



ULANDSSEKRETARIATET – DTDA  
DANISH TRADE UNION DEVELOPMENT AGENCY



# LABOUR MARKET PROFILE

**2016**

**HONDURAS**



## PREFACE

The Danish Trade Union Development Agency (DTDA) is the Danish trade union council for international development co-operation. It was established, under a slightly different name, in 1987 by the two largest Danish confederations: the Danish Federation of Trade Unions (LO) and the Danish Confederation of Salaried Employees and Civil Servants (FTF). The organization activities are related to: i) to support democratic development of the trade union movements in Africa, Middle East, Asia and Latin America; and ii) to contribute to democratic development in the societies in which the unions operate.

The DTDA presents this Labour Market Profile (LMP) as a yearly updated report that provides an overview of the labour market's situation. It shows a wide range of data in a reader-friendly style by graphs and tables. Certain key findings of this report can be found on the Executive Summary.

The LMP is divided in 11 thematic sections, which includes: trade unions, employers' organizations, tripartite structures, national labour legislation, violations of trade union rights, working conditions, situation of the workforce (with subsections such as unemployment, sectoral employment, migration, informal economy, child labour, gender, and youth), education (with subsection vocational training), social protection, general economic performance, and trade. Additionally, an appendix including a list of the trade unions in Honduras, list of approved labour related legislations, ratified ILO Conventions, and trade unions in Export Processing Zones.

The report is driven by statistical data from international databanks, surveys and reports from the International Labour Organization (ILO), the International Trade Union Confederation (ITUC), the World Bank, the U.S. Department of State Annual Country Reports on Human Rights Practices, WageIndicator Foundation as well as national statistical

institutions and ministries, and others. Moreover, narrative inputs are collected from international news sources (e.g. The Economist, the British Broadcasting Corporation (BBC), LabourStart, The Guardian, etc.) together with local sources such as trade unions centers, NGOs, local news, the DTDA's Sub-Regional Office, among others.

This report also collects references from several indexes, e.g. Global Rights Index, Doing Business Index, the Governance Indicators, and the Human Development Index. The indexes' methodologies and the data quality can be followed by the sources websites.

All sources, indicators and/or narrative inputs that are used are available by links through footnotes.

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## ACKNOWLEDGMENT

This Labour Market Profile is prepared by the DTDA's Analytical Unit in Copenhagen with support from our Sub-Region Office in Latin America. In addition, a consultancy with field visits by John Koldegaard - and in collaborate with local partners - was implemented to improve data collection of trade union issues.

All other labour market profiles of the countries where DTDA operates are available at our website: <http://www.ulandssekretariatet.dk/content/landeanalyser>

Should you have questions about the profiles you can contact Kasper Andersen ([kan@dt-da.dk](mailto:kan@dt-da.dk)), Manager of the Analytical Unit.

Cover Photo: Carsten Snebjerg



# Honduras

## EXECUTIVE SUMMARY

The Republic of Honduras has experienced a modest economic growth during recent years. This has been related to reductions on remittances, public investment and exports. The number of working poor was falling during the 2000s, but started to rise again in 2009 due to political turmoil and an impact of the international financial crisis in 2007-2008. The evolution of the middle-class was stalled. And the income distribution remains with an extreme inequality. The country's ranking changes dropped on the Doing Business Index and the Human Development Index.

Only few new or amended pieces of labour market legislations have been passed during the last three years. The legislations have flaws and the government fails to enforce the laws effectively. The country has been classified with systematic violations of trade union rights covering several cases such as murders of trade union leaders, torture and kidnappings. Honduras has three active cases in the International Labour Organization's (ILO) Complaints Procedures.

Some tripartite institutions are working effectually, e.g. the National Commission of Minimum Wage crafted the current minimum wages. The judiciary mediation and arbitration structure has been observed with bias against workers. The social dialogue has been affected by the often conflictive environment between employers and trade unions, which is fragile and has affected the application of collective bargaining agreements.

The labour force participation rate in Honduras fell sharply in the beginning of the 2000s. This was related to a high emigration. Today the country is heavy dependent of remittances. A wave of deportations of Hondurans by the United States that return to Honduras has created changes. This is reflected in a positive growth of the total participation rate since 2005. This includes a rebounding of the youth participation rate, but it remains lower than the level from 2000, though. The labour force presents deep gender gaps that favor men, e.g. the NEET rate (i.e. youth not in employment, education or training) was estimated by women at 68% and men at 16%.

The unemployment is relatively low in Honduras. This is not due to sufficient new jobs are created in the formal sector. Instead many workers do not have an option to be in unemployment. They find activities in the informal economy and this informalization is on a rise in Honduras. Equally important, the labour market went through some transformation of the unemployment by level of educational attainment during the 2000s: A majority of people with lower education in unemployment was altered into a majority of people with higher education in unemployment. These are an impact of the marginally declining trend of wage and salaried workers, especially the employment in the industry sector. The labour productivity has been stalled and stays far below the Central America average. This suggests that the economy and the labour market are not moving towards a stronger pattern that creates better welfare and decent jobs as well as the formalization of the economy is confronting challenges.

By the same token, Honduras' education system has not increased the enrolment in education during recent years. One issue is that a large segment of the youth population has a limited access to the system. On the positive side, the vocational training system has a relatively high coverage in comparison with the region average.

In Honduras the social protection system is weak with very low protection coverage. Also the pension schemes coverage are very narrow. This is related to institutionally insufficient financial capacity, questionable efficiency of the systems and scandals of corruption.

The trade union movement is relatively strong in Honduras and the federations are elaborating upon a joint organization. Trade union membership is confronted by the increasing application of temporary contracts, part-time employment and firing workers from public institution. The trade union density is estimated at 15% of the total labour force and 35% of wage and salaried workers.



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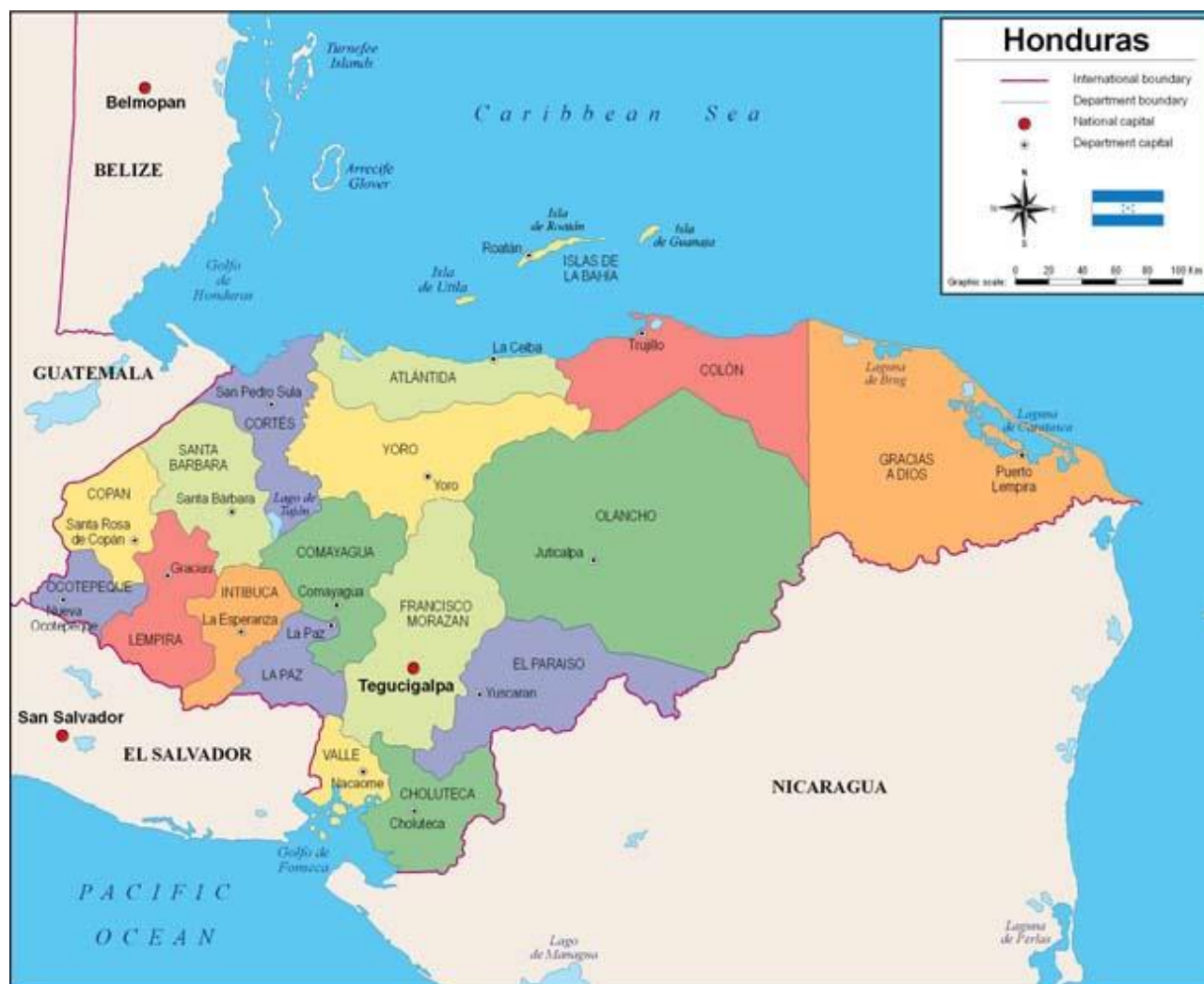
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## COUNTRY MAP



Source: Google

## TRADE UNIONS

The Labour Code provides for the right of workers to form and join unions of their choice, to bargain collectively, and to strike. It prohibits employer retribution for engaging in trade union activity. A number of restrictions on these rights have been registered, though. Among others, the law requires 30 or more workers to constitute a trade union, prohibits foreign nationals from holding union offices, and requires that union officials be employed in the economic activity of the business the union represents (see more on the section: National Labour Legislation). According to sources, the government has failed to enforce applicable laws effectively.<sup>1</sup>

In practice workers have difficulties with the rights to form and join unions as well as to engage in collective bargaining. Trade unionists from the public sector raise concerns about government interference in trade union activities, including the government's freezing of collective agreements and dismissals of union members and leadership. Other cases suggest that when workers are attempting to unionize, the Secretariat of State of Labour and Social Security (STSS) inspectors generally appears to make it easier for companies to dismiss these workers before they gained legal protection from firing. By the same token, employers commonly threaten to close unionized factories and harassed or dismiss workers seeking to unionize.<sup>2</sup>

The International Labour Organization (ILO) especially raised concerns on restrictions on strikes on a broad range of sectors as well as the government's authority to end disputes because such provisions are vulnerable to abuse.

Unions are independent of the government, but some are closely aligned with political parties. Some companies have delayed or failed to appoint representatives for required mediation led by STSS, a practice that lengthen and impede the mediation process and the right to strike, according to sources.<sup>3</sup>

Social dialogue is fragile and trade unions are weaker in the private sector and in the Export Processing Zones (EPZ). Sources registered that civil servants frequently engage in illegal work stoppages without experiencing reprisals.<sup>4</sup>

The central trade unions in Honduras cover multiple sectors of the national economy, but the strongest are concentrated among the civil servant, teachers, and

peasants. The trade union movement is relatively resilient.

There has been registered 250 trade unions in Honduras with a total 502,000 members. The trade union density has been calculated at 15% of the labour force and at 35% of the wage and salaried workers (Table 1). An updated status of registered trade unions is available on Table 26.

**Table 1: Overview of the status of Trade Unions in Honduras, 2015**

Number of trade unions	250
Dues (standard) (FITH)	60 Lempira per month
Members of trade unions	502,000
Trade union members share of labour force	15 %
Trade union members to waged workers	35 %
Women member share of trade unions (CUTH)	47 %
Members of affiliated trade unions from the informal economy	55,046

Source: DTDA research

There is limited information about union fees in Honduras. According to what is available, they are divided in three levels: i) the fee that the worker pays to the union; ii) the fee that the union-pay to the federation; and iii) the fee that the federation-pay to the union centre/confederation. The normal fee to a union is 1% of the basic salary. As an example in one of the union centre, the union pays 1%, of the fees that they receive from the workers, to the federation and the federation-pay 1% of what they receive from the unions to the union centre/confederation. In another union centre, the union pays 2 Lempiras/month per affiliate to the federation, and the federation pay 0.5 Lempiras/month per affiliate to the union centre/confederation. It has been registered that the Government tries to weaken the teachers unions by refusing to hold back the union fees in the salary of the teachers, as they have been used to. Some teachers have been paying up to 4% of their basic salary monthly as fee to their union.

Table 2 below gives an overview of the status of three trade union centres in Honduras. It should be mentioned that the centres also affiliate small-farmers, resident groups and indigenous people that inflate their numbers of affiliates (see more on Appendix Table 26). In general, the Labour Code establishes that federations and confederations may not call a strike. The

International Trade Union Confederation (ITUC) affiliates in Honduras all three centres.

**Table 2: Status of Union Centres in Honduras, 2015**

Trade Union Centre	Total Members	No. of CBAs
<b>CUTH</b> - Confederación Unitaria de Trabajadores de Honduras	221,000	45
<b>CGT</b> - Central General de Trabajadores	250,000	13
<b>CTH</b> - Confederación de Trabajadores de Honduras	55,000	23

Note: All trade union centres are affiliated to ITUC.  
Source: Source: DTDA's research

### United Confederation of Workers in Honduras (CUTH)

CUTH (*Confederación Unitaria de Trabajadores de Honduras*) is a trade union organization that was founded in 1992. It currently encompasses 16 sectoral, social and popular trade union federations in the country, around 221,000 workers. Its main purpose is to advocate for the rights and interests of the working class and contribute to the unity and integration of the Honduran popular workers movement, for promoting economic, political and social transformations necessary for the welfare of the Honduran people.

### General Workers' Central (CGT)

CGT (*Central General de Trabajadores*) was formed by Christian democrats in 1970. CGT has about 250,000 workers affiliated.

### Confederation of Honduran Workers (CTH)

CTH (*Confederación de Trabajadores de Honduras*) is the oldest trade union center in Honduras. It was founded in 1964, by peasant organizations. CTH which still has a large membership base among peasants, used to be the largest trade union centre, but memberships have fallen to around 55,000.

## EMPLOYERS' ORGANISATIONS

### Honduran Council of Private Enterprise<sup>5</sup> (COHEP)

COHEP (*Consejo Hondureño de la Empresa Privada*) is the main employers' organisation. COHEP was founded in 1967 and its mission is to contribute to national economic development through the strengthening of free enterprise.

COHEP has 72 affiliated organizations such as associations, employers' organisations, and chambers of commerce. COHEP conducts Corporate Social Responsibility (CSR) activities, and has a Center for

Economic and Social Research, which produces publications, papers and proposals.

COHEP has claimed for many years that there is a need for a comprehensive reform of social security and a completely overhaul the social security system.

Although small and medium enterprises (SMEs) are receiving some support, including by law directed towards this section, it remains insufficient due to a wide range of challenges, according to COHEP. As part of a strategy, the organization has supported an establishment of six SME centres as part of a private-public structure.<sup>6</sup>

COHEP signed its adherence to the Global Compact of the United Nations in December 1, 2015. This is a voluntary initiative through which companies are committed to aligning their operations and strategies with universally accepted principles in anti-corruption, human rights environment and labor standards.

During 2016 COHEP has urged the government to create an office specifically for the creation of jobs. This has been in wake of the beginning of a wave of deportations of Hondurans by the United States that return to Honduras (see also the section: Migration).

## CENTRAL BI/TRIPARTITE STRUCTURES

### Collective Bargaining

By law an employer is required to begin collective bargaining once workers establish a union and specifies that if more than one union exists, the employer must negotiate with the largest union at a company. According to sources, some companies delay or fail to appoint representatives for required mediation led by STSS. In practice this is demonstrated by lengthening and impeding the mediation process and the right to strike. Other methods are used by companies such as collective pacts, which allow collective contracts without the presence of a union. It also avoids the formation of a union.<sup>7</sup>

The three trade union federations have registered 81 Collective Bargaining Agreements (CBAs) (Table 2). According to sources, currently 12 CBAs are in function in practice that guarantee an annual increase of wages per CBA between from 0 to 19.5%. Based on the limitations of data availability, around 30,000 workers were covered by CBAs, which equals a share of wage and salaried workers by 2.0% (Table 3).



**Table 3: Status of Collective Bargaining Agreements (CBAs) in Honduras, 2015**

Number of CBAs	81
Annual increase of wages per CBAs	0-19.5%
Workers covered by CBAs <sup>8</sup> (2005)	29,259
Share of waged workers covered by CBA	2 %

Source: WageIndicator Foundation, Country Profile Honduras, May 2016; [WageIndicator Foundation, Los convenios colectivos de Honduras](#); and DTDA's research

The relatively low coverage of CBAs is related to the mentioned inefficient social dialogue, e.g. some employers either refuse to engage in collective bargaining with unions with impunity or make it very difficult to engage in bargaining. As an example, in June 2014, the collective agreements of SITRAINCHSA, SITRAHNFA, SITRAEPSOTRAVI and SITRAHONDUCOR had been frozen by decree. To point out, an estimated 144,000 employees are working in the Export Processing Zones (EPZs) companies; and these are covered by a tri-partite agreement signed by December 2014 (see also Appendix Table 29).

### Mediation and Arbitration

Labour disputes must first be attempted to be settled between the employer and three employed union representatives. Thereafter a state appointed mediator tries to settle the dispute. If that fails the dispute is referred to a conciliation board. The employers and workers may also refer the dispute for arbitration at a labour court.

According to ITUC, the judiciary has shown a bias against workers and to collude with the executive branch. It was registered that the courts ruled against the workers in cases where trade unionists had been detained without charges. In addition, they also failed to order the reinstatement of unfairly dismissed unionised employees from several institutions.

### National Commission of Minimum Wage

As required by the constitution, the minimum wage is reviewed periodically by the National Minimum Wage Commission. The Commission is composed of the General Labour Inspector, the Director General of Census and Statistics, and a representative each from the National Economic Council, trade unions and employers - from farmer associations, industry or chambers of commerce.

The minimum wage for 2016 was set based on the Commission's agreements. Albeit businesses opposed to the raise, the STSS confirmed an increase of between

5.5% and 8% in the different categories of minimum wage (see also the section: Working Conditions).

### Economic and Social Council (ESC)

ESC is an institution that provides analysis and reports on labour market issues to promote social dialogue. An organizational structure of the ESC was approved by law in January 2014, clarifying that the organization is functioning independent; provides opinions on labour market draft laws; and includes the vice-president and the Consultative Council.

### Other bi/tripartite organs<sup>9</sup>

- Honduran Institute of Social Security
- Professional Training Institute
- Private Tax Regime
- Solidarity Housing Programme
- Bi- and Tripartite Maquila Commission

## NATIONAL LABOUR LEGISLATION

### Constitution<sup>10</sup>

The Constitution is from 1982 and has been modified several times. It was last modified in 2005. The then president Manuel Zelaya planned to convey a constitutional assembly to rewrite the constitution in 2009, and controversies over this led to the 2009 coup that sent Zelaya in exile. The constitution establishes rights such as a maximum work of 8 hour per day, 44 hours per week, right to a minimum wage, occupational safety and health, paid annual leave, maternity leave, social security and to strike. It prohibits employment of children less than 16 years old, except if it is essential for their or their family's survival.

### Labour Code<sup>11</sup>

The Labour Code from 1959 regulates from employment contracts, specific types of work, leave, breaks, salary, and protection of workers, collective labour disputes, trade unions and employers' organisations. It also establishes the labour courts. The government amended the code several times, and latest in 2010 to allow employers to hire up to 40% of their workforce on temporary, part-time contracts for work that is by its nature full-time permanent work.

### Hourly Employment Code

The code from 2010 established a special emergency program of a temporary character until November 2013. It was the country's first legal basis for hiring employees on a temporary basis under the pilot program. In 2012, Congress amended to law to remove

the expiration date and made the code permanent. However, the law has provoked opposition from worker unions who called the act to be repealed. Trade unions believe that the rule violates the Labor Code and curtails the rights of workers. On the other hand, employers have requested that the temporary law be made permanent.

### Other labour market legislations

Several other legislations exist that regulate and set standards and restrictions for the labour market in Honduras. ILO registered a total 259 national labour, social security and human rights related legislations.<sup>12</sup>

In recent years, only few legal reforms on the labour market have been approved. It has been registered that only five pieces of new/amended legislations were approved in the period from 2014 to 2016 within the themes: general provisions, tripartite consultations, conditions of employment, and international agreements (see more on Table 4 and Appendix Table 27).

**Table 4: Status of the national labour, social security and human rights related legislations in Honduras**

	2014	2015	2016
Number of new/amended legislations	4	1	0

Source: [ILO, NATLEX, Honduras](#)

There is progress in crafting reforms with reference to the framework of the social protection code as well as processes of labour and law of labour inspections.

### Observations on the labour legislation

The International Trade Union Confederation (ITUC) has some observations of the labour market legislations, especially with reference to freedom of association and rights to strike, for example<sup>13</sup>

- Excessive representativity or minimum number of members required for the establishment of a union.
- Single trade union system imposed by law and/or a system banning or limiting organizing at a certain level.
- Restrictions on the right to elect representatives and self-administer in full freedom.
- Workers in agricultural undertakings and farms that do not permanently employ over ten workers are excluded from the scope of application of the Labour Code.
- The Labour Code establishes that employees of state-owned enterprises, which are also considered to be services of public utility, must give six months'

notice or have the government's approval before striking.

- Obligation to observe an excessive quorum or to obtain an excessive majority in a ballot to call a strike.
- Compulsory recourse to arbitration, or to long and complex conciliation and mediation procedures prior to strike action.

The U.S. Department of Labor raised serious concerns regarding the protection and promotion of internationally recognized labour rights in Honduras, including concerns regarding the Government of Honduras's enforcement of its labour laws, under the labour chapter of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) (see also the sub-section: Trade Agreements).<sup>14</sup>

### Ratified ILO Conventions

With reference to Honduras' ratification of the international labour standards, a total 26 ILO Conventions are ratified (see also Appendix Table 28):<sup>15</sup>

- Fundamental Conventions: 8 of 8.
- Governance Conventions (Priority): 3 of 4
- Technical Conventions: 15 of 177.
- Out of 26 Conventions ratified by Honduras, of which 25 are in force; no Convention has been denounced; one has been ratified in the past 12 months, i.e. the Maritime Labour Convention, 2006 (MLC, 2006) in June 2016.

The reporting requirements in article 22 tripartite consultations of the ILO Constitution were very active in 2016 by the trade union centres CUTH and CGT, COHEP and ITUC.<sup>16</sup>

## TRADE UNION RIGHTS VIOLATIONS

Honduras was ranked as four out of five at ITUC's Global Rights Index in 2016, classified with systematic violations of rights, i.e. "[t]he government and/or companies are engaged in serious efforts to crush the collective voice of workers putting fundamental rights under threat."<sup>17</sup> The country has stayed on that ranking during the last three years (Table 5).

**Table 5: Global Rights Index, Honduras ranking, 2014-2016**

	2014	2015	2016
Ranking on the Global Rights Index	4	4	4

Note: Five clusters in total with ratings from 1 to 5. A country is assigned the rating 5+ by default, if the rule of law has completely broken down.

Source: [ITUC, Global Rights Index](#)

In the period from 2015 to 2016, ITUC has registered five cases of violations of trade union rights in Honduras. These cases are related to:<sup>18</sup>

- Anti-union practices at plantations and workers brought the company to court over the non-payment of benefits owed to them.
- University trade union leader was killed. (From 2009 to 2016 at least 31 union leaders and trade union members have been killed).
- The government of Honduras holds consultations but ultimately makes its own decisions, without taking on board the contributions made by trade union organizations.
- Violations of the rights of migrant children and teenagers from Honduras.
- Forced disappearance of university trade union leader.
- A garment factory located in the Búfalo export processing zone launched an offensive against the recently elected trade union representatives, offering them a sum of money up to three times higher than the severance pay established by law, in exchange for their resignations.

Also the U.S. Annual Country Report on Human Rights Practices 2015 registered that there were several instances of government interference in union activity:<sup>19</sup>

- Antiunion discrimination continued to be a serious problem, e.g. in cases where authorities impose fines for violations, many companies paid the fine and continued to violate the law. Employers commonly threatening to close unionized factories and harassed or dismissed workers seeking to unionize. They also dismissed leaders with impunity to prevent the union from functioning.
- Employers further complicated matters by often barring STSS inspectors from entering to serve union protection documents.
- Some employers in the manufacturing industry continue with impunity to blacklist employees seeking to form unions.

There has also been registered many acts of attempted murder, torture, kidnappings, break-ins, and death threats with relation to the freedom of association. Other organizations, e.g. the Solidarity Centre, continued to report a wide range of trade union violations during 2015 and 2016.<sup>20</sup>

There are reports of forced labour, which occurs in the agricultural sector, street vending, domestic service, and criminal activities. The victims are most often impoverished and from both rural and urban areas.

ILO has three active Freedom of Association cases. One is from 2013 where the complainant organizations allege a wide range of themes, e.g. the murder of a woman union activist, the institution of criminal proceedings, the detention of union activists, the declaration of a strike as illegal by the administrative authority, mass dismissals for participation in protest movements, restrictions on the right to strike and trade union leave, and other anti-union acts. The other two cases are from 2015 and are classified as 'confidential'; the complainant organizations are CUTH and the *Sindicato de Trabajadores de Honduras Correos* (SITRAHONDUCOR), respectively.

**Table 6: Freedom of Association cases in Honduras, 2016**

ILO Complaints Procedure	Number of cases
Active	3
Follow-up	1
Closed	40

Source: [ILO, NORMLEX, International Labour Standards country profile, Honduras](#)

## WORKING CONDITIONS

The minimum wage is established in 42 categories and set by tripartite negotiation for the three year period 2014-2016. The minimum wages per month range from 5,682 lempira (US\$250) in the agricultural sector to 9,593 lempira (US\$423) in the finance and real estate sector in 2016 (Table 7). The average salary in the CBAs was estimated at 8,473 lempira (US\$400) in 2015.

**Table 7: Wages and earnings in Honduras**

Monthly average, median and legal minimum wages

	Current Lempira	Current US\$
Average wage (2010)	7,125	352
Median wage (2010)	4,030	213

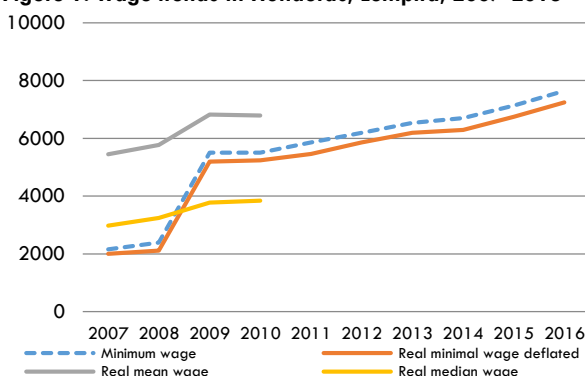
Minimum wage (2016) (average)	7,637 *	319
Growth of real average wage (2001-2010)	8 %	
Growth of real median wage (2001-2010)	8 %	
Growth of real minimum wage (2007-2016)	19 %	

\* The minimum wage is based on an average between highest and lowest minimum wages.

Source: [ILO, Global Wage Database 2012/13](#) and [La Gaceta, Acuerdo Tripartito sobre la Revisión del Salario Mínimo para los Años 2014-2015-2016](#); and [ILO, Global Wage Database](#)

The minimum wages was raised by 145% in 2009. It was followed by a coup and political turmoil. The wage growth was stalled two years after. The minimum wages started to increase again after 2011 by 5.6% on average per year (Figure 1). One of the reasons why the median wage is close to the minimum wage is related to large wage differences between rural and urban areas as well as sectors.

**Figure 1: Wage trends in Honduras, Lempira, 2007-2016**



Source: [La Gaceta, Acuerdo Tripartito sobre la Revisión del Salario Mínimo para los Años 2014-2015-2016](#) and [ILO, Global Wage Database](#)

According to sources, the *Secretaría de Trabajo y Seguridad Social* (STSS) is not effectively enforcing national minimum wage and hours of work laws. In practice, the minimum wage is rarely paid in the agricultural sector and is not paid consistently in other sectors.<sup>21</sup>

Based on the National Statistical Institute estimations, the minimal living cost for a family of five was 2,681 lempira (US\$142) in urban areas and 1,424 lempira (US\$75) for a family of six in rural areas. Almost one-third of full-time paid employees (some 370,000 persons) earn less than the minimum wage. The situation is worst in the rural sector.<sup>22</sup>

The gross average nominal monthly wages between men and women is close to be equal; i.e. women's earnings are 2.4 percentage points higher than men's.<sup>23</sup>

Domestic workers' wage in Honduras is around 64% on average of wages for all paid employees, which is which is a quite high rate in comparison with many other countries.<sup>24</sup>

Unions have raised concerns about the use of temporary contracts as well as part-time employment. These mechanisms have been observed as attempts to avoid union formation or having to provide full benefits.

STSS employed 135 labour inspectors around the country. These inspectors cover 1 per 26,785 workers in the workforce. The ILO recommends 1 inspector per 40,000 workers in less developed countries and 1 per 20,000 workers in transition economies.<sup>25</sup> Data suggest that inspections are on a rise, i.e. the number of inspections increased from 14,897 inspections between January and August 2014 to 17,361 inspections in 2015. However, labour inspectors continue to be concentrated in Tegucigalpa and San Pedro Sula.<sup>26</sup>

It has also been noted that the authorities have not effectively enforced worker safety standards, particularly in the construction, garment assembly, and agriculture sectors. Reports continue to register violations of occupational health and safety laws.<sup>27</sup> Table 8 below gives a short view of the working conditions regulations in Honduras. For example, Honduras has maximum weekly hours by 60 hours which is high, but similarly with Costa Rica and Guatemala standards. In contrast, Honduras has low minimum overtime remuneration by 25% increase, while the majority have a 50% increase in the Latin America and the Caribbean.

**Table 8: Working Conditions in Honduras**

Normal Weekly Hour Limit	44
Overtime Limit	4 hours
Max. Weekly Hours Limit	60
Min. Mandatory Overtime premium/time off in Lieu of Overtime Wages	25% increase; no universal national entitlement to compensatory time off
Min. Annual Leave	8 Days
Duration of Maternity Leave Benefits	10 days
Amount of Maternity Leave Benefits	100% for 84 days
Source of Maternity Leave Benefits	Mixed (social insurance pays two-thirds and employer pays one-third)

Source: [ILO, Working Conditions Law Report 2012](#)



## WORKFORCE

The total population is estimated of 8.9 million and the workforce force of 3.7 million workers in 2016. It has a total employment-to-population rate at 63%, which is slightly higher than the Central America (CA) average at 60%. Women have considerably lower employment-to-population rates than men in Honduras, especially the young men's rate is relatively high at 68% while young women's at 29% (Table 9).

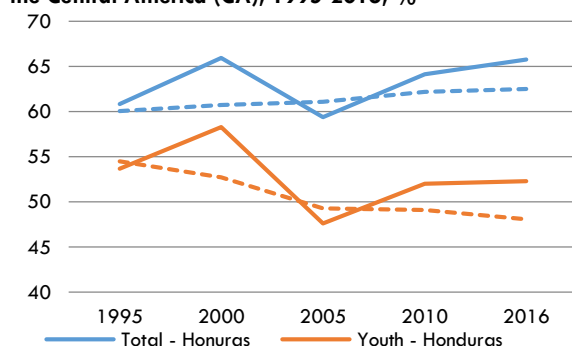
**Table 9: Employment-to-population ratio in Honduras and the Central America (CA)**  
2016, Age and Sex distribution

Sex	Age	Honduras	CA
Total	Total 15+	63 %	60 %
	Youth 15-24	49 %	44 %
	Adult 25+	70 %	65 %
Men	Total 15+	82 %	77 %
	Youth 15-24	68 %	57 %
	Adult 25+	88 %	84 %
Women	Total 15+	45 %	44 %
	Youth 15-24	29 %	30 %
	Adult 25+	52 %	48 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

The employment rate experienced a downturn in the beginning of the 2000s and went below the Central America average in 2005. The trend reverted in 2005, which was related to the mentioned wave of deportations of Hondurans by the United States. The total participation rate continued on a growth from 59% in 2005 to 66% in 2016. The youth employment rate increased from 48% to 52% during the same period, but it has not yet reached its peaked rate at 58% in 2000. Today, Honduras' rates are hovering above the Central America average. In addition, the country's youth employment trend is in contrast with the regional declining trend (Figure 2).

**Figure 2: Labour force participation rate in Honduras and the Central America (CA), 1995-2016, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

## Inactivity

One out of three (34%) of the working age population (WAP, 15+) and almost one out of two (48%) of the youth population (15-24 years old) are inactive (i.e. do not work, neither study) on the labour market; and with deep gaps between men and women (Table 10).

**Table 10: Inactivity rate in Honduras, 2016**

	Total	Men	Women
Inactivity rate	34 %	16 %	53 %
Inactivity rate, youth	48 %	28 %	68 %

Note: The inactivity rate is a measure of the proportion of a country's working-age population that is not engaged actively in the labour market, either by working or looking for work.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

## Unemployment and Underemployment

The unemployment rate is estimated at 3.9% and youth unemployment rate at 7.1% in 2016. To point out there are relatively deep gender gaps on these rates, e.g. youth men unemployment at 5.5% and youth women at 11% (Table 11). The unemployment and youth unemployment rates are slightly lower than the Central America averages which are measured at 4.3% and 8.7%, respectively.

**Table 11: Unemployment and Underemployment in Honduras, Year and %<sup>28</sup>**

	Year	Total	Men	Women
Unemployment rate	2016	3.9 %	3.3 %	4.8 %
Youth unemployment	2016	7.1 %	5.5 %	11 %
Share of youth unemployed in total unemployed	2016	46 %	46 %	47 %
Underemployment share of employment	2010	14 %	12 %	16 %

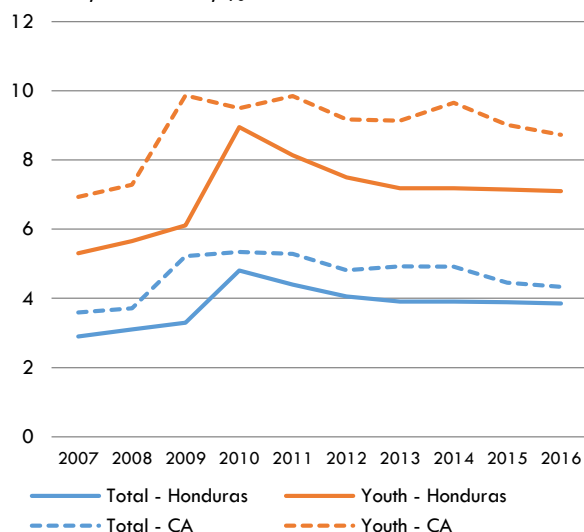
Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

The unemployment rates were increasing during the 2000s and peaked in 2010 by 4.3% of the total unemployment and 8.7% of the youth unemployment. The increase was related to the political coup in 2009, the impact of the global financial crisis 2007-2008 and high levels of crime and violence (see also the section: General Economic Performance). Both trends entered a decreasing phase afterwards, but stayed flat since 2012 (Figure 3). It has been registered that the government dismissed 10,000 workers of several public institutions in 2015. Honduras' unemployment has



maintained staying below the Central America averages.

**Figure 3: Unemployment trend in Honduras and the Central America, 2007-2016, %**



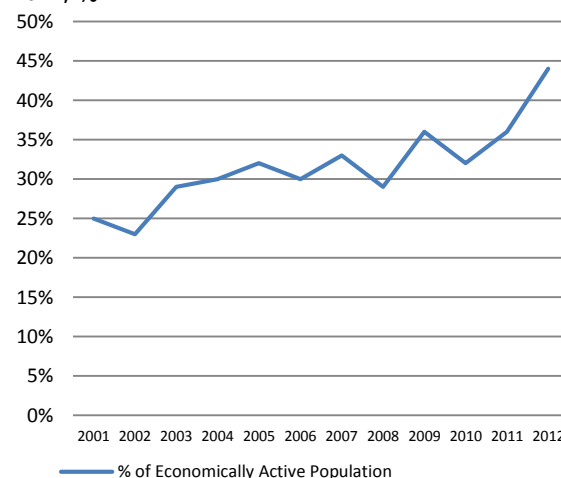
Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Few workers in poor countries have the option to be in unemployment. Interpretation of the open unemployment and employment rates as indicators of a relatively well-functioning labour market is problematic in developing countries. When unemployment is not an option where a person can survive, work of some sort has to be found, often casual and informal work. Unemployment should therefore be understood in relation to the coverage of social safety nets, the prevalence of informal employment and how much of informal employment is underemployment due to few formal employment possibilities.<sup>29</sup>

Actually, unemployment can be concealed as underemployment in Honduras. Estimations suggest that around 14% of the employed are underemployed, which is related to those who are involuntary working less than they desire (Table 11). Based on the limitations of data availability, around 23% are part-time workers, voluntary or not; and mostly are women. Also under-utilization and job insecurity are prevalent.

In terms of the so-called 'invisible' underemployment (i.e. the percentage of workers with fulltime jobs that earn less than the minimum wage) has been estimated at 44% and on an increasing trend (Figure 4). A likely contributing factor is the mentioned Hourly Employment Code from 2010, which has made it easier to hire workers on part-time, temporary employment contracts.

**Figure 4: 'Invisible' underemployment in Honduras, 2001-2012, %**



Source: [CEPR, Honduras Since the Coup: Economic and Social Outcomes, November 2013](#)

## Sectoral Employment

Around 36% of the total employed in Honduras is working in the agricultural sector. The following main sectors are the trade and hotel/restaurant sector by 24%, public administration by 15%, and in manufacturing by 13%. Men are dominating the total employment by 64%. Especially are men very dominating the agricultural sector (90%); and with similar high ratios in the mining sector (81%); electricity, gas and water sector (75%), construction sector (98%); transportation & communication sector (90%); and financial & business services sector (63%) (Table 12).

Women who are employed tend to work outside agriculture, especially in community, social and personal services; and to some extent in the wholesale and retail trade and restaurants/hotels sector as well as the manufacturing sector. On the negative side, the latter sector has been negative affected by China-related trade shocks in Honduras, which has stalled the evolution of the industry sector and the rise of wage and salaried workers.<sup>30</sup>

**Table 12: Total employment per sector, sector employment share and ratio of men in sector employment in Honduras, 2013**

Sector	Total sector employment	Sector employment share, %	Ratio of men in sector employment, %
Agriculture	1,247,679	36 %	90 %
Mining & quarrying	9,431	0.3 %	81 %
Manufacturing	443,406	13 %	47 %
Electricity, gas & water	16,599	0.5 %	75 %
Construction	184,651	5.3 %	98 %
Trade, restaurants & hotels	841,656	24 %	42 %
Transport, storage & communication	117,986	3.4 %	90 %
Finance, real estate & business services	104,944	3.0 %	63 %
Community, social and personal services	518,582	15 %	33 %
Other sources *	2,076	0.1 %	50 %
<b>Total</b>	<b>3,487,010</b>	<b>100 %</b>	<b>64 %</b>

\* Activities not adequately defined.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Men's participation on the labour market is particularly related to high youth segment and adults over 65 years of age. This has been interconnected to a relatively lower coverage of the school enrolment in secondary and tertiary education levels, which impels young people to enter the labour market at an early age instead of building up human capital (see also the section: Education). It is also linked to the low social security coverage, which prevents older workers from obtaining retirement benefits (see also the section: Social Protection).<sup>31</sup>

As mentioned, the agricultural sector is employing 36% of the total employed workers which contributes to 13% of the Gross Domestic Product (GDP). This equals to US\$2,102 GDP share per workers per year. A vast majority of agricultural workers lack a qualified education; access to capital and a low labour productivity. Also the trade and hotel/restaurant sector has a relatively low share by 17% of GDP besides it contributes with 24% of the total employment, and equals to US\$4,075 per workers per year. Several compelling estimations show that the very narrow finance sector with 3.0% of the total employment share has a very high GDP share by workers at US\$32,683

per worker per year, according to the available data (see more estimations on Table 13).

**Table 13: GDP share by sector in Honduras, 2015, % and per worker**

Sector	GDP share by sector, %	GDP share by sector per worker, US\$
Agriculture	13 %	2,102
Mining & quarrying	0.7 %	14,975
Manufacturing	18 %	8,190
Electricity, gas & water	2.3 %	27,956
Construction	5.4 %	5,900
Trade, restaurants & hotels	17 %	4,075
Transport, storage & communication	7.7 %	13,167
Finance, real estate & business services	17 %	32,683
Community, social and personal services	20 %	7,781
Other sources	0 %	0

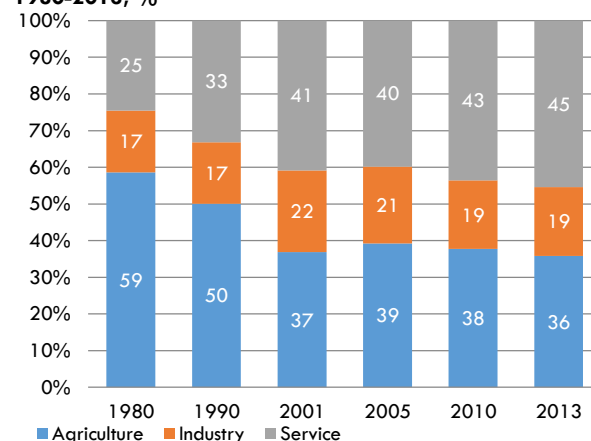
\* Activities not adequately defined.

Note: GDP share by sector per worker is calculated by the total GDP (current US\$) divided by GDP share per sector origin which is divided in number of workers per sector.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#); and [CEPAL, Honduras: Perfil Nacional Económico](#)

To point out, Honduras has experienced an increasing employment share in the service sector from 33% in 1990 to 45% in 2013, with a slowly growth during the 2000s. The industry sector has declined slightly from 22% in 2001 to 19% in 2013 and the agricultural sector has basically been on a flat growth at 37%, respectively (Figure 5).

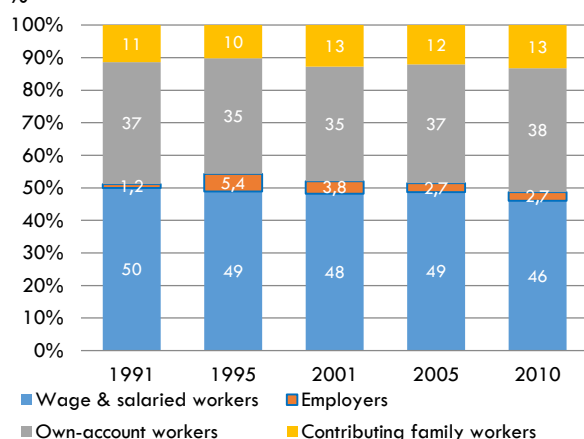
**Figure 5: Employment by aggregate sector in Honduras, 1980-2013, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

It has also been registered that the segment of wage and salaried workers has been on a marginally decreasing trend of the total employment from 48% in 2001 to 46% in 2010, but remains the highest cluster. Own-account workers increased by three percentiles from 35% to 38% while the contributing family workers has stayed on a flat growth (Figure 6).

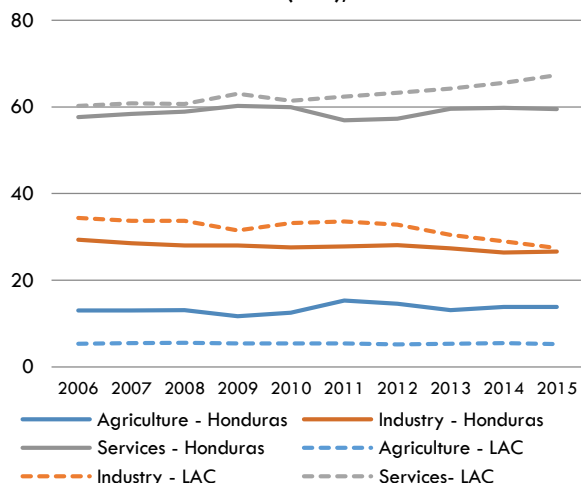
**Figure 6: Status in employment in Honduras, 1991-2010, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

The country's agricultural sector share of the GDP remains higher in comparison with the Latin America and the Caribbean (LAC) average. This sector's GDP share in Honduras has basically been on a flat growth since 2005. The industry sector in Honduras has been on a marginal drop from 29% in 2006 to 27% in 2015. This trend in LAC has also been declining slowly and reaching Honduras' share 2015. Also the service sector has been on a steady GDP share of 59% on average during the last decade. The country has not followed the LAC average rising trend (Figure 7).

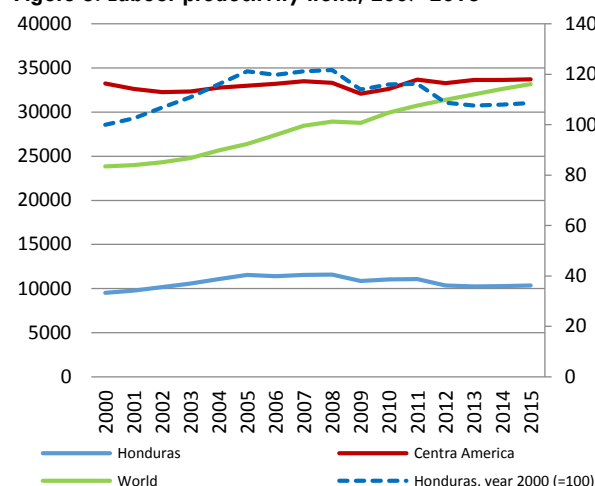
**Figure 7: Sectors' Share of GDP in Honduras and the Latin America and the Caribbean (LAC), 2006-2015**



Source: [World Bank, World Development Indicators](#)

Honduras' labour productivity was growing slowly in the beginning of the 2000s but started to dive after 2008 reaching its level from a decade ago. The labour productivity has been stalled since 2012. The country remains with a lower labour productivity in comparison with the LAC and the World averages. Honduras' gaps do not appear to be reduced for many years ahead (Figure 8).

**Figure 8: Labour productivity trend, 2007-2016**



Note: Labour productivity is defined as output per worker (i.e. GDP constant 2011 international US\$ in Purchasing Power Parity (PPP)); and indexed year 2000 (=100).

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

## Migration

The net migration has been on a fallen trend in the period from 2002 to 2012. The ratio to net migration to average population remains to be much higher than the LAC average. There was a fast increasing remittance inflow in Honduras in the beginning of the 2000s which peaked in 2006 by 22% of GDP. It plummeted down to 16% in 2012 but slowly reverted to an increase again since then, reaching 17% on average in the period from 2012 to 2015. The country receives ten times higher more remittance than the LAC average that was estimated at 1.2%. The country could be interpreted as one of the highest remittance receiving countries in the world.<sup>32</sup> This data also shows that migrants' remittances are an essential engine of the economy. This explains the significant decrease in remittance flows after 2006 has affected the economy (Table 14 & Figure 9; see also the section: General Economic Performance). An impact of the November 2016 presidential election in the United States will most likely affect negatively the remittance flow and with changes on the migration trends in Honduras.

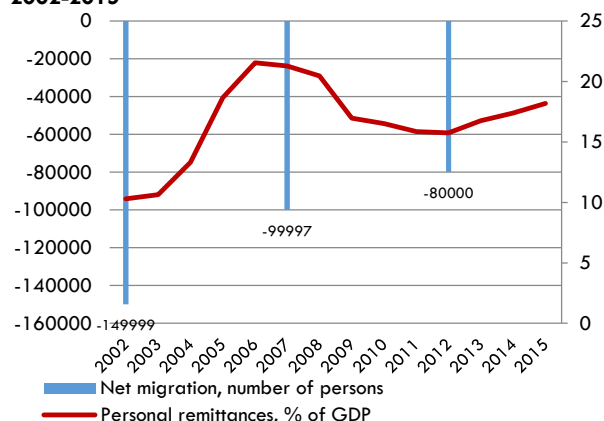
**Table 14: Migration Facts in Honduras**

Net migration (2008-2012)	Honduras	- 80,000
Net migration to average population per year (2008-2012)	Honduras	- 1 : 469 Inhabitants
	Latin America & the Caribbean	- 1 : 1,438 Inhabitants
Remittances received, % of GDP (2012-2015, average)	Honduras	17 %
	Latin America & the Caribbean	1.2 %

Note: Net migration rate is the difference of immigrants and emigrants within five years. A positive value represents more people entering the country than leaving it, while a negative value means more people leaving than entering it.

Source: [World Bank, World Development Indicators](#)

**Figure 9: Net migration and remittance trends in Honduras, 2002-2015**



Source: [World Bank, World Development Indicators](#)

An estimated 60% of the migrants are young people, which is a relatively large share.<sup>33</sup> Many of these have had little access to formal education and are unskilled. Even then they tend to find work in their destination countries on skill-levels below their education. Both economic factors, such as income prospective, and lack of job creation are major reasons for migration from Honduras.<sup>34</sup>

The number of emigrants has been estimated roughly at one million, which would have been equivalent in 2010 to almost a quarter of the economically active population.<sup>35</sup> The top destinations for Honduran migrants are the United States, Spain and Nicaragua. Honduras is also a large transit country for migrant from Latin Americans seeking to enter the United States.<sup>36</sup> The Government created a Prosecutorial Task Force in 2014 to investigate and prosecute human trafficking and the smuggling of unaccompanied migrant youth.

A study showed that a 10% increase in emigration from Honduras increased wages in Honduras by as much as 11%. It was argued that the emigration's impact was driven by women and by urban regions.<sup>37</sup>

There has also been a rural-to-urban migration in Honduras to support the urban industrial sector. This was an impact of an increased focus on foreign investment that promoted a shift away from small-businesses.

Remittances and returnees bring capital into the Honduran economy, but reliance on illegal immigration also leaves many families indebted to coyotes, i.e. human smugglers, strengthening the power and influence of organized crime.<sup>38</sup>

### Informal Economy

Estimations from 2013 suggest that informal employment makes up 73% of total employment in the non-agricultural sector in Honduras. There is a slim gender gap with men of 71% and women of 76%, respectively. The informal economy employed 60% of total employment. The informal economy in Honduras is much larger than the LAC's average (Table 15).

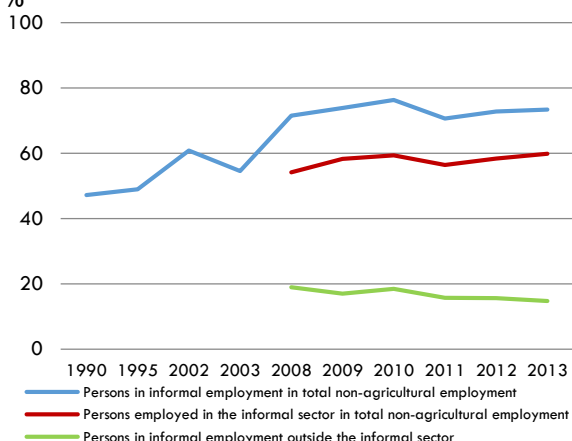
**Table 15: Employment in the informal economy**

Total informal employed in non-agricultural employment	Honduras (2013)	73 %
	LAC (2010)	50 %
Employment in the informal sector in non-agricultural employment	Honduras (2013)	60 %
	LAC (2010)	32 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Figure 10 below demonstrates that an informal employment experienced a growth during the 2000s and hovering above 70% in terms of persons in informal employment in total non-agricultural employment during the 2010, so far. The labour market has been affected by the challenges of doing business, the environment of the governance and weakness of complying with the labour code. The main cause of informal employment of salaried workers in the formal companies is non-compliance with the regulating framework.

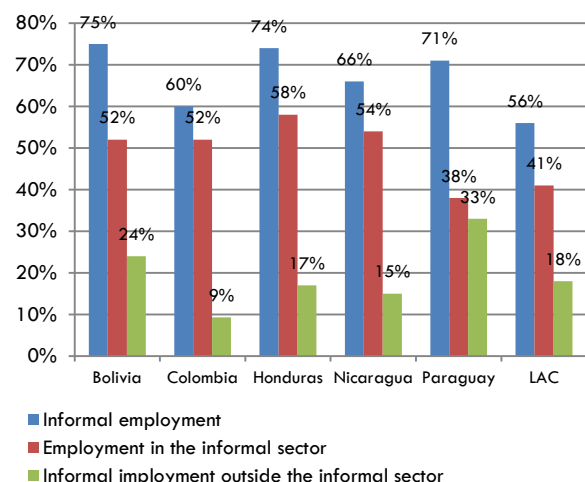
**Figure 10: Informal employment in Honduras, 1990-2013,**  
%



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Other comparative data also demonstrate that Honduras' labour market is fragmented in a relatively narrow formal sector that is embraced by a dominating informal economy. And it is more present in Honduras than most other countries in LAC (Figure 11).

**Figure 11: Employment in the informal economy in LAC, 2006-2009**



Source: [ILO, Women and Men in the Informal Economy: A Statistical Picture, 2014](#)

Since mostly workers operate in the informal economy, this segment is suffering by precarious labour conditions insofar as income, occupational safety and health, and social security coverage.

Generally, the informal economy is heterogeneous and corresponds to micro-businesses with self-employed workers and unregistered informal micro-businesses. As a summary, work in the informal economy is performed predominantly in small and family businesses, by street vendors, through services and food retail.

One of the main problems is lack of capital and small-scale operations that make it difficult to achieve sufficient levels of productivity to cover the cost of becoming formal. With regard to training skills levels in this 'sector', many workers do not undergo training and no training programs within the sector are available.

A survey conducted in 2012 by WageIndicator rated workers on an informality scale from 1-5, with 1 being workers not entitled to social benefits, who do not contribute to social security and with no contract. It showed that 37% are in the most informal category and 30% in the most formal. This is more informal than several similar surveys conducted by WageIndicator.org.<sup>39</sup>

The survey also showed that the informality scale correlates positively with the wage level as well as how likely one is to be paid above the minimum wage level. According to data, only 50% in the most informal category paid above the minimum wage level. Persons, younger than 29 years old, are more likely to be in informal employment, whereas the age group 30-39 is least likely to be in informal work.

The government has started a program to improve payroll controls by conducting audits in public institutions, aimed at identifying and removing irregular workers. In 2015 the tax collection agency (DEI) implementing a new invoicing system, which comes with several problems and a surge of costs for small business and the informal economy, according to sources.<sup>40</sup> Among others, starting business and paying taxes remain challenging. In practice, the new tax scheme will force companies to demand its suppliers (e.g. from the informal economy) to register and comply with the regulations; otherwise they will face a tax increase, and will not be able to back the expenses with the corresponding invoices.

### Child Labour

The law regulates child labour and sets the minimum age for employment at 14. All minors between 14 and 18 must receive special permission from the STSS to work. However, the vast majority of children who work is without permits from STSS. Children between ages 14 and 16 may work a maximum of four hours per day, and those between ages 16 and 18 may work up to six hours per day.<sup>41</sup> The U.S. Office of Trade and Labour Affairs found evidence in 2015 that the government failed to enforce labour laws related to the minimum age for the employment of children.<sup>42</sup>



Data show that 11% of Honduras children are engaged in child labour. This is close to the LAC average at 10%. They also show that children are more likely to be engaged in child labour in rural areas (14%) than urban (6%), and boys (18%) are more likely than girls (4%). It has also been registered that children are more likely to work the older they are, for example 9% of children aged 7-14 vs. 33% of children aged 15-17 are employed.

**Table 16: Status of working children**  
Proportion of all children in age group

Region	Age	Type	Proportion
Honduras (2007)	7-14	Children in employment	8.7 %
	5-17	Child Labour	11 %
	14-17	Hazardous work	25 %
Latin America and the Caribbean (2008)	5-17	Children in employment	13 %
		Child labourers	10 %
		Hazardous work	6.7 %

*Note: Children in employment include all children who conduct some kind of work, whereas child labourers are a narrower term without mild forms of work. Hazardous work is the worst form of child labour as defined in ILO C182.*

Source: [Understanding Children's Work, Trends in children's employment and child labour in the Latin America and Caribbean region: country report for Honduras, 2010](#) & [ILO, Accelerating action against child labour, International Labour Conference, 99<sup>th</sup> Session 2010](#)

Three out of four children aged 7-14 work as unpaid helpers (74%) and many are also waged workers (23%). The average working week for children who only work is 35 hours, children who also go to school work an average of 17 hours. The rate of children in employment has changed somewhat, from 11% in 2000 to 6.8% in 2002 to 8.7% in 2007.

Most child labour occurs in rural areas. Children often work alongside family members in agriculture and other sectors, such as fishing, construction, transportation, and small businesses.

The Government in Honduras established the Directorate of Childhood, Adolescence, and Family (DINAF) in 2014. It aims to monitor children's rights and implement national plans concerning children and their families. As mentioned, the Government's procedures for enforcement of child labour laws do not sufficiently deter employers from using child labour. As already shown in this report, labour inspectors lack the resources they need to effectively carry out their mandates.

In May 2015 the United Nations' Committee on the Rights of the Child reviewed Honduras' reports and expressed concern about the capacity of institutions to effectively implement the reforms and provide a sustained investment in education, health and childhood development.<sup>43</sup>

## Gender

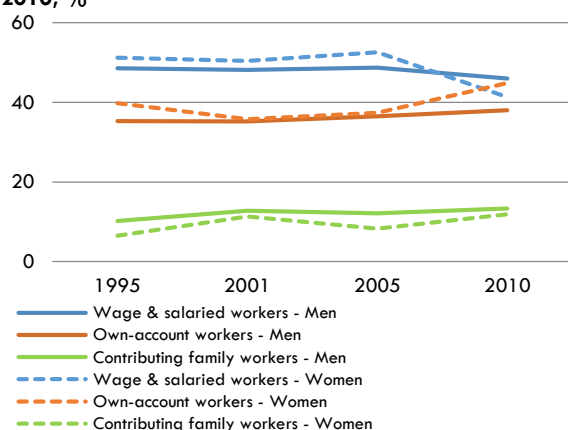
According to the Global Gender Gap Index (GGGI) 2016, Honduras is ranking 78 out of 144 countries (1 is highest). This GGGI focuses on measuring gaps rather than levels; gaps in outcome variables rather than gaps in input variables; and ranks countries according to gender equality rather than women's empowerment. The country scores extremely high (1) in terms of education attainment (see also the section: Education); on a medium level in health & survival (59) and political empowerment (75) while the economic participation and opportunity is relatively low at 96 out of 144 countries.<sup>44</sup>

The National Institute for Women develops government policy on women and gender. In addition, the nationally sponsored National Plan on Equality and Gender Equity continued its efforts to achieve gender equity. A slow transition for women from unpaid to paid labor is a step in the right direction toward equality, but there are still contests to reach equal pay and equal jobs as well as equal treatment.

The gender equality has specifically some challenges relating to the society's patriarchal norms, poverty, human security, and corruption. Although civil society and social movements have played a central role in bringing gender issues to the forefront in past decades, political crisis has created ruptures among activists and civil society organizations, even within the women's movement.<sup>45</sup>

As noted elsewhere in this report: Women have a considerably lower employment rate than men; and the former are more likely to be affected by unemployment or underemployment. Few women work in agriculture, but more commonly they find employment in manufacturing, commerce and social services. Women have experienced a significantly drop as wage and salaried workers from 53% in 2005 to 41% in 2010 while men by 49% and 46%, respectively; and reverted by increasing segments of own-account workers, which is a proxy indicator that suggest a growing informal economy (Figure 12).

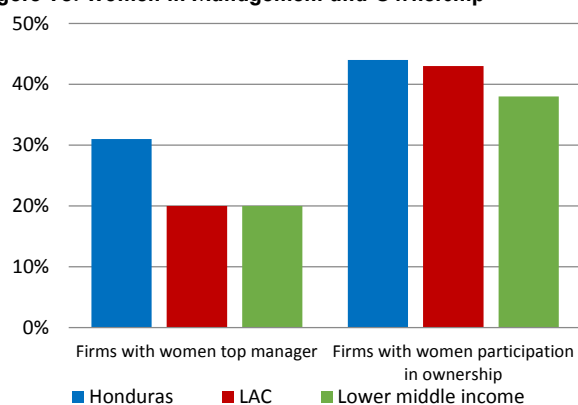
**Figure 12: Status in employment in Honduras by sex, 1995-2010, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Around 8.7% of full time employees were women, which is much lower than the LAC's average which is 14%.<sup>46</sup> Moreover, while 15% of women have an account in a formal financial institution, 26% men have similar accounts.<sup>47</sup> An Enterprise Survey reported that 43% of firms had women participation in ownership in Honduras compared to LAC average at 42% (Figure 13).

**Figure 13: Women in Management and Ownership**

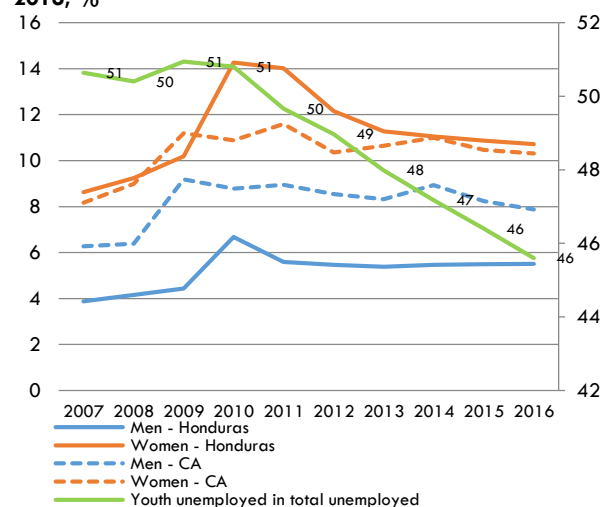


Source: [World Bank, Enterprise Survey, Honduras 2010 Country Profile](#)

## Youth

As already showed, the youth unemployment (persons aged 15 to 24 years old) is almost double as high as the total unemployment rate; just as the women youth unemployment is double as high than men (Figure 14). The share of youth unemployed in total unemployed is 46% with a declining trend, which is related to the rising school enrolment rates and the migration status. It is interesting to observe that young Honduran men have a 2 percentage point lower unemployment rate than the Central America average but a very limited gap between the Honduran women and the region's (Figure 14).

**Figure 14: Honduras: Youth unemployment trend, 2007-2016, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Underemployment is a relevant factor in the social exclusion of youth. This is an impact of the absence of socioeconomic and labour conditions related to low productivity, employment instability and even the irregular international migration that is taken as a way out of these problems. These aspects, being interrelated with the spheres of education, citizen participation and social risk situations, affect the process of building and expanding their citizenship and influence the levels of human development.

Several youth programs have been implemented, including to discouraging the exodus of youth from rural areas by promoting networking and entrepreneurship, thus improving their chances of entering the labor market. The priorities of the program are rural development and food security with equity and sustainability. Targeting the chains that could potentially generate decent employment in combination with stronger partnerships with local institutions, businesses and educational centers made it possible to enhance national identity and local connections.<sup>48</sup>

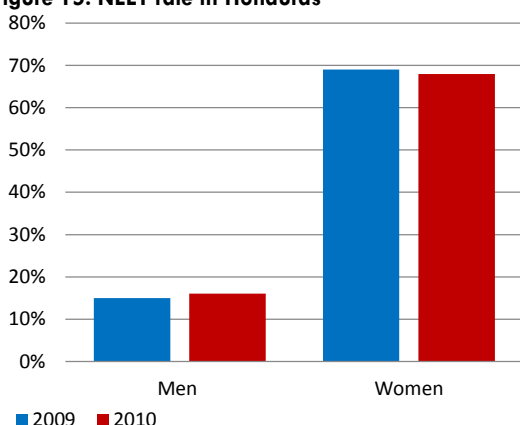
Honduras has one of the most severe gang problems in the Central America and one of the highest homicide rates in the world. It has been estimated that more than 4,700 children and young people belong to gangs in Honduras.<sup>49</sup> Social exclusion and lack of opportunities are some of the factors that drive them to join these dangerous groups. While the government promoted hardline law enforcement, the approach failed to reduce the rising crime rate, and has had negative consequences. Among others, due to budget restrictions, the government has to some extent left most gang prevention and rehabilitation programs to churches and

NGOs.<sup>50</sup> A movement of youth in Honduras was mobilized during 2015 over social networks, which flooded the streets with torch marches against corruption and impunity.

One out of four (25%) of young Hondurans do not work or study and face few possibilities of incorporating into flexible vocational training programs. It is alarming that more than 750,000 young Hondurans are neither studying nor working. The group of young Hondurans who work and study is a minority below one out of ten.

Another key point is that the proportion of youth not in employment, education or training (i.e. the NEET rate) has been much higher among women than men (Figure 15). This gender gap is also related to cultural divergences that are reflected by deficiencies among the indigenous population on the labour market (see also the section: Education).

**Figure 15: NEET rate in Honduras**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

As already described in this report, the economic growth has not been translated into many new jobs in the formal sector and therefore the invisible underemployment of young Hondurans continues to be very high and they operate in the informal economy.

According to sources, the lack of decent employment and existing employment precariousness, the pursuit of better work opportunities and the possibility of sending remittances to the family are key factors in understanding the magnetism of international migration for youth.<sup>51</sup>

## EDUCATION

Honduras has a relatively good level of education in comparison with other Central American countries. Around 19% have no schooling; the gender difference in the education attainment is quite low; and with a total average 5.5 years of schooling (Table 17).

**Table 17: Highest level attained and years of schooling in the population**

2010, % of Population 25+, Men and Women

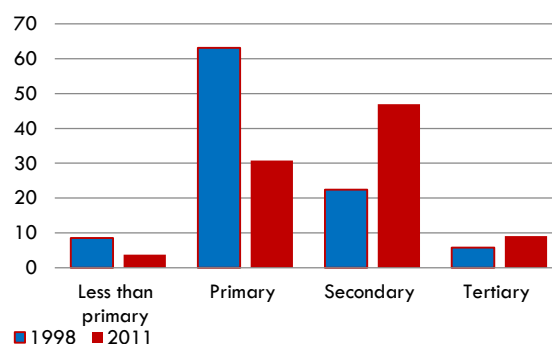
Highest Level Attained		Men	Women
No Schooling		19 %	19 %
Primary	Begun	54 %	53 %
	Completed	27 %	25 %
Secondary	Begun	24 %	23 %
	Completed	15 %	15 %
Tertiary	Begun	5.4 %	4.9 %
	Completed	3.7 %	3.2 %
Average year of total schooling		5.8 years	5.5 years

Note: Primary, secondary and tertiary is the internationally defined distinction of education. In Denmark these corresponds to *grundskole*, *gymnasium* & *university*.

Source: [Barro, Robert and Jong-Wha Lee, April 2010, "A New Data Set of Educational Attainment in the World, 1950-2010." NBER Working Paper No. 15902](#)

A change in terms of the educational attainment and the unemployment has been registered. First of all, the unemployed population in Honduras with less than primary education fell from 9% in 1998 to 4% in 2011. Likewise the unemployment of the segment with primary education dropped from 63% to 31%, respectively. Secondly, and in contrast, the unemployment of the secondary and tertiary educational attainment segment grew fast from 22% to 47% as well as 6% and 9%, respectively (Figure 16).

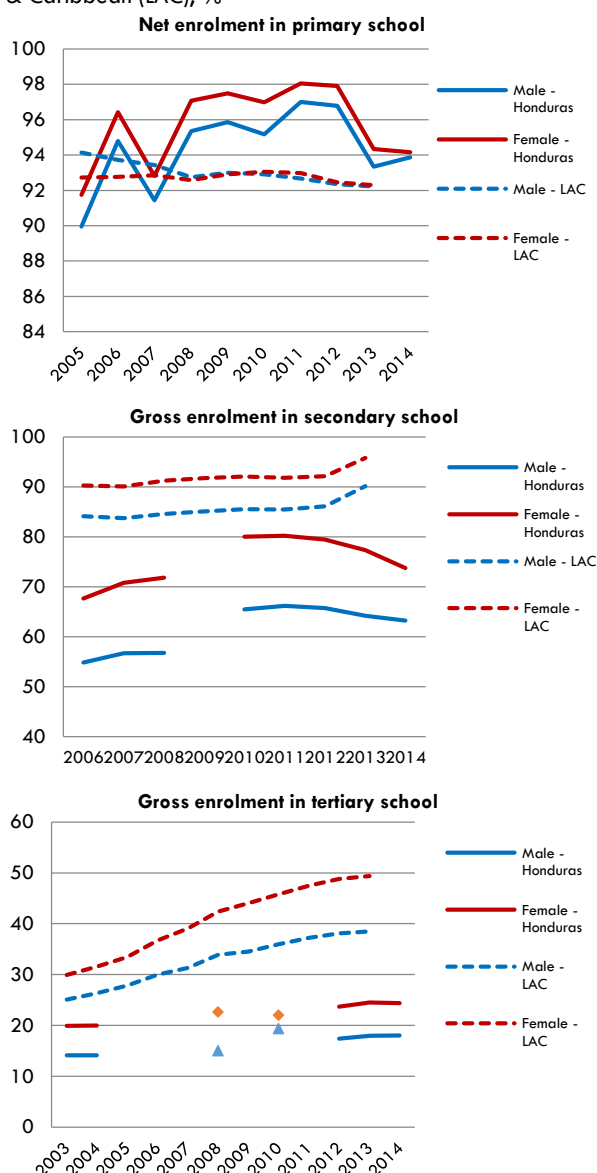
**Figure 16: Unemployment by level of educational attainment in Honduras, 1998-2011, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Females' enrolment rates on all levels are hovering above men's in Honduras which is a similar regional trend in the Latin American and the Caribbean (Figure 17). Honduras' net enrolment in primary school remains higher than the region average, even though the country experienced a downturn in 2013-2014. Secondary and tertiary educations in Honduras have lower enrolment rates than the regional average and diminishing rates, especially females' enrolment in secondary education (Figure 17).

**Figure 17: Enrolment in Primary, Secondary and Tertiary schools**  
2003-2014, Male and Female, Honduras and Latin America & Caribbean (LAC), %



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age.

Source: [World Bank, Education Statistics](#)

A key challenge in Honduras is that roughly 10% of the population between the ages of five and 17 has no access to the education system. Amongst these children, three out of four (75%) live in rural areas. Among others, the transport infrastructure is weak. On the positive side, the Honduran Congress approved the Fundamental Education Law in 2012, providing support for poor families, funds for bilingual education, and establishing new requirements for teacher certification and free, compulsory education through high school. An evaluation of the impact of this law is not yet available, but, as indicated, so far, the school enrolment on all levels has not increased.

The government strengthening the secondary education by enhancing materials, shoes, and uniforms for families with limited means and will begin training teachers to teach in bilingual Spanish/English classrooms. In addition, all teachers will be required to hold university degrees by the year 2018. There are estimations that the government will need to hire 15,000 new teachers at the secondary level and to train 5,000 teachers for bilingual classrooms.<sup>52</sup>

### Vocational Training

According to sources, the provision of training services and technical and vocational capacity building has been estimated as very low, leaving few opportunities for inclusion of young Hondurans who neither work nor study. This has had an impact the urban as well as the rural sectors. The lack of vocational technical training has a stronger effect on the low income youth than on those from a medium and high socio-economic level. The gap between the low and high socio-economic indexes is significant, with a differential of 29%.<sup>53</sup>

Data show that enrolment in technical/vocational programs is significantly higher in Honduras than the region average. In numbers a ratio of pupils in vocational training to all pupils in secondary education is estimated at 32% while it is 10% in LAC average. One out of two (51%) of the pupils in vocational training is a women (Table 18). It is estimated that 34% of formal firms in Honduras are offering formal training.<sup>54</sup>



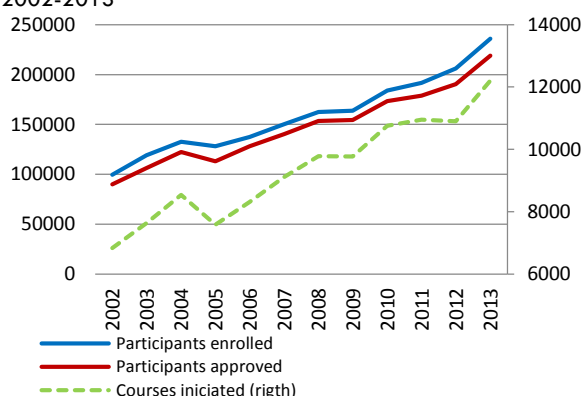
**Table 18: Status of vocational training, 2014**

Pupils in vocational training	Honduras	197,208
Secondary education, vocational pupils (% women)	Honduras	51 %
	LAC	52 %
Ratio of pupils in vocational training to all pupils in secondary education	Honduras	32 %
	LAC	10 %
Ratio of pupils in vocational training out of 15-24 year olds	Honduras	11 %
	LAC	5.8 %

Source: [World Bank, Education Statistics](#)

The Honduran National Vocational Training Institute (INFOP) offers a wide range of vocational training to workers. Although the institution is independent, it collaborates with the government and the business sector in order to contribute towards growth in national productivity. The institution operates with a wide range of programs that have been on a fast increase just as the participants enrolment rate has increased fast (Figure 18).

**Figure 18: Number of participants and courses in INFOP 2002-2013**



Note: The registered number of participants in INFOP diverges from Table 18, which is related to different data sources.

Source: [INFOP, Cifras Estadística 2013](#)

New programs are implemented to promote non-formal vocational training. Among others, a program was launched in 2013 selected non-formal vocational training institutions offering further education options tailored to existing needs. The target group consists of men and women trainees in the non-formal vocational qualification system, together with job seekers or underemployed young people of both genders who belong to poor or disadvantaged population groups. Moreover, there has been argued at the non-formal vocational training system is not oriented towards existing needs on the labour market and it presents obstacles to improvements of the employment situation for young people.<sup>55</sup>

It is worth mentioning that a great deal of learning from the informal economy remains unrecognized and informally acquired competences are not yet recorded, documented or certified.

Issues such as an absence of institutional performance standards, poor quality staff, lack of student performance objectives, reinforcement of gender stereotypes, poor quality of education, low relevancy of learning, high repetition and dropout rates, poor performance, and low academic achievement were identified throughout secondary TVET programs.

## SOCIAL PROTECTION

The social protection in Honduras operates on three areas: health, social insurance, and social welfare. Contributory social security covers only a small percentage of the working population, with no more than an estimated 20%, out of which 12% are in health care. This latter is much lower than the LAC average that was estimated at 82% (Table 19). Persons engaged in informal work and with low incomes are most frequently inadequately covered although a myriad of social welfare programs are currently operating.

Overall social spending has been rising in recent years backed up by a large degree from external donors. The Government has promoted an Inter-Agency Strategic Plan for the Social Protection Policy 2012–2016 and with plans to reform the pension and healthcare systems with an aim to gradually and progressively moving toward universal pension and health care coverage. The scope of the policy is limited due to available resources and tight fiscal targets. In During 2015 COHEP raised concerns about some provisions of the reform related to workers' income and a weaker sustainability of enterprises could encourage informality.<sup>56</sup>

**Table 19: Public spending on social protection schemes, 2010**

Indicator	Measure	Honduras	LAC
Total social protection expenditure	% of GDP	4.4 %	14 %
Public health care expenditure	% of GDP	3.5 %	4.0 %
Health social protection coverage	% of total population	12 %	82 %
Trends in government expenditure in health	% change per year	3.1 %	N/a

Source: [ILO, Social Protection, Statistics and indicators](#)



As indicated, Honduras's workers have a myriad of social security schemes in the formal public and private sectors, e.g. the health system comprises both public and private services (Table 20). Seven organizations form the social welfare system, running 22 different social welfare programs.

**Table 20: Coverage of IHSS and other schemes in Honduras**

	E-M	IVM	RP	Others
Population	17 %	17 %	7.4 %	3.3 %
Economic active population	19 %	16 %	18 %	5 %
Waged workers	48 %	39 %	46 %	11 %

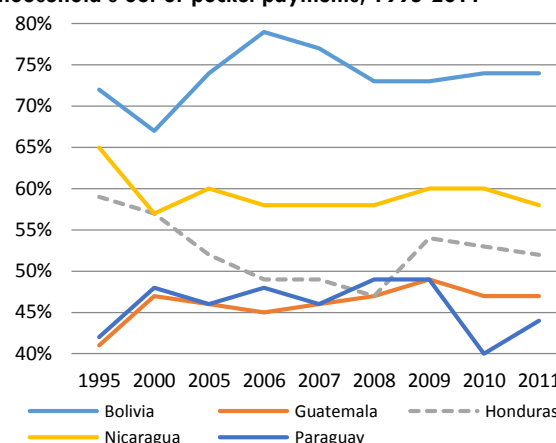
Note: IHSS has three systems: *Enfermedad-Maternidad (E-M)* provides medical services in IHSS clinics, sickness leave and maternity benefits. *Invalidez, Vejez Y Muerte (IVM)* provides invalidity, old-age and survivor pensions. *Riesgo Profesional (RP)* covers professional risks and work injuries.

Source: [IHSS, \*Estatística, IHSS en Cifras 2012\*](#) & [ILO, \*GESS, Country Profiles\*](#)

The largest scheme is the *Instituto Hondureño de Seguridad Social (IHSS)*, which is a provider of pension coverage for the private sector and a major provider of the healthcare in the country. Self-employed, domestic, agricultural and temporary workers are excluded from work injury, maternity benefits and sickness leave; but self-employed and domestic workers can enter the *Invalidez, Vejez Y Muerte (IVM)* scheme and the medical service part of *Enfermedad-Maternidad (E-M)* for a total of 13% of monthly earnings.<sup>57</sup> Overall, IHSS are insuring around 1.6 million of the population, which is about 19% of the total population.<sup>58</sup> But the institution has been haunted by massive corruption scandals in recent years, which is challenging the trust of the system.

ILO has argued that the social welfare in Honduras is limited by comparatively low funding rates and questionable efficiency in practice, among others due to excessive operational costs; unfocused, slow rates of implementation; and superficial impact assessments.<sup>59</sup> The government envisages, though, locking in recent increases in social spending by maintaining overall expenditures under main social programs at 1.6% of GDP, according to the current agreement with the International Monetary Fund (IMF). It could also suggest that the growth of health-care expenditure not financed by private household's out-of-pocket payments will not break the slow declining trend from the beginning of the 2010s (Figure 19).

**Figure 19: Health-care expenditure not financed by private household's out-of-pocket payments, 1995-2011**



Source: [ILO, \*Addressing the Global Health Crisis: Universal Health Protection Policies, 2014\*](#)

In September 2015, a new Social Protection Law was approved that introduced a package of reforms. The law establishes individual retirement accounts for employees earning at least twice the minimum wage, mandates that employers contribute to a new severance indemnity fund, partially privatizes the public health care system and extends coverage of social security benefits (currently only 5% of the workforce is eligible for a social security old-age pension). On the same token, employers must deposit at least 50% of the severance pay to which an employee is entitled into a bank account in the employee's name. According to sources, this provision was suspended pending the resolution of several court cases and the further clarification of how the process would work.<sup>60</sup>

Permanent government workers, teachers, university employees and the military, each have their own social protection schemes. In total, these schemes cover around 267,600 affiliates and their family members.<sup>61</sup> A reform from 2014 of the public employees' pension fund is now being implemented.

Also the old age coverage as proportion of elderly in Honduras is very low in comparison with the LAC's average, 8.4% vs. 56%, respectively (Table 21). This coverage is confronting a gender gap in Honduras by 14% for men and 5.8% for women. This gender gap is also present among the active contributors to a pension scheme in the working-age population (15-64 years old) by 13% and 9.6%, respectively; but, in contrast, it reverts among the labour force (15+ years old) by 14% and 21%, respectively (see more on Table 21).

**Table 21: Benefits, coverage and contributions to pension schemes, 2009-2010**

Theme	Measure	Honduras	LAC
Social benefits for active age (2010)	% of GDP	0.2 %	2.0 %
Pensionable age receiving an old age pension (age 65+ men, 60; women) (2009)	Proportion of total	8.4 %	56 %
Active contributors to a pension scheme (2007)	15+ age	17 %	38 %
Active contributors to a pension scheme (2007)	15-64 years	11 %	28 %

Source: [ILO, Social Protection, Statistics and indicators](#)

## GENERAL ECONOMIC PERFORMANCE

Honduras is a lower-middle income country. The country suffers from high unequal distribution of income and has confronted political and economic difficulties. The human development has experienced a declining trend (Table 22).

**Table 22: Key Economic Key Facts 2015**

<b>GDP US\$</b>	20.2 Billion
<b>GDP real growth</b>	3.6 %
<b>Doing business *</b> (2017)	-4 change in rank 101 of 190 countries
<b>Human Development Index **</b>	-4 change in rank 131 of 188 countries
<b>Gini Index ***</b> (2014)	50.6 8 of 145 countries

\* A high ranking on the Ease of Doing Business Index means the regulatory environment is more conducive to the start-up and operation of a local firm.<sup>62</sup>

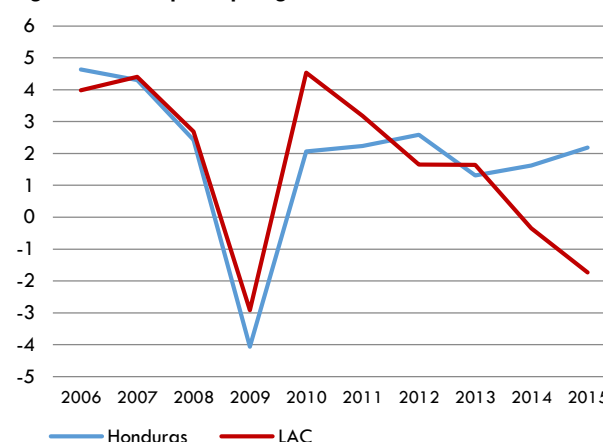
\*\* The Human Development Index (HDI) measures the average of a long and healthy life, access to knowledge, and a decent standard of living. HDI ranking change in the period 2009-2014.

\*\*\* A Gini coefficient of 1 (or 100 percent) expresses maximal inequality among values. This Gini Index ranks the first country with the highest inequality while the number 145 has the highest equality.  
Source: [CIA, The World Factbook, Honduras](#); [World Bank, World Development Indicators](#); [World Bank & IFC, Ease of Doing Business 2016/2017 in Honduras](#); and [UNDP, Human Development Index trends](#)

The GDP growth per capita went through an economic recession in 2008-2009. It was related to a military coup in 2009. During this period the international community withdrew its financial and political support, and the global financial crisis (2007-2008) also affected the export sector. The growth rebounded in 2010, and has stayed at 2.0% on average during the

period 2011-2015 hovering above the LAC average at 0.9% (Figure 20).

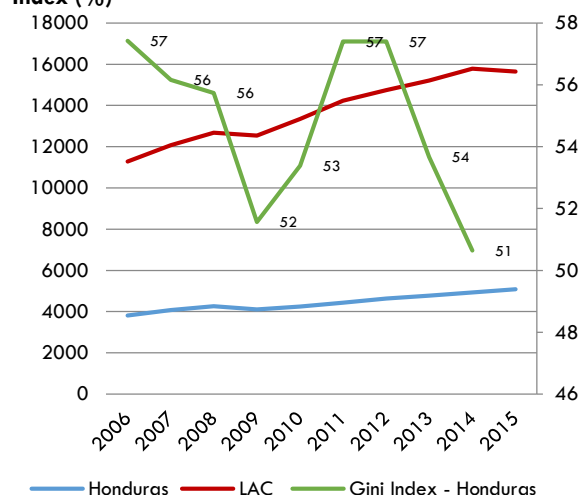
**Figure 20: GDP per capita growth, 2006-2015, %**



Source: [World Bank, World Development Indicators](#)

In terms of the GDP per capita measured in Purchasing Power Parity (PPP), Honduras is far below the LAC average with a ranking as 167 out of 229 countries (1 is highest). The inequality in the distribution of family income is extremely high in Honduras, but it has experienced a falling trend in recent years from 57% in 2011-2012 to 51% in 2014. This has been related to the increasing wage earnings in Honduras (revisit Figure 1). Honduras is ranking 8 out of 145 countries, next to Zambia and Namibia (Table 22 & Figure 21).

**Figure 21: GDP per capita (PPP) growth in US\$ and Gini Index (%)**



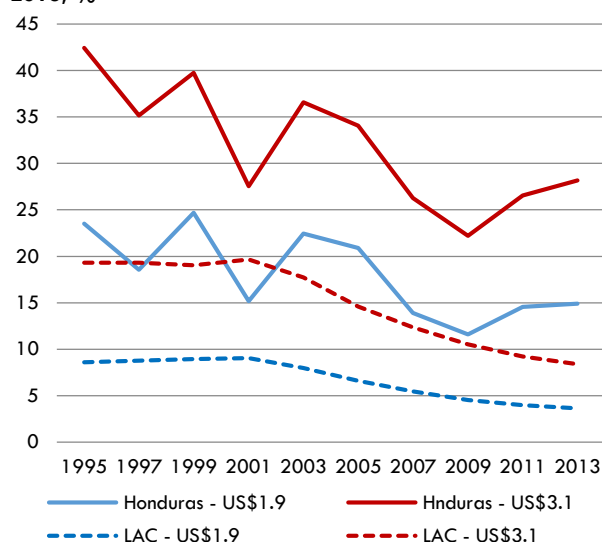
Note: A Gini coefficient of 1 (or 100 percent) expresses maximal inequality among values.

Source: [World Bank, World Development Indicators](#)

The number of extreme working poor (>US\$1.9 per day) in Honduras has experienced a fluctuating trend and in 2013 it was on the same rating as 2001 at

15%. The number of moderately working poor ( $\geq$ US\$1.90 &  $<$ US\$3.10) experienced a minimal change from 12% in 2001 to 13% in 2013. Overall, the working poor living below US\$3.1 per day have experienced a growth of 6 percentiles in the period from 2009 to 2013. The country working poor remain far above the region average (Figure 22).

**Figure 22: Working poor trends in total employment, 1995-2013, %**

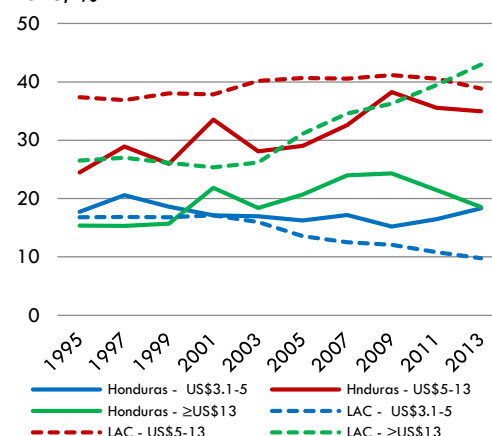


Note: 'Working poor' is the proportion of persons living with their families below the poverty line in line with the full distribution of employment across economic classes.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

The evolution of a middle-class has confronting challenges. The lower middle class (i.e. near poor ( $\geq$ US\$3.10 &  $<$ US\$5) has basically been on a limited development. The trend only slightly increased in recent years. The region average was on a diminishing trend since 2001 and Honduras is hovering above it. The developing middle class (i.e.  $\geq$ US\$5 &  $<$ US\$13) was on a fast rise during the 2000s moving towards the region average. The rate peaked at 38% in 2009, but it was reverted afterwards reaching 35% in 2013. The developed middle-class and above (i.e.  $\geq$ US\$13) also peaked in 2009 by 24% but fell down to 19% in 2013. This is in contrast with the region average that continued on a rising trend from 25% in 2001 to 43% in 2013 (Figure 23).

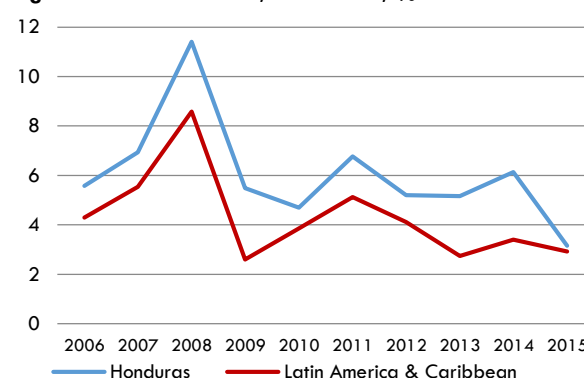
**Figure 23: Middle-class trends in total employment, 1995-2013, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

The inflation has been stable and ended at 3.2% in 2015 owing mainly to better monetary and fiscal policy mix as well as lower fuels prices (Figure 24).

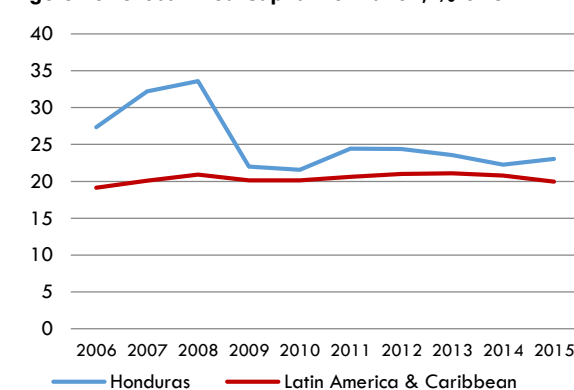
**Figure 24: Inflation trend, 2006-2015, %**



Source: [World Bank, World Development Indicators](#)

The fixed capital formation plummeted down from 34% of GDP in 2008 to 22% in 2009 and stayed below 25% since then (Figure 25). It remains higher than the region average, though.

**Figure 25: Gross Fixed Capital Formation, % of GDP**



Source: [World Bank, World Development Indicators](#)

On the Doing Business Index, Honduras was ranked at 101 out of 190 countries in 2017; and it is above Nicaragua's and the region average rankings. This ranking fell down by four places since 2016. Out of the ten indicators, the country's highest ranking is on getting credit (7 out of 190 countries) followed by dealing with construction permits (84) and registering property (85). Most other indicators have lower rankings, e.g. starting a business (148), enforcing contracts (151) and paying taxes (152) ().

**Table 23: Ease of Doing Business in Honduras 2016/2017**

Topics	2017	2016	Change
Starting a Business	148	138	↓ -10
Dealing with Construction Permits	84	89	↑ 5
Getting Electricity	144	146	↑ 2
Registering Property	85	86	↑ 1
Getting Credit	7	7	No change
Protecting Investors	132	129	↓ -3
Paying Taxes	152	152	No change
Trading Across Borders	109	100	↓ -9
Enforcing Contracts	151	150	↓ -1
Resolving Insolvency	139	138	↓ -1

Note: Doing Business 2017 indicators are ranking from 1 (top) to 190 (bottom) among other countries. The rankings tell much about the business environment, but do not measure all aspects of the business surroundings that matter to firms and investors that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

Note: This Index has been controversial due to flawed data, especially in terms of labour market flexibility and undervalued paying taxes. However, the table can still be used as indicative measurement with reservations.<sup>63</sup>

Source: [World Bank & IFC, Doing Business 2017, Economy Profile: Honduras](#)

Honduras' political surroundings have some diverging changes in terms of the Governance Indicators during the period 2010-2015. Three out of six indicators entered some declining trends. These are related to the Government Effectiveness, the Regulatory Quality, and the Rule of Law. The latter has also the lowest ranking at 17%. On the other hand, that has been some minimal improvements in Voice & Accountability and the Political Stability. It is noteworthy to mention that Control of Corruption has improved significantly (Table 26).

There has been raised that Honduras faces severe challenges in order to restore the public's faith in their own government. Ramping corruption scandals, volatile economic growth, and persistent violence have brought

pessimism and negativity towards governmental initiatives.<sup>64</sup>

**Table 24: Honduras' Governance Indicators 2010-2015, Score & percentiles, and change**

Indicator	2010	2015	Change
Voice & Accountability	-0.52/ 31%	-0.45/ 32%	↑
Political Stability	-0.54/ 27%	-0.51 / 28%	↑
Government Effectiveness	-0.65/ 30%	-0.82 / 20%	↓
Regulatory Quality	-0.20/ 46%	-0.40 / 39%	↓
Rule of Law	-0.88/ 21%	-0.95 / 17%	↓
Control of Corruption	-0.86/ 20%	-0.57 / 35%	↑

Note: The Governance Indicators score from -2.5 to 2.5 while the percentiles rank from 0 (lowest) to 100 (highest).<sup>65</sup>

Source: [World Bank, Worldwide Governance Indicators](#)

## TRADE

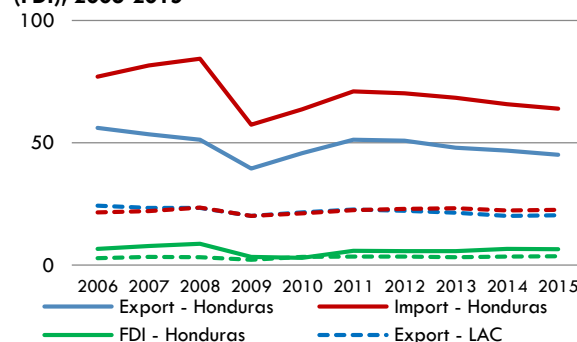
Exports form a significant part of Honduras's economy, though imports are still higher with a significant trade balance gap. The rate of Foreign Direct Investment (FDI) flows to GDP is also relatively high. It fell drastically in 2009 as an impact of the economic and political turmoil, but has since somewhat recovered (Table 25 & Figure 26).

**Table 25: Trade and Foreign Direct Investment (FDI), 2015**

Export	US\$9.1 billion 45 % of GDP
Import	US\$12.9 billion 64 % of GDP
FDI flow	US\$1.3 billion 6.5 % of GDP
FDI Stock (2012)	US\$9.0 billion 48 % of GDP

Source: [World Bank, World Development Indicators](#)

**Figure 26: Export, Import and Foreign Direct Investment (FDI), 2006-2015**



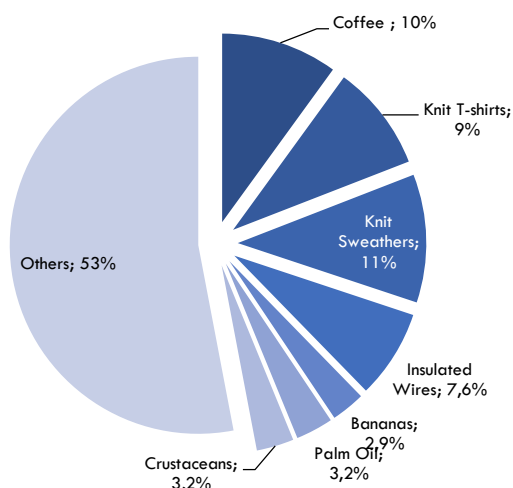
Source: [World Bank, World Development Indicators](#)



The high rate of exports and FDI is mainly attributed to the significant Export Processing Zones (EPZ).<sup>66</sup>

While historically dependent on the export of bananas and coffee, Honduras has diversified its export base to include clothing and insulated wires (Figure 27).

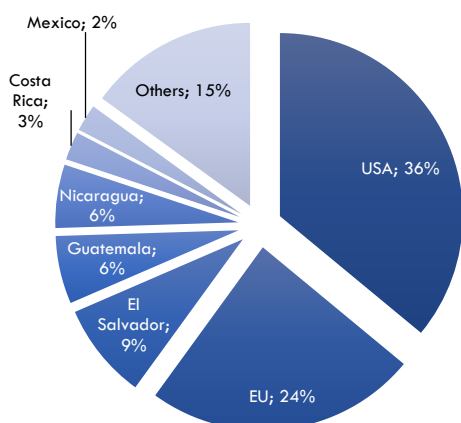
**Figure 27: Honduras's main products share of exports, 2013**



Source: [The Observatory of Economic Complexity, Profiles: Honduras](#)

The single largest exporting partner is the United States (USA) followed by the European Union (EU) (Figure 28), which is also Honduras's largest source of FDI.

**Figure 28: Honduras's main export markets, 2015**



Source: [European Commission, DG TRADE, Bilateral Relations, Statistics](#)

### Trade Agreements

Honduras has bilateral trade agreements with Costa Rica, Mexico, Guatemala, Panama, and Taiwan. Among others, the Enabling Protocol of the Customs Integration between Honduras and Guatemala came into force in May 2016.

Honduras is also part of the Central American Integration System, which includes the Central American Common Market (CACM) and has a Consultative Committee involving labour and works to harmonise education systems.<sup>67</sup>

Honduras is a member of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), which was initiated in 2002. It is an agreement between the United States and Central American states, with the goal of setting up a free trade area. It requires the countries to uphold the four core ILO labour standards, as well as acceptable conditions of work, in a manner that does not affect trade. It sets up a monitoring mechanism.<sup>68</sup> CAFTA has been controversial in the United States, for not making enough labour and environmental requirements.<sup>69</sup> As well as in the Central American countries for seeking to liberalize state owned enterprises and opening markets to subsidised United States agricultural products.<sup>70</sup>

In 2012, 26 Honduran unions in conjunction with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) filed a petition to the U.S. Department of Labor that charged that the government of Honduras was in violation of the CAFTA-DR. The petition cited examples of the Ministry of Labor allegedly failing to enforce labor laws, such as the right to form a union, bargain collectively and be reinstated when unjustly fired for union organization activities.<sup>71</sup> A report from the U.S. Department of Labor in February 2015 raised serious concerns regarding the effective enforcement of labor laws in Honduras under the labor chapter of the CAFTA-DR. The U.S. authorities will review progress towards addressing the concerns identified in the report within 12 months and to consider further appropriate action or engagement, as needed, under the CAFTA-DR.<sup>72</sup>

In December 2015, U.S. and Honduran signed a labour plan aimed at improving a broad range of working conditions in the Central America. The deal creates a framework for the comprehensive monitoring of labour practices to address gaps in enforcement of Honduran labour law under the U.S.-DR-CAFTA.

Honduras benefits from EU's unilateral GSP+ special incentive arrangement, which allows duty and quota free access for most products. To be granted and continue to be granted GSP+, a country must ratify and effectively implement conventions within human rights, environmental and the eight ILO Core Conventions. The European Parliament and European Council will





examine each beneficiary every second year.<sup>73</sup> GSP+ is very much a continuation of the special arrangement to combat drug production and trafficking', which Honduras benefitted from before 2005.

Along with the five other Central American countries, Honduras has entered an association agreement with EU. The association agreement is to strengthen regional integration between the Central American countries, including cooperation, harmonization and improvement of labour market. In turn, the EU will provide trade benefits.<sup>74</sup>

An Act to implement the Free Trade Agreement along with an Agreement on Labour Cooperation between Canada and Honduras was launched in August 2015.

### Export Processing Zones

Honduras established its first EPZ, or *maquilas*, in 1976. In 1998 the entire country was declared a 'free trade zone'.<sup>75</sup> Companies operating in EPZ are exempt from paying import duties and other charges on goods and capital equipment. The production and sale of goods within EPZ are exempt from state and municipal income taxes for the first 10 years of operation. Companies operating in an EPZ are permitted unrestricted repatriation of profits and capital and have access to onsite customs facilities. There are 102 EPZs and 19 industrial parks. Strikes are permitted if they do not interfere with the operation of the plant.

In 2006 there were about 354,000 workers in the *maquilas*, 75% of them are women. *Maquila* exports made up 61% of total exports, and mainly exported to the United States within textile, footwear, services, electronics, equipment assembly and food processing.<sup>76</sup> Also EPZ were affected by the political and economic downturn in the end of 2000s in Honduras, which was noted by reduced orders from the U.S., and Honduran

EPZs shed 15,000 jobs in 2008, and an additional 4,000 between January and March of 2009. Today, in Honduras, there are 262 EPZ companies registered with an estimated 144,000 employees are working in these zones' companies; and these employees are covered by a tri-partite agreement signed by December 2014.

Several companies in the country's *maquilas* instituted solidarity associations that, to some extent, functioned as company unions for the purposes of setting wages and negotiating working conditions.<sup>77</sup> Data suggest that 23 trade unions operated in the EPZ in 2014 and with 28 collective bargaining agreements (Appendix Table 29).

In many cases workers have to work 12 hours a day six to seven days a week to meet high production quotas. Social security fees are often not paid and protests are met with dismissals and blacklisting.<sup>78</sup> Anti-union activities by employers and international contractors were reported.<sup>79</sup>

A study from ILO recorded that many EPZ companies have turned to Corporate Social Responsibility (CSR) initiatives to deflect criticism of their anti-union activity. Despite legislation that protects the right to unionize, under-resourced unions, aggressive anti-union management, and a poor legal enforcement mechanism ensure that the process is extremely difficult if not impossible.<sup>80</sup> AFL-CIO released a report in 2013, which is critical of NGO's providing audit of corporate social responsibility, using among others examples from factories in the EPZs in Honduras.<sup>81</sup>

Law permits striking by workers in EPZs and separate free zones for companies that provide services for industrial parks. However, it requires that strikes not impede the operations of other factories in the industrial parks.<sup>82</sup>



## APPENDIX: ADDITIONAL DATA

**Table 26: Status of Trade Unions in Honduras, 2015**

Members, Collective Bargaining Agreements (CBA) and Occupational Safety and Health committees

Labour Unions and Associations	National affiliation	Total Members	Women Members	No. of CBAs	Workers covered by CBAs	No. of OSH committees at workplaces
<b>COLPEDAGOGOSH</b> Colegio de Pedagogos de Honduras	CUTH	8,600	60%	1	8,600	-
<b>COPEMH</b> Colegio de Profesores de Educación Media de Honduras	CUTH	24,000	60%	1	-	-
<b>COLPROSUMAH</b> Colegio Profesional Superación Magisterial de Honduras	CUTH	32,000	60%	1	32,000	-
<b>COPRUMH</b> Colegio Profesional de Unión Magisterial de Honduras	CUTH	22,000	60 %	1	22,000	-
<b>CPEH</b> Colegio Profesional de Enfermeras de Honduras	CUTH	2,200	98%	1	2,200	-
<b>FESTAGRO</b> Federación de Trabajadores de Agro-industria	CUTH	3,840	50%	5	-	-
<b>FITH</b> Federación Independiente de Trabajadores de Honduras	CUTH	17,320	60 %	14	24,600	-
<b>FOTSSIEH</b> Federación de Trabajadores del Sector Social Informal de la Economía de Honduras	CUTH	32,000	50 %	-	-	-
<b>FUTH</b> Federación Unitaria de Trabajadores de Honduras	CUTH	27,000	15 %	22	-	-
<b>FASH</b> Federación Auténtica Sindical de Honduras	CGT	13,550	40%	-	-	-
<b>FENATRAH</b> Federación Nacional de Trabajadores de Honduras	CGT	13,123	41%	-	-	-
<b>FENTAHEH</b> Federación Nacional de Trabajadores Autónomos de la Economía de Honduras	CGT	39,841	42%	-	-	-
<b>FESITRAMEX</b> Federación de Sindicatos de Trabajadores Textiles Maquila y Similares de Honduras	CGT	14,046	71%	8	13,765	14
<b>FESISUR</b> Federación Sindical del Sur	CGT	3,157	40%	-	-	-
<b>PRICPHMA</b> Primer Colegio Profesional Hondureño de Maestros	CGT	21,580	57%	-	-	-
<b>SINPRODOH</b> Sindicato Profesional de Docentes Hondureños	CGT	18,062	41%	1	18,062	-
<b>ANACH</b> Asociación Nacional de Campesinos de Honduras	CTH	20,000	40%	-	-	-
<b>ANAVI</b> Asociación de Vendedores Independientes	CTH	6,000	70%	-	-	-
<b>ANDEP</b> Asociación Nacional de Empleados Públicos	CTH	35,000	35%	-	-	-
<b>ANFEP</b> Asociación Nacional de Funcionarios y Empleados Públicos	CTH	4,000	35%	-	-	-
<b>ANVBLU</b> Asociación Nacional de Vendedores de Lotería Unidas de Honduras	CTH	2,000	40%	-	-	-
<b>APROCAGUA</b> Asociación de Productores y Proveedores de las Carnes de Guaimanga	CTH	1,000	20%	-	-	-
<b>FECESTILI</b> Federación de Sindicatos Libres de Honduras	CTH	20,000	60%	-	-	-
<b>FESITRANH</b> Federación Sindical de Trabajadores Nacionales de Honduras	CTH	40,000	60%	-	-	-
<b>FOVEMERH</b> Federación de Organizaciones de Vendedores de Mercados de Honduras	CTH	6,000	-	-	-	-
<b>SINAMEQUIP</b> Sindicato de Motoristas de Equipo Pesado	CTH	2,000	0%	-	-	-
<b>Farmers without status as labour unions</b>						
<b>CNT</b> Central Nacional de Trabajadores del Campo	CUTH	14,000	30%	-	-	-
<b>CODIMCA</b> Consejo para el Desarrollo Integral de la Mujer Campesina	CUTH	8,000	100 %	-	-	-



<b>OCH</b> Organización Campesina de Honduras	CUTH	4,000	20%	-	-	-
<b>UCDAH</b> Unión Campesina para el Desarrollo Agrícola/Agraria de Honduras	CUTH	-	-	-	-	-
<b>UTC</b> Unión de Trabajadores del Campo	CUTH	6,000	25%	-	-	-
<b>ANAMUCH</b> Asociación Nacional de Campesinos de Honduras	CGT	4,880	100%	-	-	-
<b>ALCONH</b> Alianza Campesina de Organizaciones Nacionales de Honduras	CGT	4,882	35%	-	-	-
<b>CENACH</b> Central Nacional de Campesinos de Honduras	CGT	8,001	22%	-	-	-
<b>FECADH</b> Federación de Comités Agropecuarios Diversificados de Honduras	CGT	8,968	27%	-	-	-
<b>FEHMUC</b> Federación Hondureña de Mujeres Campesinas	CGT	6,058	100%	-	-	-
<b>UNC</b> Unión Nacional de Campesinos	CGT	23,232	26%	-	-	-
<b>ACAN</b> Organización Campesina Nacional	CTH	3,000	35%	-	-	-
<b>UNCAH</b> Unión Nacional de Campesinos de Honduras	CTH	3,000	35%	-	-	-
<b>Residents Groups-</b>						
<b>FEANAP</b> Federación de Patronatos del Parque Nacional Pico Pijol	CUTH	2,000	25%	-	-	-
<b>FPNH</b> Federación de Pobladores del Norte de Honduras	CUTH	11,000	55%	-	-	-
<b>CONAPH</b> Consejo Nacional de Pobladores de Honduras	CGT	33,482	48%	-	-	-
<b>FEPAYIN</b> Federación de Patronatos Independientes	CTH	5,000	30%	-	-	-
<b>FOMUR</b> Federación Orlandana de Mujeres Urbanas y Rurales	CTH	4,000	100%	-	-	-
<b>Indigenous People</b>						
<b>FETRILMH</b> Federación de Tribus Lencas y Mayas	CUTH	1,600	25%	-	-	-
<b>ONIL</b> Organización Nacional Lenca	CUTH	3,000	-	-	-	-

Source: DTDA, CUTH 2013, and [ITUC, List of affiliated organisations, 2012](#)

**Table 27: List of approved labour related legislations in Honduras, 2014-2016**

Type of legislation	Legislation
<b>2014</b>	
General provisions	Decreto núm. 292-2013 que dicta la Ley del Consejo Económico y Social
Tripartite consultations	Decreto núm. 292-2013 que dicta la Ley del Consejo Económico y Social
Conditions of employment	Decreto núm. 354-2013 que dicta la Ley de empleo por hora
International agreements	Canada-Honduras Economic Growth and Prosperity Act (S.C. 2014, c. 14)
<b>2015</b>	
Conditions of employment	Acuerdo núm. STSS-141-2015, de 7 de abril, que aprueba el "Reglamento para el Funcionamiento de las Agencias de Empleo Privadas y Servicios Conexos"
<b>2016</b>	
N/a	N/a

Source: [ILO, NATLEX, Country Profile Honduras, Basic Laws](#)



**Table 28: Ratified ILO Conventions in Honduras, 2016**

Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1956
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1956
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1957
	C105 - Abolition of Forced Labour Convention, 1957	1958
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1980
	C182 - Worst Forms of Child Labour Convention, 1999	2001
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1956
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1960
<b>Governance Conventions</b>		
Labour inspection	C081 - Labour Inspection Convention, 1947	1983
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	1980
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	2012
<b>Up-to-date Conventions</b>		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	1964
	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1960
Elimination of child labour and protection of young persons	C078 - Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946	1960
Wages	C095 - Protection of Wages Convention, 1949	1960
Social security	C102 - Social Security (Minimum Standards) Convention, 1952	2012
Occupational safety and health	C127 - Maximum Weight Convention, 1967	2012
Indigenous and tribal peoples	C169 - Indigenous and Tribal Peoples Convention, 1989	1995
General provisions	MLC - Maritime Labour Convention, 2006	2016
<p><i>Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work.</i></p> <p><i>Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market.</i></p> <p><i>In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.</i></p> <p>Source: <a href="#">ILO, NORMLEX, Country Profiles, Honduras</a></p>		



**Table 29: Trade unions in EPZ and collective bargaining agreements in Honduras, 2014**

Trade unions	Acronym	CBA's
Sindicato de Trabajadores de la Empresa STRETCHLINE Central América, S. de RL de C.V.	SITRASTRETCHLINE	-
Sindicato de Trabajadores de la Empresa Gildan ACTIVEWEAR Villanueva, S.A.	SITRAGAVSA	-
Sindicato de Trabajadores de la Empresa Gildan ACTIVEWEAR San Miguel, S.A.	SITRAGSAM	-
Sindicato de Trabajadores de la Empresa COATS Honduras, S.A.	SITRACOATS	-
Sindicato de Trabajadores de la Empresa Gildan ACTIVEWEAR San Antonio, S.A.	SITRAGSA	-
Sindicato de Trabajadores de la Empresa Génesis Apparel, S. de RL de C.V.	SITRAGENESIS	-
Sindicato de la Empresa Delta Apparel Honduras, S.A.	SITRADAHSA	1
Sindicato de Trabajadores de la Empresa New Holland Lingerie de Honduras, S.A.	SITRANEWHOLLAND	1
Sindicato de Trabajadores de la Empresa SOUTHERN APPAREL CONTRACTORS, S.A.	SITRASOACON	1
Sindicato de Trabajadores de la Empresa STAR, S.A.	SITRASTAR	1
Sindicato de Trabajadores de la Empresa PETRALEX	SITRAPETRALEX	
Sindicato de Trabajadores de la Empresa Jerzees Nuevo Día, S. de R.L.	SITRAJEERZEESND	2
Sindicato de Trabajadores de la Empresa Jerzees Buena Vist, S. de R.L.	SITRAJERZEESBV	1
Sindicato de Trabajadores de la Empresa ELCATEX S. de R.L. de CV	SITRAELCATEX	1
Sindicato de Trabajadores de la Empresa VFI de Honduras S.A.	SITRAVFI	1
Sindicato de Trabajadores de la Empresa Delta Cortés, S.A	SITRADELCORSA	1
Sindicato de Trabajadores de la Empresa PINEHURST MANUFACTURING (HND) GMBH	SITRAPINEHURST	2
Sindicato de Trabajadores de la Industria del Tabajo de Danlí	SITRAITAD	1
Sindicato de Trabajadores de la Industria del Tabaco de Oriente	SITRAITO	-
Sindicato de Trabajadores de Servicios Múltiples Sula	SITRASENSU	-
Sindicato de Trabajadores de la Empresa Manufacturas Villanueva S. de R.L	SITRAMAVI	1
Sindicato de Trabajadores Unificados de la Industria del Tabaco de Oriente	SITRAUITAO	-
Sindicato de Trabajadores de la Empresa Honduras Electrical Distribution Systems S de R.L. Kyungshin-Lear	SITRAKYUNGSHINLEAR	14

Source: Sindicatos de la Maquila (CGT-CTH-CUTH); Ministerio de Trabajo registros de Contratos colectivos 2014.





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