



# **“Improving social protection and employment in Honduras”**

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**TOGETHER WE BUILD A COUNTRY OF QUALITY**

# What is social protection?

*“Access to an adequate level of social protection is recognized as a fundamental right of all individuals, it is considered as an instrument for the promotion of human well-being and social dialogue, which fosters social peace, helps growth with equity, social stability and economic performance, contributing to enhance the competitiveness of nations”.*



## BACKGROUND

During the period 2010-2012, the project “**Improving Social Protection and Promoting Employment**” is implemented, with the aim to promote an integrated approach of social protection and employment policies through social dialogue in the framework of the country’s development.

The government, employers, workers, universities, international cooperation and CSOs participated in the implementation of the project.

The project was composed of three stages: the diagnosis, the regional and sector-specific consultation process and the National Forum on Employment and Social Protection.





## **Private sector participation – Diagnosis stage**

In the diagnosis stage, a precise analysis has been elaborated in order to determine the employment market conditions. In this first stage, we joined with the ILO delegation with whom we exchanged our points of view related to employment and social protection.

## **Private sector participation – sector specific and regional consultation process stage**

**The private sector actively participated in each stage of the activities:**

- In September, it participated to the technical assessment workshop of studies on employment and social protection. During this workshop, the results of two studies on employment and social protection expenditures in Honduras were analysed and the priority policies were discussed.
- During the Economic and Social Council held in May 2012, the first document project was presented. Moreover, workshops have been organised during which were expressed comments and suggestions in order to improve employment documents and social protection expenditures.
- The private sector joined in the high level debate on priorities related to employment and social protection in Honduras.





## **Private sector participation to the third stage - National Forum on Employment and Social Protection**

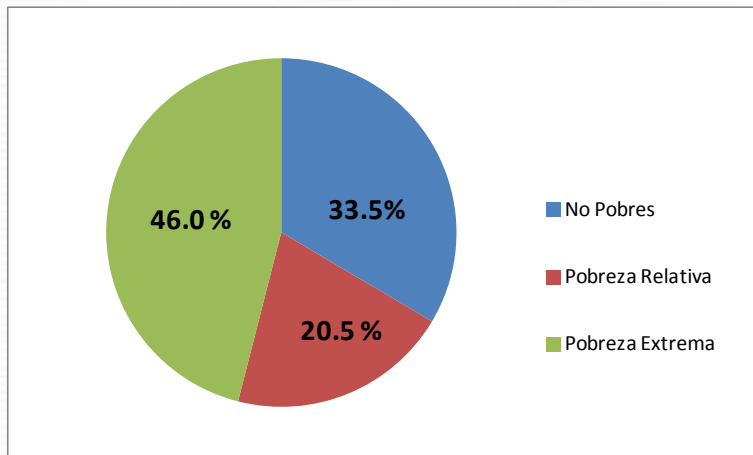
The objectives and the actions that can be implemented concerning employment and social protection have been presented. The private sector attended the event and gave a presentation.

It is anticipated that all stakeholders may sign a commitment concerning the improvement of employment and social protection policies.

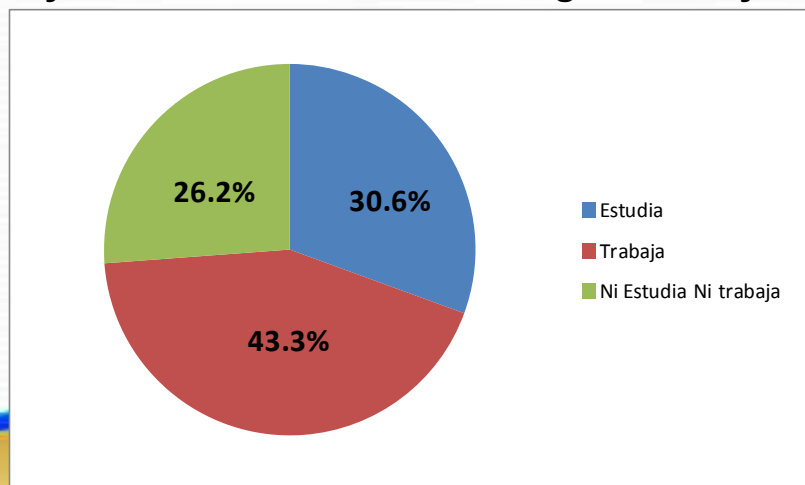


# Honduras – social situation

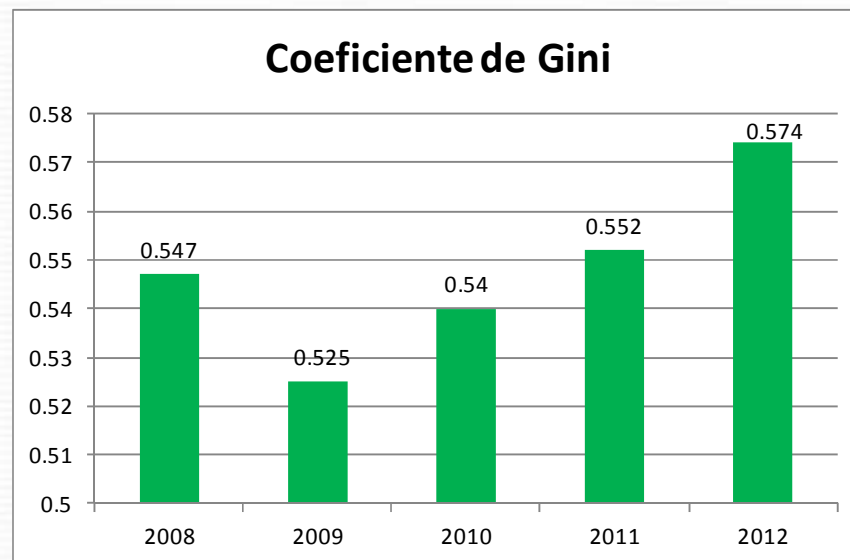
## Poverty's behavior



## Segment of the population from 12 to 30 years old classified according to activity



## Coeficiente de Gini



# National strategy framework related to employment creation and to social protection

ERP

- The ERP entered into force in 2001 with the aim of reducing poverty by 40% in 2015 in Honduras

MDGs

- Honduras has committed to reach the Millennium Development Goals (MDGs) in 2015

Vision of the country- Nation's Plan

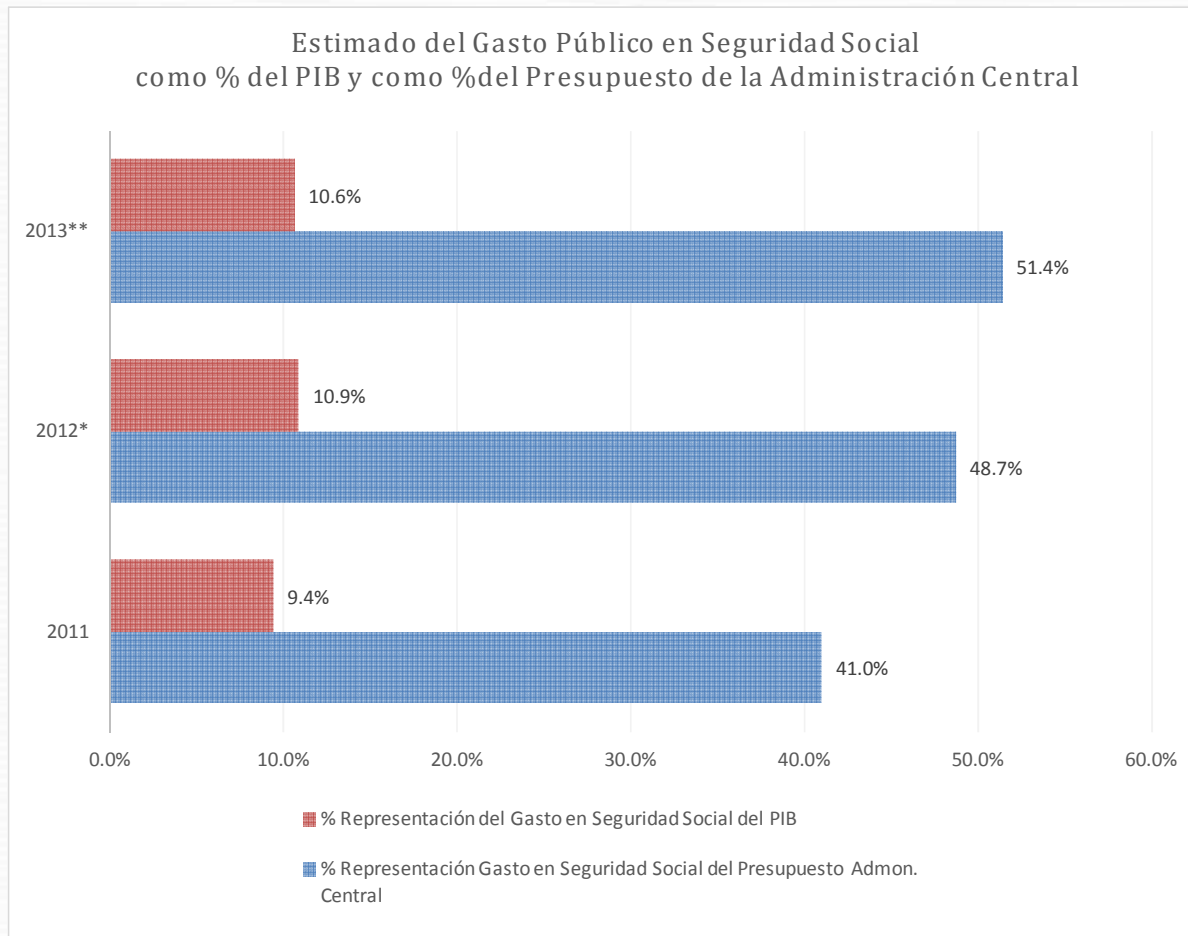
- Honduras without extreme poverty, educated and healthy, with secured social protection systems

GAN

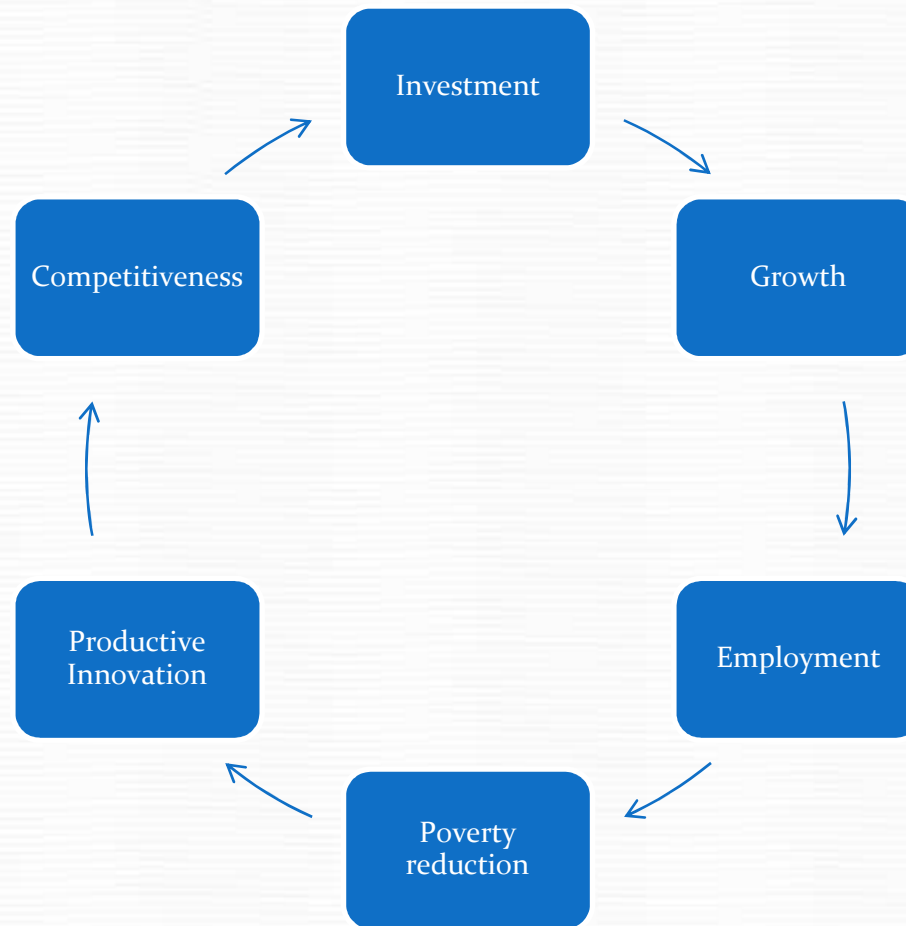
- This agreement is an anti-crisis plan which includes goals related to employment creation and social protection



## Honduras: public expenditures in social protection



**Honduras grants a part of its GDP to social protection similar to other Latin- American countries. However, its expenditures focus on social assistance interventions, particularly on allowances whose distribution is questioned by certain sectors.**





## ***Social Protection in Honduras: institutional framework***

➤ **Social protection schemes in Honduras:**

- Include a contributory insurance, exclusively oriented towards protection of employees and of limited coverage— less than 20% of the population.

➤ **This weak coverage is linked to:**

- job market structure, in which informal sector employment rate is high
- The atypical behaviour limits the development of traditional schemes.

➤ **In order to increase the coverage, it is required to:**

- Adopt social protection policies which guarantee the inclusion of vulnerable groups.

# Formalizing employment and developing capacities

- Creating programmes that link youth with job market is required.
- Increasing insertion capacity of youth in the job market in rural areas enterprises. Youth is confronted with a high degree of social vulnerability (they don't work and they don't study (NIN), they are confronted with unemployment issues, with responsibilities of heads-of-households and returning migrants).
- Promoting entrepreneurship and equity conditions through the mean of generating employment supply chain approach is required.
- In Honduras, programmes listed below are financed by the IAB and the WB:
  - My First Job Programme
  - PROEMPLEO
  - National Plan of Work per hour
  - Complementary Income in marginalised rural and urban areas Programme
  - Work Education National Centre and
  - Youth Human Development Programme through employment in order to challenge migration issues in Honduras.

# Promotion of forums for dialogues

## ➤ **Social and Economic Council (SEC)**

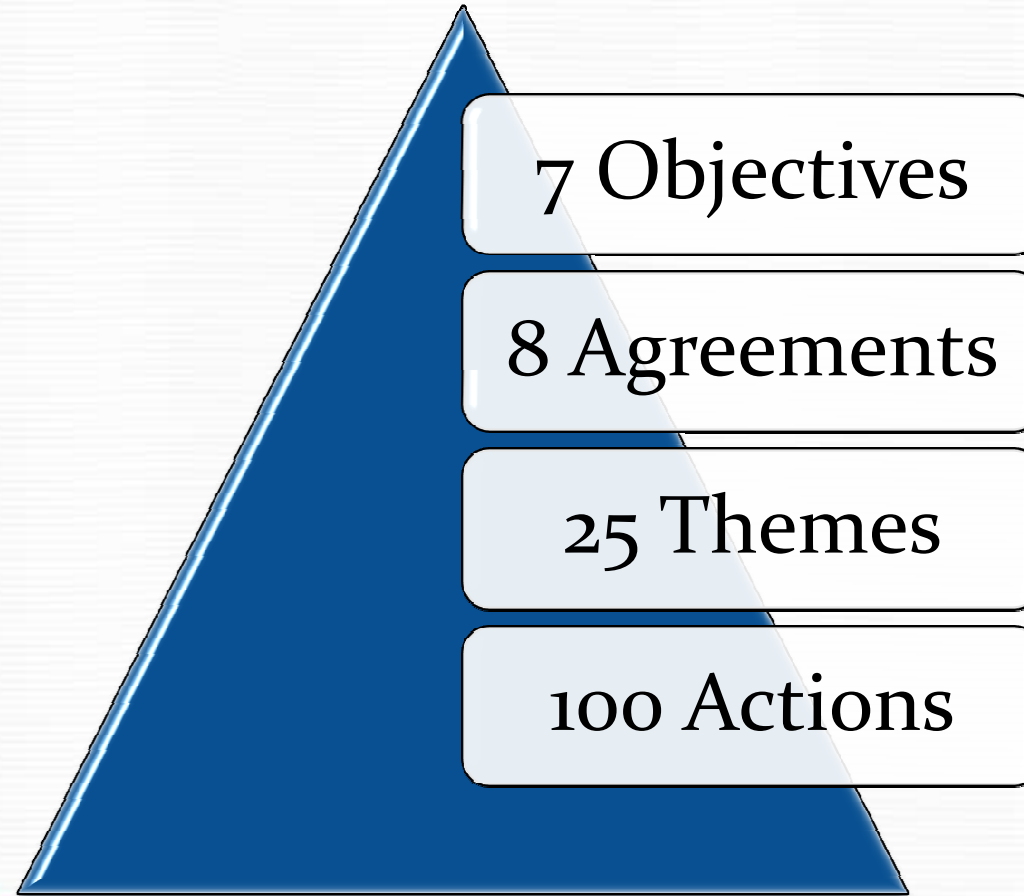
Created as a permanent executive body within the executive and particularly of the Social and Economic Council, its purpose is to serve as a tripartite dialogue and social consultation instance or platform, in order to enhance work life quality and to increase the productive sector competitiveness in Honduras. It represents productive sectors of the country, entrepreneurs, workers and farmers.

## ➤ **Great National Agreement for an Economic Growth with Equity:**

- Signed on the 7<sup>th</sup> February 2012
- Is a short-term social pact which consists of agreements and compromises from the different parties (government and productive sectors)
- Jointly reaching a set of objectives, particularly in the domain of employment
- Matches to the monitoring and assessment of the SEC



# Great National Agreement Structure



## Metas GAN

- M1-Economic Growth with Equity
- M2-Public and Private Investment
- M3-Employment
- M4-Wages
- M5-Productivity and competitiveness
- M6-Vulnerable population protection
- M7-Dialogue and democratic participation

## Agreements

- A1- Public expenditures reduction
- A2- public sector investment evolution
- A3- Private investment evolution
- A4- market development and exportation promotion
- A5-Employment
- A6- Private wages
- A7- Productivity and competitiveness
- A8- Vulnerable population support

# Conclusions

- In Honduras, there is no National Employment Policy. Nonetheless, there is a multiplicity of programmes, the majority are financed by development partners, funds are limited, as well as the project impact, owing to the limited number of beneficiaries.
- Regarding employment policy, a better coherence among interventions and a better coordination between the different concerned governmental bodies and the social actors are required. The social dialogue, cleverly promoted by the government, plays a fundamental role. Nonetheless, it requires more consistence and effectiveness.
- The actual government allocates a lot of resources to conditional transfers, grants and subsidies that, if concentrated in the appropriate form, if depoliticized and managed with transparency (through the use of the banking system), could supply the solvability of the Social Protection Floor.

# Conclusions

- A substantial reform of the social security system is required. This reform should be universal, united and fair and should be built in a depoliticized way according to actuarial balance principles, corporate government and an efficient management of investment.
- Reinforcing the corporate social responsibility scheme as a way to involve the private sector to support the strategy on poverty reduction, education and entrepreneurship promotion.
- Employment policy and social protection should be based on investment and growth with equity in order to reach a productive and worthy employment creation.



THANK YOU!