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EN

MULTIANNUAL INDICATIVE PROGRAMME 2014-2020

HONDURAS

2014-20 MULTIANNUAL INDICATIVE PROGRAMME FOR HONDURAS

1. OVERALL LINES FOR THE EU RESPONSE

1.1. STRATEGIC OBJECTIVES OF THE EU'S RELATIONSHIP WITH HONDURAS

The entry into force of the Association Agreement between the EU and the countries of Central America 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 governance.

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

The EU and Honduras are committed to working together on eradicating poverty, creating jobs and fair and sustainable development, including in particular areas such as improving Honduras' vulnerability to natural disasters through Disaster Risk Reduction measures, and conserving and protecting global public goods like the environment, climate and biodiversity. To do this, the EU and Honduras will involve all stakeholders, including civil society and the private sector. The Association Agreement focuses on the growing, sustainable economic relations between the EU and Honduras, in particular in the areas of trade and investment, which are essential for deepening the regional integration process, economic and social development, modernisation, and technological innovation.

The EU and Honduras also recognise the importance of promoting stability, security and justice, including by countering drug trafficking, organised crime and corruption. The EU considers important to help Honduras to build stronger and more independent institutions, better able to respond to these issues, and to increase citizens' participation in the democratic process, especially with regard to vulnerable groups, such as women, ethnic minority groups, young people, and the rural population. The EU is particularly interested in supporting human rights and helping to put in place conditions to effectively protect these. In addition, emphasis will be put on governance issues, including the management of natural resources, through the Forest Law Enforcement, Governance and Trade process, for example.

These shared objectives will be pursued through political dialogue, cooperation and trade, the three pillars of the Association Agreement. The upgrading of the EU Delegation to Honduras to fully-fledged diplomatic representation in 2013 has helped to consolidate political dialogue. The EU's work in Honduras is complemented by its wider regional collaboration in Central America, which focuses on issues where work at regional level will add particular value, such as economic and social integration and reducing vulnerability to disasters and climate change. Honduras will benefit from coherent combined assistance at both national and regional levels. To support this, the principle of subsidiarity will apply when designing national and regional projects on trade and climate resilience.

Structured joint action plans agreed between Honduras and its donors have existed since the Stockholm Declaration of 1999, which covered reconstruction, governance, human rights and aid effectiveness. The G-16 group of donors originates from this. Since 2010, the 2010-22 National Plan (<http://www.plandenacion.hn/plandenacion>) provides an updated framework for coordinating action, including a National Plan Council, and constitutes the basis of the current multiannual indicative

programme. It is in this context that, in 2013, the heads of mission of the EU Member States represented in Honduras agreed on a roadmap to progressively implement joint programming. This is expected to be effective from 2018, following synchronisation of the relevant programming cycles.

Civil society is a key partner for the EU in promoting sustainable development. It is important to recognise that civil society organisations in Honduras still face challenges in strengthening their role as development actors and achieving better dialogue with government institutions. The EU will pursue political dialogue as part of a comprehensive approach to promoting an environment that empowers civil society. It will seek to ensure that the actions it takes consistently contribute to increasing civil society participation in development processes.

1.2. CHOICE OF SECTORS

The proposed intervention builds on the lessons learnt from evaluating the EU's cooperation with Honduras between 2002 and 2009. Serious sector analysis is key to success, and there is a particular need for real state policy and clear demand. Exit strategies for projects and a real policy dialogue are required, particularly regarding natural resources management. The evaluation highlighted vocational training and the rule of law as priority sectors. Significant results may be obtained with limited cost: a joint project responding to demand at the right time and at the right level can be effective and efficient. During the consultation process, synergies were identified between sectors 1 (agriculture) and 2 (rural employment), which will be analysed in greater depth and put to best use during the formulation of individual projects. The EU will work to ensure complementarity with previous actions financed by other EU programmes and implemented by non-state actors. This includes activities in previous focal sectors, such as forestry and decentralisation. Human rights, with appropriate emphasis on economic, social and cultural rights and gender equality, as well as environment and disaster risk reduction will be mainstreamed across all sectors.

1. Food security: policy and strategy with a focus on family agriculture

In present-day Honduras, 46% of households barely have enough income to cover the cost of the basic food basket. Most of these are hillside farmers with little or no land of their own, scattered across rural areas but with a concentration in the 'dry corridor', a region suffering from an extended dry season and an increasingly unstable rainfall pattern in the wet season. Severe poverty, limited access to clean water, a nutrient-deficient diet (largely corn and beans), poor sanitation, and low levels of breastfeeding all contribute to this high level of food insecurity.

The EU has a track record of more than 15 years of supporting food security and nutrition in Honduras, the results of which were highlighted in the 2011 country-level evaluation. In particular, this has helped build up a comprehensive and widely accepted sector approach based on a food security and nutrition policy (2006), an implementation strategy (2009), and a law creating the institutional framework for dialogue, coordination and monitoring (2011). Projects investing in family agriculture have been successful in boosting yields and need to be expanded.

The 2009 national food security and nutrition strategy covers four main themes: availability of food, access to food, food use, and stability of food security. It is in line with the national plan. The Honduran food security and nutrition agenda allows for several of the priorities in the Development Cooperation Instrument (DCI) and the Agenda for Change to be addressed, particularly including:

- sustainable smallholder agriculture;

- resource efficiency;
- resilience;
- reduction of inequalities;
- ecosystem services;
- formation of producer groups;
- supply and marketing chains;
- nutritional standards; and
- climate adaptation and mitigation.

Honduras is considered one of the countries that are most vulnerable to climate-related disaster; strengthening family agriculture can address both the causes and consequences of this vulnerability.

While contributing to three millennium development goals (MDGs), focusing on food security and nutrition also contributes to meeting the EU's objectives in the 'scaling up nutrition' initiative, as well as international commitments on agriculture (G8), land policy, low carbon societies and climate finance, and the Council conclusions on the EU Approach to Resilience¹Hence EU's past experiences on Drought Resilience in the country will be integrated in future operations.

The EU's main objective in this area is to help reduce poverty by ensuring that more rural Honduran families can meet their basic food needs from sustainable and resilient family agriculture, with special emphasis on women, children and indigenous people. This includes strengthening the sector's institutions and policies at national, regional and local levels to support economic growth including civil society and training and education institutions.

The EU and the United States are the key players in food security and nutrition. Related areas, such as agriculture and natural resources, are also tackled by the World Bank, the Central American Bank for Economic Integration (CABEI), the Inter-American Development Bank (IADB), Germany, Canada and UN organisations, including the Food and Agricultural Organisation (FAO), the United Nation's Development Programme (UNDP) and the International Fund for Agricultural Development (IFAD).

2. Employment: decent work and social protection policy

The Honduran economy has not created formal jobs, prompting people to embark on informal activities with low productivity and no social protection, or to take the risk of migrating. More than half of the economically active population is underemployed. Honduras also has one of the lowest levels of labour participation by women in Latin America. In addition, the labour market offers minimal income levels and benefits to support family well-being. Only a third of people in employment have access to social security.

Honduras is progressively building a policy agenda on decent work. It has a national plan for generating decent employment (2006) and a national decent work programme which covered the period between 2008 and 2011. These were jointly designed and adopted by the three social partners (government, business associations and trade unions) with the assistance of the International Labour Organisation (ILO). The executive adopted a social protection policy in March 2011. With the ILO and EU assistance, the social partners are working on a comprehensive employment and social protection policy, which is intended to provide the overarching framework in this area.

¹ COM(2012)586 final and SWD(2013)227 final

This decent work agenda, currently being created, is consistent with the National Plan and covers:

- competitiveness, innovation and technology, education and training for employability;
- business development (small and medium-sized enterprises, market articulation, credit, competition);
- market labour institutions and policies, e.g. productivity, wages and equality of opportunities; and
- social protection, including the application of international labour norms, coverage of social security and youth employment policy.

The decent work agenda enables the EU to address key priorities in the development cooperation instrument and the agenda for change. It also allows for EU support for Honduras' move to a green economy, by particularly supporting activities that promise to create green jobs. The choice of activities to support will take into account the potential for export to the EU, as set out in the Association Agreement. This potential will also be taken into account and supported by regional programmes, in line with the principle of subsidiarity. The green economy is a cross-cutting theme in most of the key priorities. In addition to contributing to MDG 1b², this area of work supports the EU's commitments made at the United Nations' world summit in September 2005 (in particular, paragraph 47 of the outcome document on employment) and in a series of important policy statements. It also builds on the EU's global strategic partnership with the ILO.

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.

Special attention will be paid to promoting the ILO core labour standards and ensuring that employment is accessible to the most vulnerable groups: women, young people and people belonging to ethnic minorities. Women's empowerment will be a priority.

There are a range of key players in the various strands of employment, decent work and social protection, including the EU, Germany, the IADB, the World Bank, the CABEI and UN organisations such as the ILO and the World Food Programme. However, a lead donor for engaging in a sector approach has not been identified.

3. Rule of law: universal accountability to the law and citizens' democratic participation

Disquieting levels of crime and violence, impunity and corruption are fundamental obstacles to development in Honduras. Securing human rights, access to justice and increased democratic participation by civil society and particularly women, young people and other vulnerable groups remain key challenges. To address these challenges, it will be necessary to reform the security and justice sector, strengthen human rights, promote stronger and more independent public institutions, and improve transparency in public administration and policy.

² *Achieve full and productive employment and decent work for all, including women and young people* (see <http://www.un.org/millenniumgoals/poverty.shtml>)

Almost half of the priorities in the National Plan relate to the rule of law. However, the national agenda on the rule of law is still a work in progress. Various policies exist or are being drafted, including policies on citizen security, national justice and security, decentralisation, human rights and anti-corruption, the public finance management plan and the national plan on conflict mediation (launched in October 2013). In July 2011, the Truth and Reconciliation Commission issued an extensive set of recommendations that provide avenues for state reform. The Under-Secretary of State for Human Rights is in charge of following up on these and the recommendations of the United Nations' Universal Periodic Review.

By contributing to these agendas, the EU will support several of the priorities and areas for cooperation in the Development Cooperation Instrument and the Agenda for Change. These include democratisation, human rights, justice and the rule of law, the development-security nexus, policy formulation, public finance management (including audits, checks and the fight against fraud), corruption, civil society and local authorities. The EU has had a consistent track record since 2007 in promoting a comprehensive approach to governance, security, justice, human rights, civil society empowerment and democracy.

This area also forms part of the work set by several EU policy statements and commitments, in particular:

- the EU strategic framework and action plan on human rights and democracy³;
- the 2009 Council conclusions on 'democracy support in the EU's external relations'⁴;
- EU guidelines on human rights and international humanitarian law⁵;
- the 2012 Communication on 'The roots of democracy and sustainable development: Europe's engagement with civil society in external relations'⁶;
- the 2003 Communication from the Commission to the Council and the European Parliament on an EU policy against corruption⁷; and
- the EU Strategy for equality between women and men 2010-2015⁸.

Synergies also exist with the EU's recent work on responding to humanitarian consequences of violence.

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.

The key players in the area of good governance in Honduras are the EU, the three multilateral banks (the World Bank, the CABI and the IADB), the United States and Spain. Considering the importance

³ https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf

⁴ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/gena/111250.pdf

⁵ http://eeas.europa.eu/human_rights/docs/guidelines_en.pdf

⁶ COM(2012) 492 final

⁷ COM(2003) 317 final

⁸ COM(2010) 491 final

of good governance, multiple donors are expected to remain active in this area. The EU is expected to maintain a prominent position in subsectors such as justice and human rights.

The implementation methods that will be used for the different projects are yet to be determined, but could include direct management through projects and/or budget support, if conditions allow, and/or indirect management, working with Member States’ agencies, international organisations and/or Latin American countries. The EU response may be complemented by operations financed by the European Investment Bank (EIB)

2. FINANCIAL OVERVIEW

The indicative allocation for Honduras is EUR 235 million.

<i>Sector</i>	<i>Indicative amount</i>	<i>%</i>
Food security: policy and strategy with a focus on family agriculture	EUR 100 million	42.5%
Employment: decent work and social protection policy	EUR 85 million	36.2%
Rule of law: universal accountability to the law and citizens’ democratic participation	40 million	17.0%
Support measures	10 million	4.3%

3. EU SUPPORT BY SECTOR

3.1 FOOD SECURITY: POLICY AND STRATEGY WITH A FOCUS ON FAMILY AGRICULTURE (INDICATIVE AMOUNT EUR 100 MILLION)

3.1.1 The following overall and specific **objectives** will be pursued:

Overall: To contribute to the national objective of achieving an educated and healthy country, free of extreme poverty, with consolidated social welfare systems (as defined in the National Plan).

Specific: To support the updating and implementation of public policies on food security and nutrition and family farming.

To improve the resilience of the most vulnerable geographic areas through agricultural activities that are both environmentally sustainable and profitable.

3.1.2 For each of the specific objectives, the main expected **results** are:

Specific objective 1:

Result 1: The institutional and policy framework for food security and nutrition will have been strengthened at national, regional and local levels, and includes civil society.

Specific objective 2:

Result 2: The welfare of farming households will have been improved in priority areas thanks to the adoption of sustainable and climate-resilient agroforestry systems.

Result 3: Technical skills and rural advisory capacity will have been strengthened with respect to food security and nutrition so as to respond to the needs of vulnerable geographical areas (including indigenous communities).

3.1.3 For each result, the main **indicators** are:

The main indicators for measuring these results are set out in the sector intervention framework in Annex 3.

3.1.4 **Donor coordination and policy dialogue**

The G-16 group of donors will continue to be an effective mechanism for donor harmonisation at technical and political levels. In particular, policy dialogue takes place at the Agroforestry Round Table, where stakeholders and donors meet to exchange information and discuss sectoral issues. At government level, the Ministry of Planning and International Cooperation was, until very recently, responsible for donor coordination and aid effectiveness. Its responsibilities are being reassigned within the new government structure. On top of this, the 2011 food security and nutrition law institutionalised specific coordination and dialogue forums such as the food security and nutrition technical unit (UTSAN) of the presidency of the republic, the inter-institutional technical committee on food security and nutrition (COTISAN), and the national food security and nutrition council (CONASAN).

3.1.5 The government's **financial and policy commitments** are:

The beneficiary institutions will help provide human resources, operating costs and physical space necessary to properly implement the projects identified in this programme. The government will continue to prioritise food security and nutrition as a public policy and coordinate the implementation of available internal and external resources. In recent years, this high prioritisation has been demonstrated by implementing Honduras' investment plan for the food security and nutrition sector (PIPSAN). Between 2011 and 2014, this plan disbursed some USD 109 million of external funds and USD 156 million of national funds. PIPSAN is expected to remain the financial framework for combining external and national funds in support of the food security and nutrition strategy.

3.1.6 **Environmental assessment**

The Country Environmental Profile validates the need to support food security. Its recommendations on the content of the programme have been taken into account, including promoting the use of environmental-friendly agricultural practices (such as conservational agriculture, integral pest control, soil conservation techniques, organic fertilisers, agroforestry), awareness-raising and training on the use of agrochemical products, adaptation to climate change and strengthening of the network of agricultural schools. Strategic environmental assessments will be carried out when individual projects are being drawn up.

3.1.7 Overall **risk assessment** of intervention in the sector:

The main risks are:

1. Honduras may fail to achieve the economic growth and macroeconomic stability required to reduce poverty.
2. The government may not be able to provide the required financial and technical resources.
3. Strategic priorities may be altered due to political changes, possibly to the detriment of food security and nutrition.
4. The presence of many actors and donors in the 'dry corridor' may generate competition and tensions at community level.
5. The results of food security and nutrition projects in the field may be below expectations, as a result of the complexity of the subject.

These risks will be mitigated by:

1. maintaining a policy dialogue on macroeconomic stability and public finance management;
2. supporting fiscal consolidation through policy dialogue, technical assistance and resources;
3. promoting capacity-building at central and local levels to support policy continuity;
4. supporting government instruments that allow harmonisation and complementarity between donors (e.g. ENSAN and PIPSAN);
5. creating mechanisms that allow for learning from best practices and adjusting programmes and policies to reflect this.

3.2 EMPLOYMENT: DECENT WORK AND SOCIAL PROTECTION POLICY (INDICATIVE AMOUNT EUR 85 MILLION)

3.2.1 The following overall and specific **objectives** will be pursued:

Overall: To contribute to the national objective of being a productive country that generates opportunities for decent employment, and has consolidated social security systems (from the National Plan).

Specific: Increase the capacity of Honduras to generate and sustain decent employment and social protection for all.

3.2.2 The main expected **results** are:

Result 1: A detailed and comprehensive policy on decent work and social protection will be approved, institutionalised and implemented on the basis of social dialogue and inclusion.

Result 2: In selected branches of the economy, micro and small enterprises have strengthened their productive, business and market capacities ensuring access to decent employment in and social security.

Result 3: In selected branches of the economy, the technical, professional and non-formal capacities and skills of the Honduran labour force will have been increased, including those of young people, women and ethnic minority groups.

The choice of branches of the economy will be based on value chain studies, carried out in consultation with stakeholders to measure their readiness for collective action, and will take into account the potential for exports to the EU in the context of the Association Agreement.

Consideration of disaster risk reduction will be integrated in these activities. Whenever possible, special focus will be put on activities in the areas of environment, renewable energy and energy efficiency.

3.2.3 The main **indicators** are

The main indicators for measuring these results are set out in the sector intervention framework in Annex 3.

3.2.4 **Donor coordination and policy dialogue:**

Donor coordination will be conducted through the G-16 donor group and its relevant working groups, such as the small and medium enterprises donor working group (SME Group). Major donors in the sector are the International Labour Organisation, the IADB, the Swiss cooperation, the German technical cooperation⁹ and the United States' Agency for International Development (USAID).

There is a well-defined organisational structure for sectoral policy dialogue, led by the Ministry of Labour and Social Security, which includes a number of committees responsible for implementing sectoral plans and programmes. The Economic and Social Council (which includes civil society) is a key forum for tripartite social dialogue. This will allow effective political dialogue, as shown by previous experience with these institutions.

3.2.5 The government's **financial and policy commitments** are:

The government is committed to:

- designing and adopting a policy on decent work and social security;
- strengthening the legal and institutional framework of the sector;
- ensuring that the human and financial resources needed to implement the programme are allocated; and
- ensuring the continuity of social tripartite dialogue and the extension and sustainability of social security, especially to the informal sector.

In recent years, the Government's commitment to the sector has been evidenced by a steady (though limited) allocation of budget resources to the Ministry of Labour, and by the results obtained on the basis of political will. The budget allocated to the sole Ministry of Labour during the period 2010-2013 amounted to EUR 29 million. Significant achievements in the sector during this period include the reduction of open unemployment; the establishment of a tripartite agreement fixing minimum wage for

⁹ Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

two years under the Wide-ranging National Agreement on Economic Growth and Equity; and the ratification of ILO Convention 102 on social protection.

3.2.6 **Environmental assessment:**

Once the branches of the economy for intervention have been chosen, an environmental impact or strategic environmental assessment will be carried out. The Country Environmental Profile has been taken into account when defining the objectives and expected results. Emphasis will be put on implementing the cleaner production policy, promoting a green economy, and mainstreaming climate change mitigation and disaster risk reduction.

3.2.7 Overall **risk assessment** of intervention in the sector:

The possible major risks that may have an effect on putting in place the EU's contribution are:

1. Honduras may not achieve the required economic growth and macroeconomic stability.
2. There may be limited financial and technical resources available for the government's contribution to the projects.
3. There can be difficulties in bringing together the different sectors in social dialogue and consensus.
4. There may be changes in strategic priorities due to political changes.
5. The private sector in the branches of the economy chosen for intervention may not be aware of the importance of decent work as a means to improve the performance and growth of economic activity.

These risks can be mitigated by:

1. continuing policy dialogue on macroeconomic stability and public finance management;
2. establishing institutional collaboration partnerships;
3. promoting consultation and joint planning with active participation by key stakeholders in the sector;
4. supporting strategies for policy continuity across government periods;
5. developing an awareness-raising strategy to incorporate decent employment schemes in enterprises in the branches of the economy chosen for intervention.

3.3 **RULE OF LAW: UNIVERSAL ACCOUNTABILITY TO THE LAW AND CITIZENS' DEMOCRATIC PARTICIPATION (INDICATIVE AMOUNT: EUR 40 MILLION)**

3.3.1 The following overall and specific **objectives** will be pursued:

Overall: To contribute to the national objective of achieving a democratic and secure country, free of violence, based on a transparent, efficient, inclusive and competitive state (as defined in national development plan).

Specific: 1. Support national efforts to guarantee the universal application of the law and the protection of human rights, particularly focusing on the fight against corruption.

2. Contribute to consolidating the democratic system by increasing citizen participation in policy and democratic processes, with a special focus on vulnerable groups (including ethnic minority groups, the rural population and women).

3.3.2 For each of the specific objectives, the main expected **results** are:

Specific objective 1:

Result 1: The Honduran people will have access to an effective and transparent justice system.

Result 2: A consolidated national system to promote and protect human rights will be in place and functioning.

Result 3: Public administration will be operating with transparency levels that meet international standards.

Specific objective 2:

Result 4: Barriers to the democratic participation of vulnerable groups will have been reduced, including access to citizenship registration and electoral participation.

Result 5: Public policies will be designed, implemented and monitored with increased civil society involvement.

3.3.3 For each result, the main **indicators** are

The main indicators for measuring these results are set out in the sector intervention framework in Annex 3.

3.3.4 **Donor coordination and policy dialogue:**

Sector dialogue takes place within the G-16, at both political and technical level, in particular through the security, justice and human rights and governance round table for exchanging information and discussing relevant issues. The inter-institutional committee on criminal justice is the formal body for coordination and dialogue between national stakeholders.

This and other donors' interventions are in line with the national plan for transparency and the fight against corruption, the national security and justice policy, the citizen security policy, and the national human rights policy and action plan.

Synergies with the response to the humanitarian consequences of violence will also be sought.

3.3.5 The government's **financial and policy commitments** are:

The government undertakes to further develop its policies to support the rule of law, maintaining an ongoing dialogue with civil society organisations, and promoting donor coordination and harmonisation. This may include international good governance schemes such as the Forest Law Enforcement, Governance and Trade programme and the Extractive Industries Transparency Initiative. The beneficiary institutions will help provide the human resources, operating expenses and physical space necessary to properly implement the projects identified in this programme.

The government's commitment to institutions in the justice, security and human rights sector is demonstrated by a 10% annual increase in budgetary allocations over the past four years. The four key institutions in the sector consistently receive some 7.8% of the central administration's budget. This commitment is expected to continue.

3.3.6 **Environmental assessment**

Honduras' environmental law is in line with relevant international regulatory frameworks such as the Río declaration on environment and development and the provisions of Agenda 21. Both include specific references to human rights (particularly social, economic and cultural rights), citizen participation and the need to monitor the environmental impact on marginalised and vulnerable groups.

The Country Environmental Profile concludes that, by strengthening the rule of law, promoting the protection of human rights and combatting corruption, the EU will contribute to enforcing the implementation of environmentally sustainable approaches in Honduras' national development strategy.

In addition, the Honduran government is negotiating an agreement on Forest Law Enforcement, Governance and Trade that involves civil society organisations working in the forestry field and which will improve the governance of the sector, provided that the rule of law is strengthened.

3.3.7 Overall **risk assessment** of intervention in the sector:

Main risks include:

1. The implementation of the security and justice sector reform may be slow.
2. The fiscal crisis may reduce the resources available for this sector.
3. Changes in the political context could lead to increased polarisation and thus jeopardise opportunities for democratic participation.

Mitigation measures could include:

1. supporting the reform process through political dialogue and technical and financial assistance;
2. supporting fiscal consolidation through improved macroeconomic stability and public financial management;
3. supporting the ongoing democratic and reconciliation processes.

4. SUPPORT MEASURES

The main aim of these measures is to build capacity and provide technical assistance in a more efficient and structured manner. These resources are expected to support communication activities and activities to increase visibility, to raise awareness of EU aid. They can also be allocated to thematic studies and impact assessments of projects, support for formulating public policies and policy dialogue, and short-term technical assistance, as well as to support aid efficiency initiatives such as improving donor coordination and division of labour.

Attachments

1. Country at a glance
2. Donor matrix showing the indicative allocations per sector
3. Sector intervention framework and performance indicators
4. Indicative timetable for commitment of funds
5. List of acronyms

Attachment 1: Honduras — Country at a glance:

1. General context:

Area	km ²	
Total size of territory	112 492.00	
Land used for agriculture	32 060.22	28.50 %
Land used for forests	52 196.29	46.40 %

2. Demographic data:

Total estimated population up to 2020

	2013	2016	2019	2020
Urban (50.50 %)	4 061 000	4 297 000	4 546 000	4 633 000
Rural (49.50 %)	3 980 000	4 212 000	4 456 000	4 541 000
Total	8 041 000	8 509 000	9 003 000	9 174 000

Source: INE

Life expectancy at birth, total (years): 73 (in 2011)

Age breakdown:

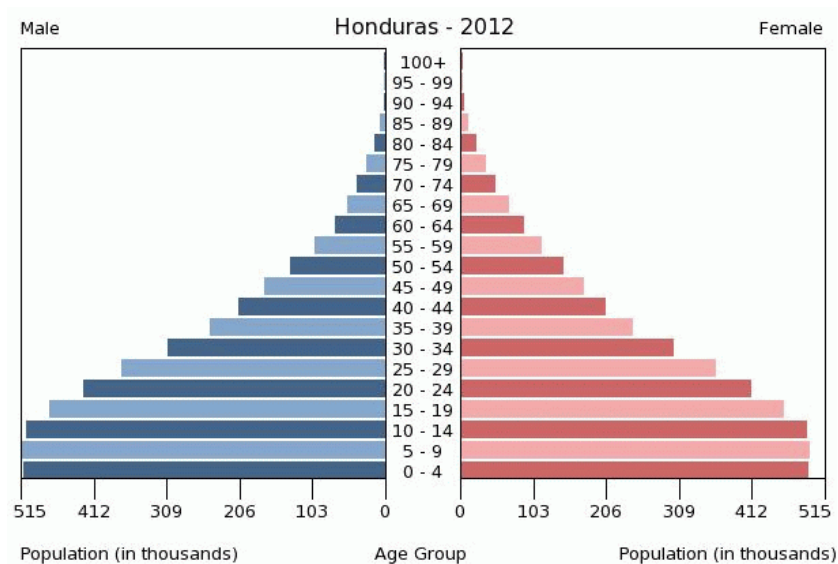
0-14 years: 36.1 % (male: 1 530 083/female: 1 466 029)

15-24 years: 21.2 % (male: 898 041/female: 863 311)

25-54 years: 34.4 % (male: 1 435 024/female: 1 416 061)

55-64 years: 4.5 % (male: 169 813/female: 199 761)

65 years and over: 3.8 % (male: 140 775/female: 177 795) (2012 est.)



Source: CIA World Factbook (Unless otherwise noted, information in this page is accurate as of 21 February 2013)

3. Social context:

The overview below illustrates household poverty in absolutes and % values:

Period	Number of Households			Poverty	
	Total	Not poor	Poor	Relative	Extreme
2001	1,235,166	448,637	786,529	240,263	546,265
2002	1,312,022	462,357	849,664	251,848	597,817
2003	1,357,424	471,465	885,958	252,146	633,812
2004	1,392,151	493,022	899,130	256,457	642,673
2005	1,459,656	530,505	929,151	256,992	672,159
2006	1,516,227	607,336	908,891	296,483	612,407
2007	1,608,124	671,402	936,721	334,094	602,628
2008	1,650,934	674,225	976,709	378,382	598,328
2009	1,688,104	696,342	991,762	376,937	614,825
2010	1,732,600	693,737	1,038,863	362,130	676,733
2011	1,718,338	654,172	1,064,165	348,679	715,486
2012	1,814,582	607,885	1,206,698	371,794	834,903

Households by level of poverty Period 2001- 2012 (Percentages)					
Period	Total	Number of Households		Poverty	
		Not poor	Poor	Relative	Extreme
2001	100	36.3	63.7	19.5	44.2
2002	100	35.2	64.8	19.2	45.6
2003	100	34.7	65.3	18.6	46.7
2004	100	35.4	64.6	18.4	46.2
2005	100	36.3	63.7	17.6	46.0
2006	100	40.1	59.9	19.6	40.4
2007	100	41.8	58.2	20.8	37.5
2008	100	40.8	59.2	22.9	36.2
2009	100	41.2	58.8	22.3	36.4
2010	100	40.0	60.0	20.9	39.1
2011	100	38.1	61.9	20.3	41.6
2012	100	30.7	66.5	20.5	46.0

Source: Instituto Nacional de Estadística (INE). XLIII Encuesta Permanente de Hogares de Propósitos Múltiples, mayo 2012.

4. Economic context:

GDP (current USD): USD 18.53 billion in 2012 (Lower middle income)

Selected Economic Indicators

	2008	2009	2010	2011	Projections	
					2012	2013
	(Annual percentage change, unless otherwise indicated)					
National income and prices						
GDP at constant prices	4.2	-2.4	3.7	3.7	3.3	3.3
Consumer prices (end of period)	10.8	3.0	6.5	5.6	5.4	5.9
	(In per cent of GDP, unless otherwise indicated)					
Combined public sector						
Noninterest revenue and grants	25.7	22.8	22.7	21.9	21.7	22.0
Noninterest expenditure	27.4	28.2	26.1	24.9	25.9	25.9
Primary balance	-1.7	-5.4	-3.4	-3.0	-4.2	-3.9
Net interest payments	-1.0	-0.9	-0.6	-0.2	0.9	1.0
Public saving	2.8	-0.8	0.6	1.1	0.7	-0.1
Capital expenditure	6.0	5.8	5.4	5.9	5.8	5.7
Overall balance	-1.7	-4.5	-2.8	-2.8	-4.3	-4.6
Public sector debt 1/	22.9	24.6	29.7	32.1	34.7	36.2
<i>Of which:</i> External debt	16.8	16.9	17.9	18.2	19.9	24.5
Public sector external debt service (in per cent of non-maquila exports)	2.8	12.2	3.9	4.5	2.9	4.4
Savings and investment						
Gross fixed capital formation	33.6	22.0	21.6	25.2	23.7	24.5
Gross national savings	18.2	18.0	16.3	16.6	13.8	13.3
External sector						
Gross international reserves (millions of dollars)	2 691	2 331	2 931	3 043	2 778	2 695
GIR (In months of imports) 2/	4.7	3.6	3.6	3.5	3.0	2.9
External current account balance	-15.4	-4.0	-5.3	-8.5	-9.9	-11.2
Exports, f.o.b. (annual percentage change)	7.2	-22.1	26.6	27.6	2.4	1.4
Imports, f.o.b. (annual percentage change)	17.6	-29.4	20.7	23.4	2.5	6.7

Sources: IMF: <http://www.imf.org/external/np/sec/pn/2013/pn1319.htm>

Central Bank of Honduras, Ministry of Finance, and IMF staff estimates and projections.

1/ Debt series revised based on more comprehensive data series provided by the authorities in September 2012.

2/ Refers to the following year's imports of goods excepting the *maquila* sector and non-factor services.

Attachment 2. Donor matrix showing the indicative allocations per sector



Available funds to the public sector 2012-2017
By agency and sector (in million USD)
Data at 31 de Diciembre 2011



Agency	HUMAN PROMOTION AND PROTECTION						COMMUNICATIONS AND ENERGY				AGROFORESTRY AND TOURISM			INSITUTIONAL STRENGTHENING				MULTISECTORAL	TOTAL AGENCY
	HEALTH	EDUCATION AND CULTURE	HOUSING	SOCIAL PROTECTION	WATER AND SANITATION	SOCIAL INFRASTRUCTURE	ROADS	COMMUNICATION	ENERGY	TRANSPORT AND PUBLIC WORKS	AGRICULTURE, AGROINDUSTRY AND CATTLE RAISING	FORESTRY AND NATURAL RESOURCES	TOURISTIC ACTIVITIES	MODERNISATION OF THE STATE	COMPETITIVENESS AND SMALL AND MEDIUM ENTERPRISES	DEFENSE AND SECURITY	DECENTRALISATION		
BID	26,2	30,8	10,9	39,8	27,3		137,5	0,1	24,6	39,8		17,5	11,4	21,9	24,5	0,2			412,62
BCIE	38,2	2,3	6,6	19,5	21,2	7,4	68,1				6,3	2,1		98,3	1,1				271,1
BM		8,1		39,2	20,3		79,7		29,9		5,47	29,5		2,6	0,8	23,3			238,7
USAID	45,1	36,7													65,6				147,3
UE				8,1					0,2			31,6		6,0		6,4	13,7	53,5	119,6
AECID		0,8		1,9	31,9	1,1			0,8		1,0	1,1		0,5	1,2	2,7	0,7		43,66
KFW		7,6				20,3							7,2						35,1
ICDF-TAIWAN				25,0										1,1					26,1
ITALIA	23,1				1,8														24,9
ACDI	16,7	5,7												0,8					23,31
KFAED - KUWAIT							13,2				5,8								19,0
FIDA											16,9								16,9
FAO				16,3															16,3
COSUDE					9,6										2,8		0,7		13,1
OFID							11,5												11,5
PNUD		0,1			1,1			0,1				8,7		0,01	1,3				11,3
AACID		0,6		0,10	0,5	0,8	0,1		0,2		1,4			0,4		0,0	1,3		5,45
TAIWAN	1,0	1,5		0,4										0,8		0,4			4,0
INDIA														3,6					3,6
PMA				1,3										1,0					2,4
OEI		1,4																	1,36
JICA	0,6											0,3		0,2		0,2			1,3
GIZ		0,1							0,5			0,5							1,03
UNICEF	0,4	0,1		0,1	0,1									0,03		0,2			0,8
EDCF-Korea	0,2																		0,18
UNFPA	0,1	0,02												0,004		0,0001			0,1
	151,57	95,73	17,46	151,70	113,96	29,52	310,04	0,17	56,21	39,83	36,82	98,46	11,42	137,08	31,60	99,01	16,48	53,5	
			559,95					406,25			146,70			284,17					53,5

TOTAL 1450,6 Source: SEPLAN / Dirección General de Cooperación Externa, based on reports by the cooperation agencies

Attachment 3. Sector intervention framework

The results, indicators and means of verification specified in this annex may need to be amended to take into account changes that occur during the programming period.

Sector 1: Food security: policy and strategy with a focus on family agriculture				
Specific objective 1: Support the updating and implementation of public policies on food security and nutrition and family farming.				
<u>Expected results</u>	<u>Indicators</u>	<u>Baseline (year)*</u>	<u>Target in 2022**</u>	<u>Means of verification</u>
1 The institutional and policy framework for food security and nutrition will have been strengthened at national, regional and local levels, and includes civil society.	Number of new hectares of family farming using sustainable practices	n.a.	37 500	Annual report by the food security and nutrition technical unit (UTSAN)
	Number of new secure land titles issued	n.a.	26 300	Annual report by the national agrarian institute (INA)
Specific objective 2: Improve the resilience of the most vulnerable geographical areas through agricultural activities that are both sustainable and profitable.				
<u>Expected results</u>	<u>Indicators</u>	<u>Baseline (year)</u>	<u>Target in 2022*</u>	<u>Means of verification</u>
2 The welfare of farming households will be improved in priority areas thanks to the adoption of sustainable and climate-resilient agroforestry systems.	Prevalence of children under five years old with a low weight-for-age ratio.	22.6% (2012)	13.6%	National demographic and health survey (INE); UTSAN annual report UTSAN annual report; annual report by the national

	Average productivity increase in the productive units of benefiting farmers	n.a.	At least 20 %	investment programme in food security and nutrition issued by the Ministry of Agriculture and Cattle Raising (SAG)
3 Technical skills and rural advisory capacity will have been strengthened with respect to food security and nutrition so as to respond to the needs of vulnerable geographical areas (including indigenous communities).	Number of farmers with access to agricultural extension services, with a focus on sustainable farming	n.a.	75 000	UTSAN annual report, annual report by the national investment programme in food security and nutrition and the Ministry of Agriculture and Cattle Raising
	Percentages of teachers and school managers trained in nutrition with EU support	n.a.	10 %	UTSAN annual report

* data will be added for baselines indicated as 'n.a.' at the action stage, at the latest

** 2022 is the end date of the current national development plan, in which targets have been set. When monitoring progress, indicators will be disaggregated by gender as far as possible.

Sector 2: Employment: decent work and social protection policy				
Specific objective: Increase Honduras' capacity to generate and sustain decent employment and social protection for all.				
<u>Expected results</u>	<u>Indicators</u>	<u>Baseline (2012)</u>	<u>Target in 2022*</u>	<u>Means of verification</u>
1. A detailed and comprehensive policy on decent work and social protection will have been approved, institutionalised and implemented, based on social dialogue and inclusion	Invisible underemployment rate. Percentage of employees registered in a social security scheme, disaggregated by gender	43.6%	24.8%	INE multipurpose household survey
	Annual number of jobseekers placed by the National Employment Service, disaggregated by gender	5 995	17 493	National Employment Service of Honduras (SENAEH)
	Percentage of employees registered in a social security scheme	33.6%	48.5%	INE multipurpose household survey
2. In selected branches of the economy, micro and small enterprises have strengthened their productive, business and market capacities ensuring access to decent employment and social security	Annual number of jobs created and formally registered that have basic social security coverage.	5 047	17 053	INE multipurpose household survey
3. In selected branches of the economy, the technical, professional and non-formal capacities and skills of the Honduran labour force will have increased.	Employees with recent job training (in the past 12 months).	175 886	316 499	National professional training institute (INFOP)

* 2022 is the end date of the current national development plan, in which targets have been set. When monitoring progress, indicators will be disaggregated by gender as far as possible.

Sector 3: Rule of law: universal accountability to the law and citizens' democratic participation

Specific objective 1: Support national efforts to guarantee the universal application of the law and protection of human rights, particularly focusing on the fight against corruption.

<u>Expected results</u>	<u>Indicators</u>	<u>Baseline (year)</u>	<u>Target in 2022*</u>	<u>Means of verification</u>
1. The Honduran people will have access to an effective and transparent justice system.	Level of citizen confidence (disaggregated by gender) in the functioning of security and justice institutions.	19% (2012)	40%	Public perception surveys, national victimisation surveys (UNDP or others available)
	Percentage of detainees without a fixed sentence.	48% (2013)	25%	Penitentiary auditing system, Supreme Court of Justice
	National coverage by mobile justices of the peace (<i>jueces de paz</i>)	3 departments in Honduras (2013)	8 departments in Honduras	Annual report on the justice system (Supreme Court)
2. A consolidated national system to promote and protect human rights will be in place and functioning.	Percentage of recommendations implemented arising from the Universal Periodic Review.	55% (2013)	100%	United Nations Universal Periodic Review
3. Public administration will be operating with transparency levels that meet international standards.	'Corruption Control Index' from the World Bank's world governance indicators (percentile rank among all countries)	Percentile 0-25 (2012)	Percentile 50-75	World governance indicators.

Specific objective 2: Contribute consolidating the democratic system by increasing citizen participation in development processes in Honduras, with a special focus on vulnerable groups.				
<u>Expected results</u>		Baseline (year)	Target in 2022*	<u>Means of verification</u>
4. Barriers for democratic participation for vulnerable groups will have been reduced, including access to citizenship registration and electoral participation.	‘Voice and Accountability Index’ of the World Bank’s World Governance Indicators (percentile rank among all countries).	Percentile 25-50 (2012)	Percentile 50-75	World Governance Indicators.
5. Public policies will be designed, implemented and monitored with increased civil society involvement.	‘Voice and Accountability Index’ of the World Bank’s World Governance Indicators (percentile rank among all countries).	Percentile 25-50 (2012)	Percentile 50-75	World Governance Indicators.

The results, indicators and means of verification specified in this annex may need to be amended to take into account changes that occur during the programming period.

* 2022 is the end date of the current national development plan, in which targets have been set. When monitoring progress, indicators will be disaggregated by gender as far as possible.

Attachment 4. Indicative timetable for commitments

The amounts in this table are indicative.

	Indicative allocation	2014	2015	2016	2017	2018	2019	2020
SECTOR 1 — Food security: policy and strategy with a focus on family agriculture	EUR 100 million	EUR 30 million	EUR 30 million	EUR 10 million			EUR 30 million	
SECTOR 2 — Employment: decent work and social protection policy	EUR 85 million	EUR 10 million		EUR 37 million	EUR 38 million			
SECTOR 3 — Rule of law: universal accountability to the law and citizens' democratic participation	EUR 40 million		EUR 12 million		EUR 28 million			
Support measures	EUR 10 million	EUR 10 million						
Total Commitments	EUR 235 million	EUR 50 million	EUR 42 million	EUR 47 million	EUR 66 million	EUR 0	EUR 30 million	EUR 0

As part of implementing the roadmap on joint programming that EU heads of mission agreed in February 2013, the mid-term review of the multiannual indicative programme will take place in 2017. This will pave the way for a joint programming document to be agreed, which will apply as of 2018.

Attachment 5: List of acronyms

CA		Central America
CABEI		Central American Bank for Economic Integration
CONASAN	<i>Consejo Nacional de Seguridad Alimentaria y Nutricional</i>	National Food Security and Nutrition Council
COSUDE	<i>Cooperación Suiza al Desarrollo</i>	Swiss Development Cooperation
COTISAN	<i>Comité Técnico Interinstitucional de Seguridad Alimentaria y Nutricional</i>	Inter-institutional Technical Committee on Food Security and Nutrition
EC		European Commission
EITI		Extractive Industries Transparency Initiative
ENSAN	<i>Estrategia Nacional de Seguridad Alimentaria y Nutricional</i>	National Food Security and Nutrition Strategy
ESC		Economic and Social Council
EU		European Union
FAO		Food and Agricultural Organisation
FLEGT		Forest Law Enforcement, Governance and Trade
FSN		Food Security and Nutrition
G-16		Group of donors in Honduras
GIZ	<i>Gesellschaft für internationale Zusammenarbeit</i>	Society for International Cooperation (Germany)
IADB		Inter-American Development Bank
IFAD		International Fund for Agricultural Development
ILO		International Labour Organisation
INA	<i>Instituto Nacional Agrario</i>	National Agrarian Institute
INE	<i>Instituto Nacional de Estadísticas</i>	National Statistical Institute
INFOP	<i>Instituto Nacional de Formación Profesional</i>	National Professional Training Institute
MDG		Millennium Development Goal
MIP		Multiannual Indicative Programme
N/A		not applicable
PIPSAN	<i>Programa de Inversión Pública en Seguridad Alimentaria y Nutricional</i>	National Investment Programme in Food Security and Nutrition
SAG	<i>Secretaría de Agricultura y Ganadería</i>	Ministry of Agriculture and Cattle Raising
SENAEH	<i>Servicio Nacional de Empleo de Honduras</i>	National Employment Service of Honduras
SEPLAN	<i>Secretaría de Planificación y Cooperación Externa</i>	Ministry of Planning and External Cooperation
SME		Small and medium-sized enterprise
UN		United Nations
UNDP		United Nations Development Programme
USAID		United States Agency for International Development
UTSAN	<i>Unidad Técnica de Seguridad Alimentaria y Nutricional</i>	Technical Unit on Food Security and Nutrition
WFP		World Food Programme