONADEH, Public Attorney's Office and MNP-CONAPREV) in the implementation of the programme.

The TA will indicatively consist of at least 3 senior experts: one senior human rights expert, a senior administrative expert, a senior CSOs expert; as well, expert on relations with private sector and human rights and business and other related strategies is desired, short term specialized technical assistance to involve stakeholders which will be contracted in accordance to the needs and requirements and objectives of the program.

The Call for Proposal is foreseen as a centralized management procedure, the TA will provide support in the provision of technical and administrative support to prepare, launch, evaluate, implement and monitor the call and grants.

Decision Making and Technical operation of the Programme

The strategic management and decision making of the action will be assumed by a Steering Committee and a Technical Committee in which stakeholders involved will have representation. The EU and the UN's High Commissioner representative would participate as observers in both committees. The Technical Committee will be integrated by representatives of the involved institutions and it will be in charge of the follow-up and implementation of the activities of the programme.

5.8. Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than each semester) and final reports. The implementation of a monitoring mechanism to the actions, results and indicators shall be included. For this purpose, a monitoring and evaluation system will be designed and implemented. This system will be RBA and gender sensitive. The design of the monitoring system and baseline exercise will be a responsibility of the Technical Assistance (TA) that will be contracted in the initial phase of the programme's implementation. A baseline exercise shall be programmed in the beginning of implementation period. This exercise under TA's responsibilities, shall include primary and secondary information collection methods, for quantitative and qualitative analysis, which will be the information basis for monitoring and evaluation exercises.

Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The project has allocated financial resources for intermediate and final evaluations of the action. The Commission may also undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, indicatively, two direct managed contracts, a mid-term and final evaluation(s), will be carried out for this action or its components via independent consultants. The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to institutional strengthening and goals and results attained at this stage of implementation. It will be carried out a final evaluation for accountability and learning purposes at all levels (including for policy revision).

The Commission shall inform the implementing partner at least 3 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities].

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The contracts for evaluation services shall be concluded under a framework contract.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

[APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ⁴⁸]

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To support the consolidation of a National System to promote, protect and ensure compliance of human rights in Honduras for all men and women.	- Fundamental Rights Group of indicators of the Rule of Law Index	Score: 0.43 2018	0.53 in 2024 TBD in inception phase	World Justice Programme/ Rule of Law Index Reports/ Fundamental Rights	
Specific objective(s): Outcome(s)	SO1: To support national efforts for the institutional strengthening and harmonization of a National System of human rights at national and local level, in line with the National Policy for Human Rights of Honduras.	- Number of days to fully respond human rights complaints filed by CONADEH and involved institutions - Proportion of CONADEH's human rights restitution resolution (38,9% in 2017) effectively executed by competent body disaggregated by sex and vulnerable populations	To Be determined (TBD) in inception phase 38,9% in 2017	TBD In inception phase 48,9% TBC In inception phase	CONADEH Annual Report including other institutions' performance of timeline CONADEH Annual Report Public attorney's Report	A clear political will, commitment and support of Honduran Government is demonstrated with the allocation of required resources in institutions to implement the project.

⁴⁸ The logical framework will be updated by means of an addendum once the necessary studies and analysis are concluded in order to establish the baseline for those indicators that require initial data.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
		<ul style="list-style-type: none"> Executed budget in prioritized institutions 	<p>0 (2018) Available in april 2019</p>	<p>2023 TDB In inception phase</p>	SEFIN Reports	
	<p>SO2: To support the active participation of Non-State Actors in the National Human Rights system as key agents for the promotion of human rights, prevention of abuses, and the formulation, implementation and oversight of policies and strategies related to human rights.</p>	<ul style="list-style-type: none"> Number of harmonize, coordinated and sustainable instruments for human rights implemented at local level, supported by non-state actors, disaggregated by CSOs and enterprises credibility and trust survey rating on protection measures Outcome? 	<p>0 (2018)</p> <p>baseline results to be collected in 2019</p>	<p>15 TBC in inception phase</p> <p>25% improvement by 2022</p>	<p>Annual Report of CSOs implementing grants Technical Assistance (TA) periodic Reports on EO5 results</p> <p>Annual Survey of perception to human rights defenders users and potential users of the protection mechanism</p>	<p>CSOs and business representations are willing to participate and dialogue regarding Human Rights issues</p>
Induced outputs	<p>FOR SO1</p> <p>EO 1: The National Human Rights System complaints management, and Regulatory Frameworks are harmonized and strengthened.</p>	<ul style="list-style-type: none"> Status of the Official institutional document establishing dispositions for ensuring the harmonization of legal attributions and competencies of key human rights institutions included into its legal framework Number of actions to promote the awareness and use of the prevention mechanism at national and local level. 	<p>No document available (2018)</p> <p>0 Implemented with support of this action (2018)</p>	<p>1 (N+3)</p> <p>5 at central level 18 at local level By 2023</p>	<p>Legal institutional document developed</p> <p>SEDH Report/General Directorate of Prevention Report Published</p>	<p>All the institutions involved in the Human Rights systems are willing to engage in a legal and institutional harmonization process</p>

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	EO 2: The capacities of key national institutions acting in the human rights system (SEDH, CONADEH, public attorney's office, MNP- CONAPREV) are strengthened in order to comply with their mandate.	<ul style="list-style-type: none"> Status of Results oriented Strategic Institutional Plan (PEI) of involved public bodies. 	0 (2018)	4 PEI developed and implemented (2020)	Presidential Directorate of Planning, Results oriented Budgeting and Public Investment	The institutions involved in the Human Rights System are committed to implement strategic actions to comply with their mandate, in the framework of the result oriented Institutional Plan (PEI)
	EO 3: The capacities of human rights institutions <u>at local level in prioritized geographical areas</u> to respond and resolve human rights claims are strengthened and institutional articulation is achieved	<ul style="list-style-type: none"> Status of Action plan to implement human rights public policy at local level Number of municipalities implementing actions for the promotion and protection of human rights with support of this action Number of complaints and claims resolved at local level by CONADEH and other involved human rights bodies disaggregated by sex and vulnerable populations 	<p>No action in place in existence (2018)</p> <p>0 (2018)</p> <p>0</p>	<p>1 (2020)</p> <p>15 (TBC)in inception phase</p> <p>TBD In inception phase</p>	<p>SEDH Action Plan</p> <p>SIQUEJAS/CONADEH</p> <p>SIQUEJAS/CONADEH</p>	There is will of institutions involved, to articulate strategies to address Human Rights issues at local level.
	FOR SO2 EO 4: The Human Rights Civil Society Organizations' capacities are improved and are organized in local platforms	<ul style="list-style-type: none"> Number of actions/interventions implemented with the support of this action through local platforms as referred to in ER4 section 4.2. Number of published oversight reports 	<p>0 (2018)</p> <p>0 (2018)</p>	<p>15 per platform TBC in inception phase</p> <p>1 report per</p>	<p>Minutes of platform meetings CSOs Report</p> <p>CSOs Oversight Reports</p>	CSOs are willing to establish and engage an internal dialogue and a dialogue with Government regarding policies, strategies to address human rights issues.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
		<ul style="list-style-type: none"> Number of female HRDs who have received attention and response to Human Rights violations claim at national and local level 	baseline results to be collected in 2019	platform/year 15% Improvement (2023)	CSOs Grants Implementation Reports SIQUEJA/CONADEH	
	EO 5: Business enterprises are aware of their responsibilities around human rights, and integrate these responsibilities within their policies and activities.	<ul style="list-style-type: none"> Instrument to collect data regarding the application of UN Business and Human Rights guiding principles by enterprises Number of enterprises applying UN Business and Human Rights guiding principles. 	0 (2018) 0 (2018)	1 (2019) 40 TBC in inception phase	Measurement Instrument Companies' publications, web pages	Private sector at national and local level is willing and committed to the promotion and implementation of the principles of Business and Human Rights