

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HONDURAS

SUPPORT PROGRAM FOR WORKFORCE INTEGRATION IN HONDURAS

(HO-L1237 AND HO-J0001)

LOAN PROPOSAL

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REQUIRED LINKS	
1.	Multiyear execution plan/annual work plan
2.	Monitoring and evaluation plan
3.	Environmental and social management report
4.	Procurement plan

OPTIONAL LINKS	
1.	Project economic analysis
2.	Project Operating Regulations
3.	Migration annex
4.	Climate change annex
5.	Gender and diversity alignment annex
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ABBREVIATIONS	
ALMP	Active labor market policy
CAMR	Centro de Atención al Migrante Retornado (Returnee Service Center)
CIL	Centro de Inteligencia Laboral (Labor Intelligence Center)
GRF	IDB Grant Facility
ICB	International competitive bidding
INFOP	Instituto Nacional de Formación Profesional (National Vocational Training Institute)
IT	Information technology
NCB	National competitive bidding
ODS	Observatorio de Desarrollo Social (Social Development Observatory)
OMRAR	Oficina Municipal de Reinserción y Atención al Migrante Retornado (Municipal Returnee Reintegration and Service Office)
PCU	Program coordination unit
QCBS	Quality- and cost-based selection
SEDESOL	Social Development Secretariat
SEFTP	Subsistema de Educación y Formación Técnico Profesional (Technical Vocational Education and Training Subsystem)
SETRASS	Labor and Social Security Secretariat
SIAMIR	Sistema de Atención al Migrante Retornado (Returnee Service System)
SIE	Servicio Integral de Empleo (Comprehensive Employment Service)
SOFR	Secured overnight financing rate
SRECI	Foreign Affairs and International Cooperation Secretariat
TSC	Tribunal Superior de Cuentas (National Audit Office)
TVET	Technical and vocational education and training

PROJECT SUMMARY
HONDURAS
SUPPORT PROGRAM FOR WORKFORCE INTEGRATION IN HONDURAS
(HO-L1237 – HO-J0001)

Financial Terms and Conditions			
Borrower:	Source	Amount (US\$)	%
Republic of Honduras	IDB (Regular Ordinary Capital):	13 million	52
	IDB (Concessional Ordinary Capital):	7 million	28
	Nonreimbursable financing (Grant Facility-GRF)^(f)	5 million	20
Executing agency:	Total:	25 million	100
Labor and Social Security Secretariat			
	Regular Ordinary Capital (Flexible Financing Facility)^(a)	Concessional Ordinary Capital	
Amortization period:	25 years	40 years	
Disbursement period:	5 years		
Grace period:	5.5 years ^(b)	40 years	
Interest rate:	SOFR-based	0.25%	
Credit fee:	^(c)	N/A	
Inspection and supervision fee:	^(c)	N/A	
Weighted average life:	15.25 years	N/A	
Approval currency:	U.S. dollar		
Project at a Glance			
Project objective/description: The project's objective is to improve job placement opportunities in the formal sector for job seekers in the country. The specific objectives are to: (i) strengthen employability skills among job seekers, and (ii) improve the coverage and quality of public employment services and services for returnees.			
Special contractual clauses precedent to first disbursement of the loan: The first disbursement of the loan proceeds will be subject to the fulfillment of the following conditions to the Bank's satisfaction: (i) evidence has been provided that the executing agency has selected a general project coordinator, procurement specialist, and financial specialist consistent with the terms of reference and qualifications previously agreed with the Bank; and (ii) evidence has been provided that the project Operating Regulations have been approved and have entered into force in accordance with the terms previously agreed with the Bank (paragraph 3.3).			
Special contractual clauses for execution: Prior to the launch of activities (v) and (vi) under Component 2, the Labor and Social Security Secretariat (SETRASS) will provide evidence to the Bank's satisfaction of the signing and entry into effect of the interagency cooperation agreement between SETRASS, the Social Development Secretariat, and the Foreign Affairs and International Cooperation Secretariat, in accordance with the terms previously agreed with the Bank (paragraphs 1.24 and 3.4).			
Exceptions to Bank policies: None.			
Strategic Alignment			
Objectives:^(d)	O1 <input checked="" type="checkbox"/>	O2 <input type="checkbox"/>	O3 <input type="checkbox"/>
Operational Focus Areas:^(e)	OF1 <input type="checkbox"/>	OF2-G <input checked="" type="checkbox"/> OF2-D <input checked="" type="checkbox"/>	OF3 <input checked="" type="checkbox"/> OF4 <input checked="" type="checkbox"/> OF5 <input checked="" type="checkbox"/> OF6 <input type="checkbox"/> OF7 <input type="checkbox"/>

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with relevant policies.

^(d) O1 (Reduce poverty and inequality); O2 (Address climate change); and O3 (Bolster sustainable regional growth).

^(e) OF1 (Biodiversity, natural capital, and climate action); OF2-G (Gender equality); OF2-D (Inclusion of diverse population groups); OF3 (Institutional capacity, rule of law, and citizen security); OF4 (Social protection and human capital development); OF5 (Productive development and innovation through the private sector); OF6 (Sustainable, resilient, and inclusive infrastructure); and OF7 (Regional integration).

^(f) Grant funding. The GRF is the IDB's Grant Facility. In accordance with document GN-2947-6, the structure of IDB financing for this operation includes a maximum of 20% in the form of grant resources (GRF) and 80% in the form of reimbursable funding (Ordinary Capital). Funds from the Grant Facility and the Ordinary Capital loan will be disbursed pari passu.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale

- 1.1 **Macroeconomic context.** Average growth in Honduras in the 2010-2022 period was 3.4% per year, similar to the rest of Central America and higher than in the rest of Latin America and the Caribbean (2%). Annual per capita growth stood at 1.58% in the same period, below the rate of 2.13% in Central America and far below the average rate in peer lower-middle income countries (2.95%) [1].¹ Although the economy grew based on increases in capital and labor, productivity has remained stagnant, making zero contribution to growth. This has been reflected in a high rate of labor informality (73% in 2022) and significant social challenges (a poverty rate of 64.1% [2] and a Gini coefficient of 0.489 [3] in 2022), making Honduras one of the countries with the highest rates of informality, poverty, and inequality in Latin America and the Caribbean.
- 1.2 The absence of productivity growth and an environment supportive of formal job creation is linked to gaps in human capital and infrastructure, as well as a lack of innovation. In terms of education, the rate of illiteracy among those aged 15 and over was 12.9% in 2023, while the average number of years of schooling stood at 7.2 [2].² Regarding production, Honduras ranked 101st out of 141 countries in the 2019 Global Competitiveness Index. This was a result of multiple factors, including low adoption of information and communication technologies (124th), institutional weaknesses (116th), and skills (108th).
- 1.3 **Problem.**³ Given the current regulatory and institutional framework, this project focuses on the difficulties experienced by the workforce in finding formal employment, particularly in the case of groups with higher barriers to integration, such as women, young people, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees.⁴ In 2023 [4][5], gaps were seen in the following population groups: (i) women: women experience low labor participation rates (40%, versus 74.6% for men) and high unemployment (8.8%, versus 5% for men), and it takes them longer to find employment (4.5 months, versus 3.3 months for men); (ii) young people ages 19 to 24: 34% of this cohort neither work nor study, while 10.8% are unemployed and 77.9% work in the informal sector; (iii) persons with disabilities and Indigenous and Afro-Honduran peoples: rates of labor participation in these communities (32% and 53.1%, respectively) are below the national average (55.9%) [6]; (iv) returnees: more than 224,000 Honduran immigrants were returned between 2021 and 2023 [7],⁵ with many having experienced a loss of their sources of income and often also a reduction in net assets due to the high fees charged by “coyotes” (liabilities that are usually paid

¹ [Optional link 8](#) provides a bibliography.

² Rather than focusing on literacy or reintegration into education, this project seeks to provide training and employment opportunities (see paragraph 2.3).

³ [Optional link 9](#) provides a vertical logic diagram.

⁴ Returnees are Honduran emigrants who have returned to Honduras after migrating to another country, either legally or illegally. Honduras is eligible for resources from the IDB Grant Facility to support the reintegration of returning emigrants.

⁵ [Optional link 3](#).

using family savings, personal loans, and the sale of assets such as businesses, homes, or landholdings) [8], thus increasing the urgency of addressing the situation.

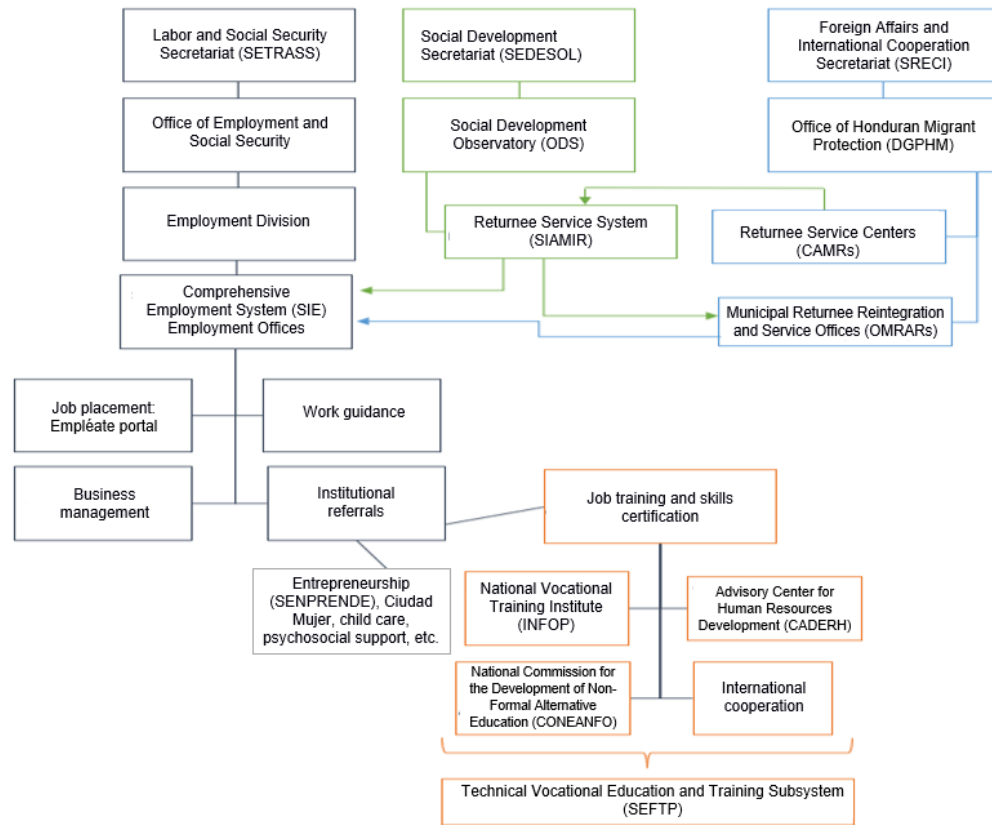
1.4 **Institutional framework.** The Labor and Social Security Secretariat (SETRASS) is the lead agency for policies to promote decent work.⁶ To fulfill its mandate, it runs the Comprehensive Employment Service (SIE) with 17 employment offices across the country, providing the following services: (i) job placement, (ii) employment guidance, (iii) business management, (iv) referrals to other agencies; and (v) territorial management. The aim of the SIE is to provide a single window at the territorial level for multiagency services relating to employment projects and services, including vocational training, skills certification, entrepreneurship, childcare, and psychological support. The Technical Vocational Education and Training Subsystem (SEFTP) [9] comprises lead agencies and executing agencies from the public, private, and international development sectors that are involved in technical vocational training. The National Vocational Training Institute (INFOP) [10] is the lead agency for vocational training, and its board is chaired by SETRASS. INFOP provides job skills education, training, and certification services; approves and harmonizes [nonformal](#)⁷ technical and vocational education and training (TVET) curriculums; and offers accreditation for training providers [11]. There are 74 technical vocational training centers [12], which in addition to INFOP include skills training centers managed by the National Commission for the Development of Non-Formal Alternative Education (CONEANFO) and private centers such as the Advisory Center for Human Resources Development (CADERH). The Foreign Affairs and International Cooperation Secretariat (SRECI), through the Office of Honduran Migrant Protection (DGPHM), manages three Returnee Service Centers (CAMRs) and four Municipal Returnee Reintegration and Service Offices (OMRARs).⁸ The Social Development Secretariat (SEDESOL), through the Social Development Observatory (ODS), is responsible for recording in the Returnee Service System (SIAMIR) the general details of the returnee population who go through the CAMRs. The following chart shows how these institutions are connected to provide employment and training services and serve returnees:

⁶ Productive employment that generates a fair income, safety in the workplace, and social protection.

⁷ Education processes and projects outside the formal education system that provide skills, knowledge, and competencies for the personal and professional development of participants.

⁸ The OMRARs, which were launched in June 2023, are located in Tegucigalpa, San Pedro Sula, Yoro, and Catacamas, which are the areas experiencing the highest influxes of returnees [13].

Figure 1. Ecosystems for employment and returnee reintegration



1.5 **Determinants.** The ability of the workforce to secure formal employment is hindered by two main factors: (i) low employability, resulting from the gap between the skills demanded by the productive sector and the skills and experience offered by job seekers; and (ii) a lack of information and guidance, which limits the effective matching of labor supply and demand and the ability of job seekers who lack the necessary skills to identify training opportunities.

(i) Low employability

1.6 On the demand side, the productive sector faces difficulties in finding the required skills. Some 39% of Honduran companies that hired permanent employees in 2020 reported difficulties in filling vacancies, while 30% said that they lacked the skilled labor needed to compete in their main markets [14]. In the 2019 Global Competitiveness Index, Honduras ranked 77th out of 141 countries in terms of the quality of vocational training, 70th in terms of the skillset of graduates, and 73rd with regard to the ease of finding skilled employees [15]. A lack of technical knowledge on the part of candidates was cited by 44% of Honduran companies as one of the key difficulties experienced in filling vacancies [14]. In addition, 55% of companies seek better socioemotional skills [16]. The industry, tourism, and construction sectors have the highest levels of demand and face the greatest hiring difficulties [12]. The first two sectors also have the highest formal employment multipliers. The agroindustry and information and communications technology sectors are key in terms of the volume of employment, the former due to its status

as the main source of jobs (30.5% of the workforce) and the latter due to growth of 6% from 2018 to 2020 and the fact that it accounts for the highest number of vacancies advertised on job platforms [17]. Financial services, tourism, and industry have the highest female wage multipliers ([optional link 6](#)).

- 1.7 On the supply side, skills and experience gaps are more pronounced in the case of some population groups. Some 81% of those visiting employment offices would like to receive training or continue studying in order to improve their employability; however, they face constraints due to a lack of money (45.5%) and time (41.7%) [18]. Specific barriers: (i) 13% of women (versus 3% of men) indicate that domestic or caregiving tasks prevent them from participating in training. A lack of experience or training is also a more significant hurdle for women job seekers, as compared with men [18]. Stereotyping and a lack of role models mean that 84% of women participating in TVET in 2019 studied traditional trades (e.g., confectionery or cosmetology), which are face lower demand from the productive sector [19]; (ii) 56% of young people report difficulties in finding employment [20], due primarily to a lack of work experience or references (25%) and insufficient training (7%) [18]; (iii) persons with disabilities face challenges in accessing training, as training centers lack accessibility arrangements such as sign language interpreters or transportation. For example, 37% of persons with disabilities in the Department of Francisco Morazán have not completed any level of education [20] ([optional link 5](#)); and (iv) returnees interrupted their education to migrate—more than 70% have not completed secondary school [21]—and the short period of migration means that their work experience has been insufficient to offset this (67% lived abroad for less than one year) [18]. Similarly, limitations in technical training, a lack of experience, and the need to formalize knowledge all affect their access to employment [22] ([optional link 3](#)); and (v) there is no information regarding the specific barriers faced by the Indigenous and Afro-Honduran communities in accessing training and work experience ([optional link 5](#)).
- 1.8 There are limitations and challenges with regard to the relevance of TVET, including: (i) a lack of institutionalized arrangements for coordinating with the productive sector, which limits the relevance of training and certification programs and the ability to update them. Although 47.7% of companies train their employees [23], they report that INFOP lacks quality management mechanisms and that courses are out of date and not aligned with their needs [24] [12]; (ii) a need to strengthen and coordinate forward-looking information for TVET. According to the Technical and Vocational Education and Training Policy (PPEFTP), SETRASS is responsible for providing current and forward-looking information to the SEFTP so that it can update the range of training on offer. However, SETRASS does not have the tools or technical staff needed to produce information on the skills and qualifications required by the productive sector both currently and in the future; (iii) the available range of TVET lacks a focus on gender and the inclusion of persons with disabilities. There are no mechanisms tailored to the needs of persons with disabilities, such as sign language interpreters or arrangements for transportation to education centers; (iv) a lack of flexible education and training options that are relevant, tailored to the needs of job seekers, and include psychosocial skills. Although INFOP's courses and certification processes are free of charge, few meet the specific needs of the economic sectors. Most courses are short, in-person, and held in the daytime during the work week, hindering access

for the working population with low levels of education [12]. Those requiring the service (individuals or companies) are responsible for the costs of private training or certification processes, and in some cases these are covered by international cooperation funding. Half of the centers participating in the recently implemented model of continuous improvement for quality assurance are privately owned and offer work skills certification with international accreditation; and (v) the professional skills certification process is fragmented, certificates are of limited validity, different institutions provide certification using different models and processes without any common certification standards, and employers are unaware of the value of skills certification and are insufficiently involved [11] [12].

(ii) Lack of information and guidance

- 1.9 The lack of job information and guidance affects both employers and job seekers. Among individuals visiting SIE offices, 27.9% state that one of the main reasons they have been unable to find employment is that they have searched extensively without identifying any application opportunities. However, 83% are unaware of the “Empléate” (Get employed) portal,⁹ and only 25% of job seekers have used formal placement mechanisms such as submitting CVs at job fairs or job exchanges [18]. With respect to companies, 30% have reported difficulties in finding training services for their workers [12], while 40% use informal recruitment methods such as employees’ friends, family members, or acquaintances [25]. These informal methods have limited coverage, are less effective in the case of the most vulnerable population groups, and lead to less stable job matches. While only 12% of workers in countries belonging to the Organisation for Economic Cooperation and Development have been in their job for less than one year [26], the figure in Honduras is 43% [27].
- 1.10 Employment information and guidance gaps are more pronounced in some population groups. Awareness of the Empléate portal is lower among women than men (13% versus 18%), and women face greater difficulties in finding work due to a lack of a CV and weaker performance in interviews than men [18]. The proportion of young people who do not know where to look for a job is double the average for the population as a whole [18]. Persons with disabilities lack adequate employment guidance: 41% of persons with disabilities who have sought employment have experienced difficulties due to employer rejection (35%) or a belief that they will be unable to find a job (22%) [6]. Although Honduras has employment quotas for persons with disabilities, there is no information regarding enforcement and companies indicate that they do not know how to integrate them into their production lines ([optional link 5](#)). In the case of returnees, weak institutional efficiency and a lack of coordination between return and reintegration services make it impossible to provide effective referral processes to employment or technical training services that strengthen skills and knowledge consistent with current labor demand. These problems also preclude monitoring and support for returnee reintegration [21]. A lack of employment guidance suited to the needs of returnees (e.g., psychosocial support) affects their access to employment [22]. With respect to the productive sector, informational biases and stigmatization exclude returnees from recruitment processes ([optional link 3](#)).

⁹ Empléate is an electronic job exchange managed by SETRASS.

- 1.11 **The coverage and effectiveness of the Comprehensive Employment Service is limited.** The SIE served 10,747 job seekers in 2022 (4,959 women and 5,788 men), representing 3.1% of the unemployed. It offered 10,058 vacancies, encompassing 5% of workplaces [22], and it placed 7.8% of job seekers [28]. Hurdles to increasing the coverage and quality of SIE services include: (i) inadequate facilities. SIE offices have physical deficiencies, with overcrowded workspaces, sanitary facilities that are limited and/or in poor condition, a lack of space for serving users, and equipment that is in poor condition (air conditioning, water pumps, furnishings). In addition, SIE offices are inaccessible for persons with disabilities ([optional link 7](#)); (ii) technological obsolescence and a lack of inclusive digital employment services. SETRASS servers are more than five years old on average, leading to interruptions due to a lack of processing capacity. The Empléate portal does not offer job matching functionality, meaning that recruitment professionals must perform this task manually. The site is not accessible for persons with disabilities, and it publishes vacancies that specify the sex of the candidate sought by the company, thus encouraging labor segregation. The SIE also lacks an integrated platform, a management system, and multichannel service delivery, leading to information gaps and suboptimal services for beneficiaries [21]; (iii) an incomplete and outdated Labor Information System. Although an employment information system does exist (the Employment, Productivity, and Social Security Information System (SIEPSS)), its source code is obsolete and there is no technical support, preventing the use of alternatives to implement changes to the application. The databases generated are not standardized and thus suffer from inconsistencies, missing values, and double counting that make it difficult to prepare visualizations and labor demand projections. In addition, the system does not capture data regarding ethnicity, race, or disability, making it impossible to obtain information on populations in situations of vulnerability [21]; (iv) the SIE service model is outdated and lacks a focus on inclusion: (a) guidance services lack profiling tools that would allow specialized services to be provided to groups experiencing greater job placement difficulties; (b) better tools are required to meet the needs of SIE users, with 33.2% wanting advice on job interviews, 32.5% on training, and 18.2% on preparing a CV [18]; (c) the area of business management lacks specialized services, such as sector demand projections and the analysis of business satisfaction with the placement and recruitment support provided [29]; (d) there is a lack of organized mechanisms for referrals to services in the areas of training, circular migration, entrepreneurship, childcare, and legal and psychosocial support, as provided by agencies such as the National Entrepreneurship and Small Business Service (SENPRENDE), Ciudad Mujer, INFOP, SETRASS itself, and other sector participants; (e) there is little awareness among potential users of the services available in SIE offices, or of their activities and outcomes. In all, 48.5% of visitors to the SIE offices had become aware of the offices' existence through friends or family, 16% through social media, and only 5% through the traditional media; and (f) there is no organized training for employment advisors regarding the service model, thus limiting the effectiveness and quality of the services provided.
- 1.12 **Referrals of returnees to employment services are infrequent, and there are no monitoring or support mechanisms.** There are two main points at which returnees can come into contact with the SIE after returning to the country (Figure 1): The CAMRs are the point of entry for migrants returning to Honduras

by air or overland from the United States and Mexico. Returnees receive basic assistance in these centers and ODS data entry clerks record their information in the SIAMIR before they return to their communities of origin. The second point is when returnees arrive in their community and attend one of the four OMRARs in operation to seek advice on the range of available government services (including employment services), with the intention of supporting their process of reintegration in the country. According to SIAMIR data, 38,030 adults 18 and over were returned to the country in 2023, yet only 708 people were served in the OMRARs in their first six months of operation. It is unknown whether any of these received any services subsequent to referral. Several factors mean that the referral and monitoring process is ineffective: (a) in the case of the CAMRs, since 2022 the ODS has lacked a budget for the continuous employment of data entry clerks, leading to high staff turnover, low capacity to ensure data quality, lost records, and disruptions and delays to the process of receiving and registering returnees; and (b) OMRAR operational capacity is very limited as each office has only one staff member for providing services and depends entirely on returnees choosing to visit one of their offices. There is also no connection between the SIAMIR database and the OMRARs (meaning that there can be no follow-up once migrants return to their communities and there are no mechanisms for proactively monitoring and supporting the returnee reintegration process).

- 1.13 To address these challenges (paragraphs 1.3-1.10), the evidence indicates that comprehensive support provided under active labor market policies (ALMPs) improves access to formal employment in contexts of high informality. ALMPs include interventions such as workforce training and job placement; these foster human capital accumulation and employment stability, thereby increasing labor productivity and formality [26]. The workforce training called for by the productive sector and in the workplace can narrow the skills gap and improve employability [30] [31] [32]. Job placement services, meanwhile, are a cost-effective means of reducing job seeking costs for individuals and recruitment costs for companies [33] [34] [35]. The evidence indicates that employment services are more effective when they are tailored to job seekers' specific needs (Cheung et al., 2019; Vikström et al., 2021) such as referral to appropriate support services (Rice, 2017) and having staff with specialized knowledge and skills that are relevant to different groups of job seekers (Dingenen and Raeymaeckers, 2022) It also includes the possibility of building individual relationships between job seekers and work guidance counselors (Ravn & Bredgaard, 2021; Schiprowski, 2020). There is also literature suggesting that these factors are linked and cumulative, such that having empathetic, highly trained job caseworkers helps to ensure that referrals to external support services are well suited to needs and that positive relationships are forged between the job seeker and caseworker (Hooley, 2014; Hooley and Rice, 2019). Evidence from high-informality contexts indicates that ALMPs boost employment, formality, and wages [44] [45] [46]. There is evidence that similar projects implemented in Honduras have had a positive impact on human capital formation and job placement rates [9] [47].
- 1.14 **Rationale.** The Government of Honduras has requested Bank support to assist it in meeting the commitments laid out in the Government Plan 2022-2026, which prioritizes creating of job opportunities, particularly for young people. This will be achieved through the design of differentiated sector and geographic job creation

policies and by developing technical training projects in collaboration with universities and training centers. The Plan stipulates that initiatives to create mass employment and new opportunities should favor disadvantaged population groups such as returnees, young people, and women.

- 1.15 **Programmatic vision.** To boost labor productivity and access to formal jobs, the Bank's work with Honduras entails improving the labor force's sector skills, enhancing job placement services, providing better access to formal jobs for vulnerable groups, and improving labor regulations.
- 1.16 **Lessons learned.** The Bank has regional experience in designing and supervising projects to improve employability by strengthening workforce training, professional skills certification, and job placement systems. Component 1 incorporates the following lessons: (i) involve the productive sector in the process of aligning available training with in-demand skills, thus helping to narrow skills gaps and improve job placement rates ([4555/OC-PE](#)); (ii) develop education and training pathways that take into account the needs of specific groups such as young people, women, and migrants ([4934/OC-CO](#) and [1552/SF-HO](#)); and (iii) build awareness of the stigma surrounding migrants and generate information to facilitate their hiring ([4934/OC-CO](#) and [4935/GR-CO](#)). Component 2 includes: (i) ensure that profiling tools are available to improve the work guidance provided by public employment services such as the SIE ([3822/BL-BO](#)); (ii) lessons from the Technical Support Network for Employment Services in Latin America and the Caribbean (the SEALC Network) regarding the institutional and technological strengthening of the SIE ([ATN/OC-16825-RG](#)) and the technological modernization of the SIE ([ATN/OC-19243-RG](#) and [2660/OC-PR](#)); and (iii) the importance of public-private partnerships for employment and SIE services for the business community ([3547/OC-PE](#)).
- 1.17 **Strategic alignment.** The project is consistent with the IDB Group Institutional Strategy, Transforming for Scale and Impact ([CA-631](#)) and is aligned with the objective to: (i) reduce poverty and inequality, as it focuses on improving job placement opportunities in the formal sector, including the integration of returnees into the workforce. The project is also aligned with the following operational focus areas: (i) gender equality and inclusion of diverse population groups; (ii) institutional capacity, rule of law, and citizen security; (iii) social protection and human capital development; and (iv) productive development and innovation through the private sector.
- 1.18 The operation is aligned with the country strategy with Honduras ([GN-2944](#)), in that it contributes to strategic objective 2.1: "Reduce poverty and improve education and health services for the vulnerable population."¹⁰ It is consistent with the Migration Action Framework ([GN-3021](#)); the Sector Framework Documents for Labor ([GN-2741-12](#)), Skills Development ([GN-3012-3](#)), and Gender and Diversity ([GN-2800-13](#)); the Employment Action Framework with a Gender Perspective ([GN-3057](#)); and the Climate Change Sector Framework Document ([GN-2835-13](#)).
- 1.19 **Gender equality and inclusion of diverse population groups.** The program will strengthen the SIE's strategies for the inclusion of women, persons with

¹⁰ The strategy period was extended to 31 December 2024 ([GN-2944-2](#)).

disabilities, and Indigenous and Afro-Honduran peoples in employment and training opportunities. In addition, the program is coordinated with the IDB Group's Gender and Diversity Action Plan 2022-2025 ([GN-3116-1](#)) in two of its priority thematic areas: improving human capital and improving women's economic opportunities.

- 1.20 **Paris alignment.** This operation has been reviewed using the [Joint MDB Assessment Framework for Paris Alignment](#) and the [IDB Group Paris Alignment Implementation Approach](#) (GN-3142-1), yielding the following conclusions: (i) it is aligned with the Paris Agreement adaptation target, and (ii) based on specific analysis, it is aligned with the Paris Agreement mitigation target. Alignment is based on the following elements: the servers to be procured will have the highest possible energy efficiency rating (Energy Star or equivalent). Accordingly, no risks to emissions commitments or transition risks have been identified ([optional link 4](#)).
- 1.21 **Climate finance.** The total value of the project is US\$25 million. Based on the factors reviewed in [optional link 4](#), climate finance under the project is estimated at **US\$3,473,900**, which corresponds to **15.1%** of IDB funding for the operation. These resources will be used to procure information technology (IT) equipment with the highest level of energy efficiency certification; to build three municipal SIE offices according to green and resilient infrastructure standards, with energy and water efficiency equivalent to EDGE certification; and to procure IT servers for the Labor Intelligence Center (CIL), which will include energy efficiency criteria.

B. Objectives, components, and cost

- 1.22 **Objective.** The project's objective is to improve job placement opportunities in the formal sector for job seekers in the country. The specific objectives are to (i) strengthen employability skills among job seekers, and (ii) improve the coverage and quality of public employment services and services for returnees.
- 1.23 **Component 1. Employability support (IDB: US\$10.4 million; GRF: US\$2.6 million).** This will support the strengthening of job seekers' employability skills, with emphasis on groups experiencing greater barriers to job placement, such as women, young people, persons with disabilities, returnees, and Indigenous and Afro-Honduran peoples. The range of training offered will be determined on the basis of geographic and sector relevance ([optional link 6](#)).¹¹ Financing will be provided for the following:
- (i) Mechanism for coordinating with the productive sector to identify training needs. This seeks to design and introduce a mechanism for coordinating with the productive sector to identify current and future training needs by sector and with a regional focus, while also identifying internship and enterprise-based learning opportunities.

¹¹ The following criteria will be used to prioritize sectors: production multipliers, formal job creation, total female wage earnings, proportion of inputs produced domestically, the skills gap, potential for green jobs, and the sectors in which returnees have work experience. Regional prioritization will take into account the following: regions where development of the priority sectors is most established or likely to be triggered and which have SIE offices used by the largest numbers of job seekers, companies, and returnees ([optional link 6](#)).

- (ii) Forward-looking sector studies aimed at identifying the job profiles and skills that will be required in the labor market. The CIL created under Component 2 will also provide information to guide training needs.
- (iii) Design and updating of TVET programs and psychosocial skills. This entails (a) developing or updating training plans that meet the needs of the productive sector; and (b) training instructors in the new or updated training plans.
- (iv) Professional skills certification pilot project. This will include: (a) a diagnostic assessment of the certification system; (b) updating of certification-related tools and methodological processes for work standards; (c) training and certification of skills assessors; (d) processes for certifying job seekers' professional skills; (e) skills certification training aimed at bridging knowledge gaps; and (f) design of skills standards and certification tools.
- (v) Pilot TVET projects tailored to the needs of persons with disabilities. This will include: (a) the analysis of production lines and identification of job profiles suitable for persons with disabilities, with the aim of designing or adapting training plans to their needs; and (b) implementing training that incorporates the specific needs of persons with disabilities (i.e., sign language interpreters or transportation to training centers).
- (vi) Relevant TVET projects with a gender and inclusion approach. This will support implementation of the Technical and Vocational Education and Training Policy and includes the following: (a) delivery of TVET services using different modalities: enterprise-based (introducing allowances or payments for tutors who work with apprentices and interns in the companies concerned), tailored (as determined by the specific requirements of the productive sectors for individual vacancies that have been identified), training center-based, hybrid (virtual classes for theory and training centers for practical training), and mobile workshops (depending on the field of training, bringing these workshops to locations where there are no training centers but where demand exists from the productive sectors); (b) training in psychosocial skills; (c) procurement of teaching equipment and materials for training; (d) economic (i.e., transportation support) and other incentives (i.e., referrals to childcare centers) aimed at reducing drop-out rates during the training process or during enterprise-based apprenticeships and internships; (e) insurance against accidents for training participants; and (f) updates to the IT beneficiary monitoring platform to analyze training completion and job placement performance. Details of the criteria for eligibility (age, employment conditions, skills levels), prioritization (socioeconomic vulnerability and groups facing higher barriers to job placement), and participation selection will be set out in the project [Operating Regulations](#), together with the terms of the incentives (amount, time frames).
- (vii) A communication strategy for disseminating TVET and work skills certification processes and a productive sector employment promotion strategy to foster job placements for women, young people, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees. The first strategy will focus on individuals seeking jobs and training, with emphasis on priority groups, and it

will disseminate information regarding the TVET projects and pilot projects for work skills certification for persons with disabilities that will be financed under this project. This strategy will include campaigns to encourage women's participation in nontraditional professions, as these are in the highest demand from the productive sector and have the best compensation. The second strategy will focus on the productive sector, seeking to ensure workplace inclusion for women, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees, while also combating stigmatization and biases in recruitment processes. These campaigns will include activities and workshops with the productive sector to promote a gender perspective, combat discrimination in recruitment process, and develop guidelines and tools for improving workforce integration.

1.24 Component 2. SIE strengthening (IDB: US\$8 million; GRF: US\$2 million).
This will support improved coverage and quality of SIE services and services for returnees through the following activities:

- (i) Renovating and equipping the SIE's municipal offices with universal accessibility standards for persons with disabilities. To this end, financing will be provided for the renovation and equipment of three municipal offices,¹² including the redistribution of existing spaces and the construction of new spaces (user waiting rooms, cubicles for employment advisors, business management spaces, training room, coordination office, archives, kitchen and restrooms for users and employees, and attractive spaces for young people, equipped for self-service and collaborative work).¹³ The design will incorporate accessibility for persons with disabilities (including correctly designed ramps; adequately sized toilets, support bars, and sanitary furnishings suitable for persons with disabilities); and accessibility measures for the blind (tactile paving and specific signage in accordance with Legislative Decree 160-2005 ([optional link 5](#))).
- (ii) Strengthening the SIE's IT systems, with an improved online presence, a gender perspective, and accessibility for persons with disabilities. Development of a centralized platform that offers job matching services, gathers labor market information based on the transactions of SETRASS and other participants (facilitated by interoperability), and provides relevant content for job seekers and employers. Design will include the following: (i) user history processes and use cases for the integrated platform, including job matching tools, client relations management, the identification of gaps, and referral to training services; (ii) specification of the associated technical requirements for interoperability with other institutions; and (iii) quality assurance plan. Implementation will include: (iv) development of the platform consistent with the agreed technical specifications, including back- and front-end development, user interface and experience considerations, digitalization of the required information, and the need for interoperability with other entities. The platform will incorporate a gender and inclusion perspective, through

¹² The municipal offices will be built in locations selected using the geographical prioritization criteria set out in [optional link 6](#) and where SETRASS has landholdings, as described in [optional link 5](#).

¹³ A space in which job seekers can either use the computer equipment provided or bring their own computer and connect to the network to access virtual training and/or apply for jobs.

inclusive languages, eliminating references to the desired sex of applicants and observing the principles of the Web Accessibility Initiative for persons with disabilities ([optional link 5](#)); (v) technical audit for platform supervision (including cybersecurity specialists); (vi) specialists in change management, digital transformation, and the regulatory and operational aspects of interoperability. In addition, procurement of the following will be included: (vii) energy-efficient IT equipment (computers, printers, servers, local area network, etc.), together with the licenses required for both the central and regional offices; and (viii) preventive maintenance services for equipment.

- (iii) Creating a Labor Information Center (CIL) with data disaggregated by gender, age, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees. The CIL will be able to extract data from multiple sources (with data disaggregated by gender, age, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees) and generate tables for use in business intelligence systems, monitoring panels, and reports. Consulting firms and individual consultancies will be contracted for the following tasks, among others: (i) the design of user histories and use cases for dashboards and development of the platform consistent with the specifications, including front- and back-end development and quality assurance processes; (ii) an analyst and a support technician for implementation of the CIL. Procurement of the following is also planned: (iii) IT equipment (servers, computers, printers, cameras, local area network, uninterruptible power supply), including the necessary licenses (databases, visualization, etc.); (iv) wiring services; and (v) internet and VPN services.
- (iv) Redesigning the SIE service model, with a gender perspective, ethnic and racial relevance, and inclusion for persons with disabilities and returnees. The following activities will be undertaken to this end: (i) a diagnostic assessment of the SIE service model and recommendations for its improvement, with a gender perspective, ethnic and racial relevance, and inclusion for persons with disabilities, including: (a) a sociocultural analysis to identify barriers and other dynamics affecting the access of Indigenous and Afro-Honduran peoples to workplace inclusion, (b) recommendations to improve the SIE's performance as a single window for employment services and referrals; (c) improvements in tools to provide more efficient work guidance to young people, women, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees, as well as specialized services for these population groups; (d) improvements in specialized services for companies; and (e) integration of the new centralized job placement platform into the service model. (ii) implementation of the SIE's updated service model consistent with the recommendations of the diagnostic assessment, including the development of new or improved employment services for job seekers and employers; (iii) preparation of a service manual that facilitates the mainstreaming of a gender perspective and services for persons with disabilities (e.g., through case management with an emphasis on supporting persons with disabilities in SIE); and (iv) preparation of an online, modular instruction plan to train employment advisers in the redesigned service model, including specific models for each employment service and for the

needs of young people, women, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees ([optional link 5](#)).

- (v) Implementing follow-up functionalities for returnees in SIAMIR. An integrated management system will be developed that will facilitate monitoring and support for returnees starting from the moment they visit a CAMR until the time they receive reintegration services. The SIAMIR will be strengthened in its role as a unified system that is interoperable with the OMRAR and SIE systems. The following actions will be carried out to this end: (i) hiring of data entry clerks for the CAMRs; (ii) SIAMIR integration as an integrated management system with the ability to record data from other institutions; (iii) implementation of an application programming interface (API) and information system to generate reports, alerts, indicators, and other monitoring functionalities regarding returnees; (iv) an analysis of IT infrastructure and implementation of the recommendations; and (v) a training and change management plan for staff.
- (vi) Strengthening and implementing the OMRAR service model. The following actions will be carried out to this end: (i) expansion of OMRAR operating capacity through the contracting of staff and equipment to make visits to communities and facilitate the process of referring returnees to the employment services; (ii) design and implementation of the OMRAR service dissemination and communication strategy with respect to returnees and the communities; (iii) adoption of monitoring tools for returnees; and (iv) technical staff specialization through training programs to improve managerial and technical capabilities, with a focus on services for vulnerable populations.

1.25 **Management, audit, and evaluation (IDB: US\$1.6 million; GRF: US\$400,000).** This encompasses management, monitoring, external audit, and midterm and final evaluation costs for the operation.

1.26 **Beneficiaries.** The relevant TVET programs are expected to benefit an estimated 9,180 people, representing 39% of job seekers registered with the SIE who are interested in receiving training but are unable to do so due to a lack of resources (23,736).¹⁴ SIE strengthening will directly benefit at least 64,482 job seekers during the project execution period, representing 9% of the urban unemployed. The project will directly benefit at least 15,000 returnees or 5% of working-age returnees. The stronger placement, training, and reintegration services could benefit potential demand that includes the country's entire working-age resident population (6.9 million in 2022) [48], employers (149,345 companies in 2015) [49], and working-age returnees (280,212 such persons between 2018 and 2022) [50].¹⁵

C. Key results indicators

1.27 Impact indicators associated with the general objective: (i) percentage of job seekers who secure a formal position within six months of receiving SIE services; and (ii) percentage of job seekers who graduate from the relevant TVET programs

¹⁴ Estimate based on data from the SIE and the CID Gallup survey, January 2024.

¹⁵ SIAMIR data provided by the ODS indicate that 77.3% of returnees are between 15 and 39 years of age.

- offered under the project and who secure employment within six months of completing their training. Outcomes associated with specific objective 1: (i) percentage of job seekers graduating from the relevant TVET programs offered under the project, including tracking indicators for young people,¹⁶ women, persons with disabilities, returnees, and Indigenous and Afro-Honduran peoples; (ii) number of job seekers enrolled in the relevant TVET programs offered under the project; and (iii) women job seekers enrolled in the relevant TVET programs offered under the project as a proportion of total enrollment. Outcomes associated with specific objective 2: (i) job seekers who use the job placement and work guidance services, with tracking indicators for young people, women, persons with disabilities, returnees, and Indigenous and Afro-Honduran peoples; (ii) vacancies registered on the job placement platform; (iii) SIE staff trained in the redesigned SIE service model; and (iv) returnees over 18 who are registered in the SIAMIR and receive services from the OMRARs.
- 1.28 **Economic analysis.** An ex ante cost-benefit analysis was used to quantify the incremental benefits directly associated with the main project components. The project shows positive returns, with a net present value of US\$2.7 million based on a 12% discount rate over 10 years. This indicates a positive internal rate of return (IRR) of 19%. In the sensitivity analysis, changes were made to the parameters of key indicators in order to generate both pessimistic and favorable scenarios; these yielded returns ranging from -0.3% to 54.6%.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Instrument and dimensioning of the operation.** The Government of Honduras has requested a specific investment loan of US\$20 million from the Bank, consisting of US\$13 million from the Bank's regular Ordinary Capital and US\$7 million from the concessional Ordinary Capital. This effort will be supplemented by US\$5 million from the IDB Grant Resource Facility to support the reintegration of returnees. The disbursement period will be five years. The choice of instrument is justified by the project's limited scope, the logical interdependence of its components, and its individual physical and technical nature. The executing agency will be SETRASS, which will have a project coordination unit with technical and fiduciary specialists contracted using project funds.
- 2.2 **Interagency coordination.** The implementation of Component 2 includes activities and outputs that will require coordination with the SRECI and SEDESOL. Accordingly, an interagency cooperation agreement will be signed between these two institutions and the executing agency, establishing, among other things: the parties' responsibilities for project implementation; their obligation to perform the activities within their remit; arrangements for the parties to liaise with each other; a mechanism for transferring goods and services provided under the project; the allocation of resources to ensure the operation and maintenance of the IT goods and platforms developed under the project; and a commitment to maintain and

¹⁶ Tracking indicator: this will allow progress under the program to be monitored in specific areas of interest (instead of measuring progress in relation to a previously set target).

preserve the transferred assets. The draft agreement will require the Bank's prior no objection.

- 2.3 **Complementarity with other operations.** This project complements projects under execution in Honduras that support institutional strengthening for tax collection ([3541/BL-HO](#)) and reductions in the incidence of violent crime by promoting formal employment for groups facing higher barriers to labor market access ([4518/BL-HO](#)); projects to promote job demand by improving the skills of the workforce ([4942/BL-HO](#)); projects to improve quality and access to the third cycle of basic education by linking young people to other training and employment opportunities ([4449/BL-HO](#) and [5681/BL-HO](#)); and strengthening the economic autonomy module of the Ciudad Mujer project by improving the employment services provided to women ([3771/BL-HO](#)).
- 2.4 **IDB Group synergies.** To expand the scope of the job placement services provided by SETRASS, through an application programming interface (API), the "Portal Empléate" job matching platform will be interoperable with the "Emplea Más" platform that IDB Lab is developing with the Federation of Chambers of Commerce ([ATN/ME-18289-HO](#), GRT/ER-18290-HO).
- 2.5 **Migration eligibility.** Consistent with the IDB Grant Facility's operating guidelines (GN-2947-26), the project fulfills the eligibility criteria for accessing GRF resources, as follows: (i) Honduras received more than 224,000 returnees between 2021 and 2023, representing 2.1% of its population (above the 0.5% required for eligibility); (ii) returnees face specific hurdles to effective and sustainable reintegration (paragraphs 1.3, 1.8, and 1.9) that require a comprehensive intervention and efficient targeting (paragraphs 1.23-1.24); (iii) the operation is consistent with the thematic area of access to economic opportunities, as it seeks to support the integration of returnees into the workforce (paragraph 1.21); (iv) returnees will benefit from the operation (paragraph 1.25) and the interventions will target areas with a higher proportion of returnees (paragraph 1.12); and (v) the operation is included in the Honduras pipeline for 2024. The results matrix will include precise, measurable indicators that will ensure that returnees are direct beneficiaries (paragraph 1.26).

Table 1. Estimated project costs (US\$)¹⁷

Components	IDB	GRF	Total	%
Component 1. Employability support	10,400,000	2,600,000	13,000,000	52%
(i) Mechanism for coordinating with the productive sector to identify training needs, designed and operating	176,000	44,000	220,000	
(ii) Forward-looking sector studies aimed at identifying the job profiles and skills that will be required in the labor market, completed	240,000	60,000	300,000	
(iii) TVET and psychosocial skills programs with relevant curriculums (new or updated), designed	680,000	170,000	850,000	
(iv) Pilot professional skills certification project with a focus on returnees, implemented	360,000	90,000	450,000	
(v) Pilot TVET projects tailored to the needs of persons with disabilities, implemented	360,000	90,000	450,000	
(vi) Registration fees for relevant TVET programs with a gender and inclusion perspective, paid	8,424,000	2,106,000	10,530,000	
(vii) Communication strategy for disseminating TVET and professional skills certification processes and productive sector employment promotion strategy to foster job placements for women, young people, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees, implemented	160,000	40,000	200,000	
Component 2. SIE strengthening	8,000,000	2,000,000	10,000,000	40%
(i) Municipal employment offices, built and equipped	1,808,000	452,000	2,260,000	
(ii) Plan for strengthening SIE IT systems, designed	160,000	40,000	200,000	
(ii) Plan for strengthening SIE IT systems, implemented	2,057,120	514,280	2,571,400	
(iv) CIL, designed and implemented	788,480	197,120	985,600	
(v) SIE service model, redesigned (including an Indigenous and Afro-Honduran peoples study)	200,000	50,000	250,000	
(vi) SIE service model, implemented	1,339,200	334,800	1,674,000	
(vii) SIAMIR with returnee monitoring functionalities, implemented	619,200	154,800	774,000	
(viii) OMRAR service model, strengthened and implemented	1,028,000	257,000	1,285,000	
Administration or other contingent expenses	1,600,000	400,000	2,000,000	8%
Project coordination unit	1,400,000	350,000	1,750,000	
Audit	120,000	30,000	150,000	
Monitoring and evaluation	80,000	20,000	100,000	
Total	20,000,000	5,000,000	25,000,000	100%

- 2.6 Based on a detailed analysis of the multiyear execution plan, the estimated disbursement period is five years, according to the following schedule:

Table 2. Disbursement schedule (US\$)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	1,200,000	2,400,000	8,000,000	6,400,000	2,000,000	20,000,000
GRF	300,000	600,000	2,000,000	1,600,000	500,000	5,000,000
Total	1,500,000	3,000,000	10,000,000	8,000,000	2,500,000	25,000,000
%	6%	12%	40%	32%	10%	100%

B. Environmental and social safeguard risks

- 2.7 **Environmental and social considerations.** Pursuant to the Bank's Environment and Social Policy Framework, this has been classified as a Category "C" operation, as potentially negative socioenvironmental impacts are expected to be negligible or nil. Environmental and Social Performance Standards 1, 2, 3, 4, and 10 have been triggered, and actions will be included during the design of the project ([optional link 7](#)).

- 2.8 The measures planned under this operation will be fully aligned with: (i) IDB Group Measures to Address the Risk of Forced Labor in the Supply Chain of Silicon-Based Solar Modules (GN-3062-1); (ii) the applicable requirements of the IDB's new Environmental and Social Policy Framework (GN-2965-3); and (iii) the IDB's procurement policies (GN-2349-15 and GN-2350-15).

C. Fiduciary risks

- 2.9 Three medium-high risks were identified: (i) if there are no tools for managing project procurement, this will affect procurement time frames and the timely generation of reports for decision-making. To mitigate this, the [project Operating Regulations](#) will include tools, procedures, and flowcharts for managing project procurement; (ii) if no full-time fiduciary staff are assigned to the project, this would lead to delays in project fiduciary management. To mitigate this, staff with the appropriate qualifications and experience will be assigned and/or hired to strengthen the project coordination unit (PCU); and (iii) if means of transportation are not available for project implementation, this will affect the time frames for project outputs and their quality. To mitigate this, the project will allocate resources for the purchase and maintenance of a vehicle and motorcycles for use by the PCU in the management, supervision, and monitoring of project outputs.

D. Other key issues and risks

- 2.10 One high risk and three medium-high risks have been identified: (i) sustainability: project outcomes would be affected in the event of budget constraints leading to the suboptimal operation of employment offices and services for returnees. To mitigate this, the Bank will work with the executing agency to submit timely budget allocation requests to the Ministry of Finance and ensure that sufficient budget is available for annual operations; (ii) governance: should it take longer than

¹⁷ Indicative costs for the main activities.

anticipated to agree and sign the SETRASS-SEDESOL-SRECI interagency cooperation agreement, this would delay the launch of activities (v) and (vi) under Component 2, affecting project execution times. To mitigate this, preparation of the agreement will begin once the Bank has approved the project; (iii) political: the transition period following the expected change of government in 2026 could slow project implementation, affecting project scopes, costs, and time frames. To mitigate this, an acceleration plan will be implemented aimed at contracting the critical path processes for the project before the changeover in officials, and technical support will be provided to the executing agency during the transition period; and (iv) technical design: if the type of training offered under the program requires a longer time frame than the potential beneficiaries expect, this could lead to low interest in participating and affect project outcomes. To mitigate this, training modalities will be identified that are compatible with project objectives and the expectations of beneficiaries, as well as employability agreements with the productive sector that ensure job placements for beneficiaries.

- 2.11 **Sustainability.** Fifty-two percent of investments will be used for projection tools, updated training plans, improved SIE and OMRAR service models, stronger IT systems, and newly built model employment centers, all of which will remain in place after the project, requiring no additional investments. To ensure sustainability in the quality of service delivery, consultancies are planned in the areas of change management and digital modular training plans for employment advisers and officials in the Office of Honduran Migrant Protection (DGPHM) and the OMRARs. The project will work together with SEDESOL and SRECI in a timely manner to develop and implement a financial sustainability strategy that will allow the gradual transfer to the national budget of the human resources hired for the OMRARs and SIAMIR (part of the necessary improvements to achieve project objectives and ensure quality outputs), consistent with the provisions of the Fiscal Responsibility Law and available budget resources. The strategy will encompass: (i) the human resources gap in the CAMRs and OMRARs; (ii) the annual budget allocation for SIAMIR, CAMR, and OMRAR operations; (iii) analysis of services and expected demand for estimating budget allocations; and (iv) financing strategy.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The executing agency will be SETRASS, which will execute the project through the Office of Employment and Social Security. The latter will be supported, in turn, by a PCU with staff dedicated full-time to the project. The PCU will be responsible for all aspects of project management: (i) general and financial project administration, ensuring the efficient management of resources; (ii) program environmental and social management; (iii) project execution planning, including preparing and implementing annual work plans; (iv) monitoring progress under the project and the fulfillment of targets; (v) planning, executing, and monitoring procurement processes for goods, services, and works, ensuring conformance with the Bank's procurement policies; (vi) preparing and arranging the corresponding payments; (vii) arranging Bank disbursements, submitting the requested audited and unaudited financial statements; (viii) management of evaluation findings; (ix) preparing and submitting semiannual program progress

reports to the Bank; and (x) other responsibilities to be covered in the [project Operating Regulations](#).

- 3.2 **Institutional capacity.** An institutional capacity assessment of the SETRASS, carried out using the Institutional Capacity Assessment Platform (ICAP), shows that the executing agency lacks both recent experience in managing projects with international financing and sufficient human resources to take on the responsibilities associated with project execution, particularly with respect to fiduciary management. Accordingly, the project will provide financing to hire a full-time fiduciary and technical team for the SETRASS PCU. This team will consist (at a minimum) of a general coordinator, a financial specialist, a procurement specialist, a monitoring specialist, a technical coordinator for Component 1, and a technical coordinator for Component 2. This team will be contracted in accordance with the terms of reference previously agreed with the Bank, as well as the implementation arrangements set out in the [project Operating Regulations](#), which will include details of the candidate profiles and functions and associated hiring procedures.
- 3.3 **Conditions precedent to the first disbursement of the loan proceeds.** The first disbursement of the loan proceeds will be subject to the fulfillment of the following conditions to the Bank's satisfaction: (i) evidence has been provided that the executing agency has selected a general program coordinator, procurement specialist, and financial specialist consistent with the terms of reference and qualifications previously agreed with the Bank; and (ii) evidence has been provided that the [project Operating Regulations](#) have been approved and have entered into force in accordance with the terms previously approved by the Bank. These conditions are justified to ensure efficient execution, successful project implementation, and the observance of Bank policies.
- 3.4 **Special contractual clause for execution.** Prior to the launch of activities (v) and (vi) under Component 2 (paragraph 1.24), SETRASS will provide evidence to the Bank's satisfaction of the signing and entry into effect of the interagency cooperation agreement between SETRASS, SEDESOL, and the SRECI, in accordance with the terms previously approved by the Bank.
- 3.5 **Procurement plan.** The procurement plan ([required link 4](#)), covering the five-year project execution period, will be established by agreement between SETRASS and the Bank. The executing agency will carry out the procurement of goods, works, services, and consultancies in accordance with the Policies for the Procurement of Goods and Works Financed by the Bank (GN-2349-15), the Policies for the Selection and Contracting of Consultants Financed by the Bank (GN-2350-15), and all other internal Bank procedures. Where appropriate to facilitate project execution, the country procurement system will be used for procurement transactions deemed eligible within the scope approved by the Bank's Board of Executive Directors (GN-2538-35). The plan will be updated annually, as necessary, or as required by the Bank in accordance with the established execution and monitoring scheme.
- 3.6 **Disbursements.** A special U.S. dollar bank account will be opened in the name of the project in a banking institution to be indicated by the Ministry of Finance, and this will be used exclusively for the management of loan proceeds. The Bank will provide advances of funds based on the program's liquidity needs over a maximum period

of six months, while SETRASS will prepare disbursement requests and provide supporting documentation pursuant to the provisions of the Financial Management Guidelines for IDB-Financed Projects (OP-273-12). With the exception of the first advance of funds, documentation must be provided for at least 80% of the cumulative balance pending documentation. The GRF resources and the loan proceeds will be disbursed *pari passu*, proportionally and simultaneously.

- 3.7 **Audit.** Project financial statements and expenditure eligibility will be audited by an independent external audit firm acceptable to the Bank and contracted by SETRASS. Audit costs will be financed with project resources. Throughout the original disbursement period and any extension thereof, the program's audited financial statements will be submitted to the Bank within 120 days following the end of the executing agency's fiscal year. The last audited financial statement will be presented within 120 days following the final disbursement date.
- 3.8 **Coordination with other development partners.** This project was presented to other international development partners with a view to identifying synergies and lessons learned and avoiding overlaps. As a result, the project will assist in: (i) implementing and strengthening the institutional framework for the Technical and Vocational Education and Training Policy, which was prepared with financial support from the European Union and the German cooperation agency; (ii) strengthening SETRASS capabilities for referring individuals seeking employment and training to the employment projects implemented by Swisscontact and the United States Agency for International Development (USAID); and (iii) strengthening OMRAR capabilities for delivering psychosocial services at the community level, using the guidelines and materials developed by the International Organization for Migration (IOM). This coordination will continue throughout the execution period.

B. Summary of arrangements for monitoring results

- 3.9 **Monitoring.** In addition to multiyear execution plans, annual work plans, and procurement plans, the PCU will submit semiannual progress reports within 60 days of the end of each six-month period, including explanatory notes setting out the reasons for any departures from agreed arrangements.
- 3.10 **Evaluation.** A midterm evaluation will be performed 90 days after the date on which 40% of program funds have been disbursed or when 40% of the disbursement period has elapsed (whichever occurs first), followed by a final evaluation within 90 days after the date on which 90% of the loan proceeds have been disbursed. These independent evaluations will follow the Project Completion Report (PCR) methodology and will document progress toward achieving the agreed outcomes and outputs, together with the lessons learned that affected project performance. An *ex post* economic analysis of the project will be prepared. With respect to the general development objective, an impact evaluation will be conducted to determine the final direct effects of the operation, with particular emphasis on evaluating returnees' access to and use of return and employment services.

Development Effectiveness Matrix		
Summary HO-L1237 - HO-J0001		
I. Corporate and Country Priorities		
Section 1. IDB Group Institutional Strategy Alignment		
Operational Focus Areas	<ul style="list-style-type: none"> -Gender equality and inclusion of diverse population groups -Institutional capacity, rule of law, citizen security -Social protection and human capital development -Productive development and innovation through the private sector 	
[Space-Holder: Impact framework indicators]		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2944	2.1 "Reduce poverty and improve education and health services in the vulnerable population.
Country Program Results Matrix	GN-3207	The intervention is included in the 2024 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.3
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		2.3
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		Medium Low
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Budget, Treasury, Accounting and Reporting, External Control, Internal Audit. Procurement: Price Comparison, Contracting Individual Consultant.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Evaluability Assessment Note: The project aims to improve job placement opportunities in the formal sector for job seekers in the country. The specific objectives are: (i) improving job seeker's employability by strengthening their skills; and (ii) improving the coverage and quality of the public employment service and services for the Returned Population (RP). The diagnosis points out two determinants: (i) gaps between the skills demanded by the private sector and those offered by job seekers; and (ii) lack of information and guidance that limits the matching efficiency between supply and demand, as well as access to training opportunities for those who do not have the required skills. To address them, it is proposed: (i) increasing the supply of training in skills demanded by the private sector; and (ii) strengthening the comprehensive employment system (SIE) with particular emphasis on increasing the coverage and quality of service for individuals who face greater barriers to labor insertion (women, people with disabilities, indigenous and Afro-Honduran population, returned population (migrants returning to the country)). No evidence is presented on the effectiveness of the interventions for the returned population; however, a randomized controlled trial (RCT) is proposed to evaluate its effectiveness. It is yet to be determined which interventions will be tested; These will be done after the executing a pilot project that will be financed with technical cooperation HO-T1459.

The result matrix includes SMART indicators that are consistent with the diagnosis and interventions proposed for the first specific objective. For the second, SMART indicators measuring the quality of service for the returned population are still missing. The team has committed to design a new indicator to measure it, using resources from a Technical Cooperation, and including it in the result matrix in the startup plan. The economic analysis evaluates the benefits of the program in terms of the additional labor income derived from the intervention. This exercise yields an IRR of 19%. The Sensitivity analysis is appropriate and evaluates key parameters.

RESULTS MATRIX

Project objective:	The specific objectives are to (i) strengthen employability skills among job seekers, and (ii) improve the coverage and quality of public employment services and services for returnees. The achievement of these objectives will support the general objective of improving job placement opportunities in the formal sector for job seekers in the country.
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GENERAL DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline		Final target		Means of verification	Comments
		Value	Year	Value	Year		
General development objective: Improve job placement opportunities in the formal sector for job seekers in the country							
I.1 Job seekers placed in formal employment within six months of receiving services from the Comprehensive Employment Service (SIE) ¹	%	7.8%	2023	11.1%	2029	(A) SIE administrative records	(B) See comments in Tables 2.1 and 4 in required link 2.
I.2 Job seekers who graduate ² from the relevant technical and vocational education (TVET) programs ³ offered under the program and who secure employment within six months of completing their training	%	0	2023	46%	2029	(C) Program administrative data, based on the beneficiary monitoring platform	(B)

¹ As per the record of the last SIE service (of any kind) provided to the job seeker.

² Graduates are persons who have participated in at least one relevant TVET course offered under the program and who pass the final exam (specifically designed for each course) based on a predetermined minimum score.

³ "Relevant" means TVET programs focused on building skills demanded by the labor market, particularly those identified through the mechanism for coordinating with the productive sector.

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline		Final target		Means of verification	Comments
		Value	Year	Value	Year		
Specific objective 1: Strengthen employability skills among job seekers							
R1.1 Job seekers who graduate from the relevant TVET programs offered under the program Tracking indicators: ⁴ R1.1a Women job seekers who graduate from the relevant TVET programs offered under the program R1.1b Young job seekers ages 18 to 30 who graduate from the relevant TVET programs offered under the program (total and women) R1.1c Returnee ⁵ job seekers over 18 who graduate from the relevant TVET programs offered under the program (total and women) R1.1d Job seekers with disabilities who graduate from the relevant TVET programs offered under the program (total and women) R1.1e Indigenous and Afro-Honduran job seekers who graduate from the relevant TVET programs offered under the program (total and women)	% individuals	0	2023	75%	2029	(C)	(B)
R1.2 Job seekers enrolled in the relevant TVET programs offered under the program	Number of people	0	2023	9,180	2029	(C)	(B)
R1.3 Women job seekers enrolled in the relevant TVET programs offered under the program, as a % of total enrollment	%	0	2023	56%	2029	(C)	(B)
Specific objective 2: Improve the coverage and quality ⁶ of public employment services and services for returnees							
R2.1 Number of vacancies registered on the job placement platform each year	Index	100	2022	150	2029	(A)	(B)
R2.2 Annual number of job seekers using job placement and guidance services Tracking indicators:	Index	100	2022	200	2029	(A)	(B)

⁴ Tracking indicators allow progress under the program to be monitored in specific areas of interest (rather than measuring progress against a previously set target).

⁵ Honduran immigrants who have returned Honduras after migrating to another country, either legally or illegally.

⁶ Technical cooperation funds will be used to design an indicator for the quality of services provided to returnees, to be included before execution of the operation begins.

Indicators	Unit of measure	Baseline		Final target		Means of verification	Comments
		Value	Year	Value	Year		
R2.2a Annual number of women job seekers using job placement and guidance services R2.2b Annual number of young job seekers ages 18 to 30 using job placement and guidance services (total and women) R2.2c Annual number of returnee job seekers over 18 using job placement and guidance services (total and women) R2.2a Annual number of job seekers with disabilities using job placement and guidance services (total and women) R2.2d Annual number of Indigenous and Afro-Honduran job seekers over 18 using job placement and guidance services (total and women)							
R2.3 SIE staff trained in the redesigned SIE service model	%	0	2023	80%	2029	(A)	(B)
R2.4 Returnees over 18 who are registered in the Returnee Service System (SIAMIR) and receive services from the Municipal Returnee Reintegration and Service Offices (OMRARs)	Index	100	2023	329	2029	SIAMIR monitoring reports (Social Development Observatory) and OMRARs	(B)

OUTPUTS

Outputs	Unit of measure	Base-line	Base-line year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Component 1. Employability support											
Output 1.1 Mechanism for coordinating with the productive sector to identify training needs, designed and operating	Number of mechanisms	0	2023	0	1	1	1	1	1	Minutes of meeting to create the mechanism and minutes of coordination sessions with the productive sector, signed	(D) See comments in Table 2.2 in required link 2.
Output 1.2 Forward-looking sector studies aimed at identifying the job profiles and skills that will be required in the labor market, completed	Number of studies	0	2023	0	1	0	1	0	2	Studies published on the SETRASS webpage	(D)
Output 1.3 TVET and psychosocial skills programs with relevant curriculums (new or updated)	Number of programs	0	2023	0	0	15	0	0	15	Authorization for the newly designed INFOP curriculums to be issued and used	(D)
Output 1.4 Pilot professional skills certification project with a focus on returnees, implemented	Number of pilot projects	0	2023	0	0	1	0	0	1	Report on pilot project	(D)
Output 1.5 Pilot TVET projects tailored to the needs of persons with disabilities, implemented	Number of pilot projects	0	2023	0	0	1	1	0	2	Report on pilot projects	(D)
Output 1.6 Registration fees for relevant TVET programs with a gender and inclusion perspective, paid	Number of registration fees	0	2023	600	1,500	3,600	3,000	1,500	10,200	Enrollment report and records, based on the beneficiary monitoring platform	(D)
Output 1.7 Communication strategy for disseminating TVET and professional skills training processes and productive sector	Number of strategies	0	2023	0	2	2	2	2	2	Annual progress reports	(D)

⁷ Job seekers include the unemployed and workers actively seeking higher-quality employment.

Outputs	Unit of measure	Base-line	Base-line year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
employment promotion strategy to foster job placements for women, young people, persons with disabilities, Indigenous and Afro-Honduran peoples, and returnees, implemented											
Component 2. SIE strengthening											
Output 2.1 Model employment offices, built and equipped	Number of offices	0	2023	0	0	0	1	2	3	Works and equipment acceptance report	(D)
Output 2.2 Plan for strengthening SIE information technology (IT) systems, designed	Number of plans	0	2023	0	1	0	0	0	1	Project report (E)	(D)
Output 2.3 Plan for strengthening SIE IT systems, implemented	Number of plans	0	2023	0	0	0	1	0	1	(E)	(D)
Output 2.4 Labor Intelligence Center implemented	Number of centers	0	2023	0	0	0	0	1	1	(E)	(D)
Output 2.5 SIE service model, redesigned (including an Indigenous and Afro-Honduran peoples study)	Number of models	0	2023	0	1	0	0	0	1	(E)	(D)
Output 2.6 SIE service model, implemented	Number of models	0	2023	0	0	0	1	0	1	(E)	(D)
Output 2.7 SIAMIR implemented with follow-up functionalities for returnees	Number of systems	0	2023	0	1	1	1	1	1	Report on OMRAR follow-up cases, based on the SIAMIR	(D)
Output 2.8 OMRAR service model, strengthened and implemented	Number of models	0	2023	0	1	1	1	1	1	(E)	(D)

Country: Honduras

Division: LMK

Operation number: HO-L1237

Year: 2024

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing Agency: Labor and Social Security Secretariat (SETRASS)

Operation name: Support Program for Workforce Integration in Honduras

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation¹

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reporting	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> National competitive bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal Audit	<input type="checkbox"/> Shopping	<input checked="" type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	<input type="checkbox"/> Other

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Special features of fiduciary execution	<p>The Bank's procurement policies will be applied (documents GN-2349-15 and GN-2350-15). Country systems (HONDUCOMPRAS) will be used only for the publication of procurement notices and for the procurement of goods, works, or nonconsulting service contracts using the electronic catalog/framework agreement or limited bidding processes in amounts that fall below the threshold for shopping in Honduras, as approved by the Bank's Board of Executive Directors. The procurement plan for the operation will indicate the contracts that will be executed using the country system, within the scope approved by the Bank.</p> <p>For financial management, document OP-273-12 and its associated guidelines will be applicable. The government will use the SIAFI/UEPEX as a financial management system.</p>
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	An assessment carried out using the Institutional Capacity Assessment Platform (ICAP) shows the fiduciary capacity of the executing agency—the Labor and Social Security Secretariat (SETRASS)—to be medium-low.
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¹ Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of validation by the Bank.

4. Fiduciary risks and risk response

Risk classification	Risk	Risk level	Risk response
Internal processes	If there are no tools for managing project procurement, this will create confusion and a lack of information as to the status of procurement processes. This will affect procurement time frames and the timely generation of reports for decision-making.	Medium-high	Tools, procedures, and flowcharts for managing project procurement to be included in the project Operating Regulations.
Human resources	If no full-time fiduciary staff are assigned to the project, this will lead to delays in project fiduciary management, affecting the time frame for project implementation.	Medium-high	Staff with the appropriate qualifications and experience to be assigned and/or hired to strengthen the project coordination unit (PCU).
Goods and services	If equipment and means of transportation are not available for project implementation, this will limit supervision and monitoring, affecting the time frames for project outputs and their quality.	Medium-high	The project will allocate resources for the purchase and maintenance of a vehicle and motorcycles for use in the management, supervision, and monitoring of project outputs.

5. Policies and guidelines applicable to the operation: Procurement – Documents GN-2350-15, GN-2349-15, OP-272-3, and GN-2538-35. Financial management – Document OP-273-12 and supplementary guidelines.
6. Exceptions to policies and guidelines: N/A.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

<p>Special conditions precedent to first disbursement: The first disbursement of the loan proceeds will be subject to the fulfillment of the following conditions to the Bank’s satisfaction: (i) evidence has been provided that the executing agency has selected a general project coordinator, procurement specialist, and financial specialist consistent with the terms of reference and qualifications previously agreed with the Bank; and (ii) evidence has been provided that the program Operating Regulations have been approved and have entered into force in accordance with the terms previously agreed with the Bank.</p>
<p>Exchange rate: For the purposes of Article 4.10 of the General Conditions, the parties agree that the exchange rate to be used will be the rate stipulated in Article 4.10(b)(i). For the purpose of determining the equivalency of expenditures incurred in local currency chargeable against the local contribution or reimbursement of expenditures against the loan proceeds, the agreed exchange rate will be that in effect on the date that the relevant payments are made to contractors, suppliers, or beneficiaries by the borrower, executing agency, or any other natural or legal person to whom the authority to incur expenses has been delegated.</p>
<p>Type of audit: Audited financial statements.</p>

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	<p>Bidding documents</p>	<p>The procurement of works, goods, and nonconsulting services subject to international competitive bidding (ICB) under the Bank's procurement policies (document GN-2349-15) will be carried out using the Standard Bidding Documents issued by the Bank or those documents agreed between the executing agency and the Bank for the contract concerned. The selection and contracting of consulting services will be carried out in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15) and will use either the Bank's Standard Request for Proposals or the request for proposals agreed between the executing agency and the Bank for the specific procurement. In the case of national competitive bidding, the procurement document agreed between the Regulatory Office of State Contracting and Procurement (ONCAE) and the Bank will be used. The review of technical specifications and terms of reference for contracts during preparation of the selection processes is the responsibility of the project sector specialist. This technical review may be ex ante and is independent of the method of procurement review and the use of country systems.</p>								
<input checked="" type="checkbox"/>	<p>Use of country systems</p>	<p>For goods, works, and nonconsulting services contracts that fall below the threshold for shopping in Honduras, electronic catalog/framework agreement or limited bidding procurement methods will be used, as approved by the Bank's Board of Executive Directors. The procurement plan for the operation will indicate the contracts that will be executed using the country system subject to the approved scope. Should the Board approve an expansion of the scope for the use of the country system, this will apply to the operation.</p>								
<input checked="" type="checkbox"/>	<p>Recurring expenses</p>	<p>Recurring (operational) expenses financed under the loan and required to initiate the project, as approved by the Project Team Leader, will be carried out in accordance with the executing agency's administrative procedures. The latter will be reviewed and accepted by the Bank as long as they are consistent with principles of competition, efficiency, and economy, in accordance with the guidelines for the treatment of recurring expenses and the Expenditure Eligibility Policy (document GN-2331-5 and its updates).</p>								
<input checked="" type="checkbox"/>	<p>Procurement supervision</p>	<p>Supervision will be conducted on an ex ante basis, with the exception of those cases in which ex post supervision is justified. Where procurement processes are executed through the country system, supervision will be performed through the country supervision system. The supervision method will be determined for each selection process: (i) ex ante, (ii) ex post, or (iii) country system. Ex post reviews will ideally be conducted every year in accordance with the project supervision plan, subject to changes during the course of execution. Reports on fiduciary visits in which ex post reviews are conducted, inter alia, will include at least one physical inspection visit, selected from among the procurement processes included in the critical path for the operation. The following contract types and amounts may be subject to ex post review:</p> <table border="1" data-bbox="500 1570 1373 1745"> <thead> <tr> <th data-bbox="500 1570 691 1633">Executing agency</th> <th data-bbox="691 1570 870 1633">Works</th> <th data-bbox="870 1570 1073 1633">Goods and services</th> <th data-bbox="1073 1570 1373 1633">Consulting services</th> </tr> </thead> <tbody> <tr> <td data-bbox="500 1633 691 1745">SETRASS</td> <td data-bbox="691 1633 870 1745">US\$150,000</td> <td data-bbox="870 1633 1073 1745">US\$25,000</td> <td data-bbox="1073 1633 1373 1745">Individual consultancies selected through competition</td> </tr> </tbody> </table>	Executing agency	Works	Goods and services	Consulting services	SETRASS	US\$150,000	US\$25,000	Individual consultancies selected through competition
Executing agency	Works	Goods and services	Consulting services							
SETRASS	US\$150,000	US\$25,000	Individual consultancies selected through competition							

<input checked="" type="checkbox"/>	Records and files	The borrower, through the executing agency, will maintain all procurement records not subject to paragraph 2 throughout the project execution period and for up to three years after the final disbursement date. This documentation is subject to review by the Bank or its consultants and will include, at a minimum, the original signed contract, analysis of the respective proposals, and the contract award recommendation. The borrower will submit said documentation to the Bank upon request.
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Main procurement items

Item description	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$ thousands)
Goods				
Procurement of a vehicle for project management and monitoring (PCU-SETRASS)	NCB		08/12/2025	36,000
Procurement of information technology (IT) equipment and licenses for regional SETRASS offices	International competitive bidding (ICB) with prequalification	Leasing and second-hand goods	07/04/2026	1,095,300.00
Implementation of TVET courses - 2025	ICB		31/3/2025	1,020,000.00
Implementation of TVET courses - 2026	ICB with prequalification		31/03/2026	1,020,000.00
Works				
Construction and equipment of two model employment offices in Danli and El Progreso	NCB		10/02/2026	1,012,000
Construction and equipment of the model employment office in Choluteca	NCB		7/02/2025	788,000
Nonconsulting services				
Internet and VPN services for SETRASS central and regional offices	ICB		28/10/2025	216,000
Wiring service and wireless connections for SETRASS central and regional offices	NCB		26/08/2025	131,700
Firms				
Preparation and updating of TVET curriculums for priority productive sectors	Quality- and cost-based selection (QCBS)		1/05/2026	830,000
Design, development, and launch of the digital job exchange platform, including the digitalization of information, adaptations for	Selection based on the consultants' qualifications		03/03/2025	985,000

Item description	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$ thousands)
persons with disabilities, and interoperability				
Design, development, and launch of the Labor Intelligence Center platform	QCBS		20/11/2026	371,000
Updating of studies analyzing future labor market demand for job profiles and skills in the priority productive sectors (at two points during implementation)	QCBS		13/03/2025	300,000
Individual consultants				
Service promoters for each Municipal Returnee Reintegration and Service Office (OMRAR) in the priority area (San Pedro Sula, Tegucigalpa, La Paz and Catacamas) (4)	Selection of Individual Consultants (3 CVs)		3/04/2025	288,000
Project coordinator	Selection of Individual Consultants (3 CVs)		31/12/2024	288,000
Specialist in technology transformation	Selection of Individual Consultants (3 CVs)		04/2/2025	126,000

To access the 18-month procurement plan, [click here](#).

Procedures	Documentation of use of resources
Leasing and second-hand goods	IT equipment with maintenance and updates

IV. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT

☒	Programming and budget	Challenges are expected in budget execution due to potential restrictions in budget allocations, which may affect execution timelines. The hiring of staff with experience in Bank financial management will be needed to mitigate the institution's lack of experience with IDB projects.
☒	Treasury and disbursement management	Prior to the initial disbursement, a special account will be opened at the Central Bank of Honduras, together with the respective operating ledger, that will be part of the Treasury Single Account. Disbursements will be made electronically, using the Client Portal, and program transactions will be denominated in U.S. dollars. Specific exceptions notwithstanding, the financial planning period for the operation will be six months. Disbursements will preferably be made through advances of funds, although other methods may be used. Documentation will be provided for 80% of the cumulative balance pending documentation. Should flexibility be required in this respect, the project team will first carry out an evaluation.
☒	Accounting, information systems, and reporting	Accounting will follow International Public Sector Accounting Standards. The UEPEX/SIAFI technology platform will be used to maintain project accounts, following the cash-basis accounting method. Reports will be issued by the UEPEX/SIAFI system. The program Operating Regulations will supplement the policies and guidelines applicable to the operation, providing documentation of work flows and internal controls.
☒	Internal control and audit	The internal audit function for the project will be specified in the project Operating Manual. The executing agency will be responsible for this function, supervised by the National Office for the Comprehensive Development of Internal Control (ONADICI) and the National Audit Office (TSC). For the purposes of this operation, however, the project auditor will perform the audits.
☒	External control and financial reports	The borrower and/or executing agency will select and contract external audit services in accordance with the terms of reference previously agreed between the borrower and/or executing agency and the Bank. These will stipulate the type, timing, and scope of the audit review. Both the external auditor selected and the accounting standards used must be acceptable to the Bank. Given the nature and risks of the operation, audited financial statements will be required, prepared by a firm eligible for Bank-financed operations or the TSC. These statements may be adjusted over the course of the project depending on the results of Bank supervision. The type of financial report required to meet the financial information requirements of the external auditor for the operation is the audited financial statement. The cut-off dates for submission of these reports will be 120 days after the close of each fiscal year and, in the case of the final report, 120 days after the expected date of the final loan disbursement.
☒	Financial supervision of the operation	The operation requires financial supervision by the Bank's fiduciary team. The Bank team will also be responsible for the implementation of onsite and desk reviews and monitoring with a certain regularity, subject to adjustment during execution. This will consist of detailed reviews of project accounting and financial information. The Bank may avail itself of the assistance of the contracted auditing firm or the TSC for this purpose.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/24

Honduras. Loan ____/BL-HO to the Republic of Honduras
Support Program for Workforce Integration in Honduras

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Honduras, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Support Program for Workforce Integration in Honduras. Such financing will be chargeable to the Bank's Ordinary Capital (OC) resources in the following manner: (i) up to the amount of US\$7,000,000, subject to concessional financial terms and conditions ("Concessional OC"); and (ii) up to the amount of US\$13,000,000, subject to financial terms and conditions applicable to loan operations financed from the Bank's regular program of OC resources ("Regular OC"), as indicated in the Project Summary of the Loan Proposal, and subject to the Special Contractual Conditions of said Project Summary.

(Adopted on _____ 2024)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/24

Honduras. Nonreimbursable Investment Financing ____/GR-HO to the Republic of Honduras
Support Program for Workforce Integration in Honduras

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility, hereinafter referred to as the "Account", to enter into such contract or contracts as may be necessary with the Republic of Honduras, as beneficiary, for the purpose of granting it a nonreimbursable investment financing to cooperate in the execution of the Support Program for Workforce Integration in Honduras. Such nonreimbursable investment financing will be for an amount of up to US\$5,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary contained in document PR-_____.

(Adopted on ____ 2024)