

# **Report on Honduras’ stakeholder engagement**

**Assessment of progress in implementing  
Requirement 1 of the EITI Standard**

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## 1. Acronyms

CSO	Civil Society Organisation
EITI	Extractive Industries Transparency Initiative
IA	Independent Administrator
IS	International Secretariat
INHGEOMIN	Honduran Institute of Mining and Geology
IAIP	Institute of Access to Public Information
MSG	Multi-Stakeholder Group
MIAMBIENTE	Ministry of Environment
SAR	Tax Authority
SEFIN	Ministry of Finances
ToR	Terms of Reference

## 2. Executive Summary

Originally scheduled for Validation on 1 July 2023, the MSG requested an extension for the Validation in May 2023. In June 2023, the Board agreed to conduct a targeted assessment of Requirement 1. In line with Board decision [2023-32](#). The assessment of Honduras' progress in implementing Requirement 1 of the EITI Standard commenced in August 2023. Stakeholder consultations were held in person on 27-31 August 2023. The assessment was finalised on 31 October 2023.

### Main Findings and recommendations

Honduras' EITI implementation since its 2020 Validation under the 2016 EITI Standard has been constrained by several challenges, including the lack of effective government leadership, insufficient resources to support the multi-stakeholder group and its work plan activities, and difficulties in ensuring meaningful civil society participation.

Despite these challenges, EITI-Honduras has disclosed information in accordance with the EITI Standard and maintained a de-facto multi-stakeholder group. Notably, as of May 2023, the government has taken steps to re-establish its leadership, engaging with stakeholders to reinvigorate the EITI process. Participation in the EITI Global Conference further stimulated actions and the identification of priorities for good governance in the extractive sector.

Current government authorities have expressed renewed commitment to EITI, and both industry and civil society stakeholders are equally resolute in recognizing the value of EITI implementation and their determination to participate in a revitalized process. All parties are committed to continuing EITI implementation, emphasizing the need for swift action to foster collaboration and establish a clear work plan for the years ahead.

**Requirement 1.1: Government engagement.** The Secretariat's assessment is that Requirement 1.1 is partly met, which is a regression since the previous Validation. The International Secretariat acknowledges the renewed interest that the Government of Honduras has showed since May 2023, with commitments to integrate EITI Implementation into national open government priorities and anti-corruption efforts. The renewed commitments from key agencies, including the Ministry of Transparency, Ministry of the Presidency, INHGEOMIN, and others, is seen by consulted stakeholders and by the International Secretariat as positive and promising. More recently, on 31 October 2023, the International Secretariat received a letter from the Ministry of Transparency communicating the presidential decision of appointing the Ministry of Environment and the Ministry of Energy as EITI focal points. However, several challenges persist. Concrete actions are pending appointments and resource allocation. Moreover, there is a remaining perception that the government has not established an enabling environment for the full participation of all constituencies, which poses ongoing obstacles to achieving full, active, and effective government leadership in the EITI process.

In accordance with Requirement 1.1.a, following the 31 October 2023 letter from Secretary of Transparency Jaime Turcios to the EITI Board, the government must make public its commitment to implement the EITI, including the designation of the EITI Champion. In following this requirement, the government should ensure that the updated formal decree setting the legal framework for EITI Implementation is enacted. This decree should update procedures to ensure

the participation of relevant stakeholders from the government, industry, and civil society constituencies and should be published before the commencement of the next Validation.

In accordance with Requirement 1.1.b, the government should ensure that the national secretariat is properly staffed to support progress in addressing EITI Requirements, including the corrective actions from the last Validation and from this targeted assessment.

In accordance with Requirement 1.1.c, the government should provide the necessary operational support to ensure that a 2021-2022 EITI Report is published before the commencement of the next Validation. The government should demonstrate that the EITI Report includes a new set of key areas and priorities that are relevant for all constituencies on the MSG. The government should also demonstrate that the EITI Report has been used to inform public debate and policy making. The Ministry of Transparency should liaise with the mining authority and the Chief of Staff of the Presidency to guarantee that sufficient resources are allocated for preparing the EITI Report as well as all aspects of the EITI process, and that government agencies facilitate the disclosure of required information.

In accordance with Requirement 1.1.d, the government should ensure it is fully, actively, and effectively engaged in the EITI process by ensuring that senior officials from all relevant government entities are represented and engaged in the MSG. In fulfilling this requirement, the government must ensure the participation of an inclusive and diverse group of government representatives on the MSG.

**Requirement 1.2: Industry engagement.** The Secretariat's assessment is that Requirement 1.2 is mostly met, as in the previous Validation. The International Secretariat notes that the objective of full, active, and effective industry engagement in the EITI process is only mostly fulfilled. The willingness to fully engage in EITI implementation and the appreciation of the value-added of the EITI to the industry's priorities is noted and welcome. Consulted companies continue to express full commitment to the EITI process and have participated in the EITI process through disclosing data for the EITI Reports and attending multi-stakeholder group meetings. The company constituency has also effectively coordinated with the broader constituency to ensure their engagement in EITI reporting. However, the lack of clarity on the government policies for the mining industry has affected the engagement of industry constituency. In order to achieve full, active and effective engagement, the industry constituency must ensure effective coordination of the broader constituency engagement in all aspects of implementation including effective multi-stakeholder dialogue on industry's policies and future priorities.

In accordance with Requirement 1.2.a, the industry constituency should be fully, actively and effectively engaged in all aspects of the EITI process, particularly in the elaboration of the EITI-Honduras work plan to ensure their priorities are adequately reflected. As the government is planning to refresh the legal framework for the EITI and the composition of the multi-stakeholder group in the coming months, the industry constituency should codify clear constituency nominations and coordination procedures to ensure that the industry constituency on the MSG represents effectively companies from all sectors of the extractive industries, including oil and gas companies, small scale miners and other extractive sectors such as forestry, as applicable in the Honduran context. The industry constituency is encouraged to coordinate with the government to provide adequate input to the EITI legal framework and ensure that extractive companies are adequately represented.

In accordance with Requirement 1.2.a, the industry constituency should discuss implementation bottlenecks as well as agree their priorities for EITI implementation during the process of preparing for the reconstitution of the MSG and establishing a work plan for the next years. This exercise could draw on the early discussions on the current relevant issues for industry, including but not limited to mining policy, licensing, regulatory framework and environmental information.

In accordance with Requirement 1.2.b, the government should foster an environment conducive to company participation. To meet this requirement, the government is expected to actively collaborate with companies in the identification, discussion, and evaluation of any legal, regulatory, or administrative barriers that could impede company engagement in the EITI process.

**Requirement 1.3: Civil society engagement.** The Secretariat's assessment is that Requirement 1.3 is partly met, as in the previous Validation. The International Secretariat concludes that the objective of ensuring civil society is fully, actively and effectively engaged in the EITI process has not been achieved in Honduras. Consultations for this assessment confirm that the EITI continues to play a role to create space for discussion about extractive industry governance. Within the EITI context, civil society is able to engage in issues relating to natural resource governance. However, outside the scope of the EITI and in the broader civil society there is polarization and deterioration of civic space conducive to public engagement in a healthy public debate as established in section 2.1 (Expression) of the EITI protocol: Participation of civil society.

Within the EITI context, civil society organizations represented in the MSG are engaged in a limited number of EITI activities. However, the participation of broader civil society in the EITI has significantly decreased during the period under review. When consulted, CSOs inside and outside the EITI express interest in various extractive sector issues including the tax regime, compliance with human rights, environmental standards and anti-corruption practices, although they highlighted that their organisations' agendas are not closely aligned with EITI topics, limiting in-depth discussions on these matters. Within the EITI context, civil society organizations in Honduras can communicate and collaborate regarding the EITI process. Some organizations have established collaboration networks, facilitating communication among them. Civil society representatives at the MSG are capable of expressing their perspectives freely without explicit obstacles, engaging in a limited number of EITI-related activities. While civil society representatives on the MSG are actively involved in debates related to natural resource governance, most of these events are developed outside the scope of EITI implementation. Public debate and public decision-making through the EITI platform has been constrained due to the lack of government leadership. Meanwhile links between MSG members and the broader civil society constituency, particularly community-based organisations, has remained weak and limited.

The complex political landscape in Honduras has maintained the deterioration of civic space, resulting in a deep division of opinions and society, particularly between those supporting the government led by President Xiomara Castro and those opposing it. This polarization has led to confrontations and limited collaboration and dialogue. Some stakeholders suggest that the government's approach towards civil society is confrontational, creating concerns for organizations holding opposing views. Broader civic space and the protection of human rights of land and environmental defenders remain a significant challenge in Honduras. While the government made efforts to protect the lives of land and environmental defenders, the situation in areas far away from the capital city such as COPAN shows that the effectiveness of these

efforts is limited. The recent case involving a representative from the civil society organization ASONOG, which has recently been engaged in EITI-Honduras, is a case in point.

Thus, the Secretariat's assessment is that there are breaches of the EITI protocol: Participation of civil society related to freedom of expression. Insufficient government actions to ensure the lack of violent retributions for civil society activists' critical public expression about extractive industry governance issues has weakened the enabling environment for civil society engagement in the EITI process and public debate on extractive industry governance. These breaches of the protocol, combined with weaknesses in the constituency's representation of the interests of community-based civil society organisations have weakened civil society engagement in the EITI process.

In accordance with Requirement 1.3.a and the EITI protocol: Participation of civil society, Honduras should demonstrate that civil society is fully, actively, and effectively engaged in the EITI process. To achieve this, civil society should codify its internal coordination procedures and objectives for its engagement in the EITI. In preparing for the MSG's reconstitution and establishing of an EITI work plan for the coming years, the civil society constituency is strongly encouraged to discuss and agree their priorities for EITI implementation. This exercise could draw on the early discussions on the current relevant issues for civil society, including but not limited to, mining policy, licensing and free and prior consultation, mining and fiscal regulatory framework, environmental impact and monitoring of civic space.

In accordance with Requirement 1.3.b and with the EITI protocol: Participation of civil society, the civil society constituency should ensure effective representation of CSOs engaged in the extractive sector during the process of refreshing the legal framework for the EITI and the composition of the multi-stakeholder group in the coming months. The civil society constituency must coordinate with the government to provide adequate input to the EITI legal framework and ensure that civil society is adequately represented. Civil society representation should be diverse, including representatives from community organisations, and consider gender balance. The civil society constituency must work with the government to identify possible pathways to improve the legal environment to ensure that civil space conducive to CSOs' participation. In this process, the government must ensure that there are no obstacles to civil society participation in the EITI process and a diverse range of civil society organizations are represented and engaged.

In accordance to Requirement 1.3.b and with the EITI protocol: Participation of civil society, the MSG should monitor the adherence to the civil society protocol, ensuring that the revised work plan includes actions to monitor and document shortcomings and activities undertaken to correct them. The government should work with the civil society constituency to find practical ways of guaranteeing that civil society is able to express their opinions and freely associate without fear of reprisals. The government is encouraged to make a public statement encouraging civil society engagement in the EITI process, including in publicly expressing views critical of government and extractive companies.

**Requirement 1.4: MSG governance.** The Secretariat's assessment is that Requirement 1.4 is partly met, which is a regression from the previous Validation. The renewal of the legal framework for the MSG, the review of its internal governance rules, the clarification of governance procedures of all constituencies and the adequate representation of key stakeholders including senior government officials is still pending.

In accordance with Requirement 1.4.a, each constituency must ensure to have clear governance rules specifying their nominations procedures for appointing their representatives to the MSG, as well as their roles and responsibilities. In fulfilling this requirement, each constituency should coordinate with their wider groups to ensure diversified and balanced representation at the MSG.

In accordance with Requirement 1.4.b the government should renew the legal framework for the MSG including a refreshed representation from all three constituencies. While renewing the MSG, all three constituencies should review their internal governance rules and procedures and ensure adequate representation of key stakeholders including senior government officials. In strengthening internal governance, the rules and procedures must ensure inclusive decision-making throughout EITI implementation. In fulfilling this requirement, each constituency should coordinate with their wider groups to ensure diversified and balanced representation in the MSG. In renewing the MSG, the government must ensure that adequate support is provided to ensure the MSG could discharge its obligations including liaising with constituencies, capacity to carry out duties, disseminate information from the EITI process, work planning and maintaining proper records.

**Requirement 1.5: Work plan.** The Secretariat's assessment is that Requirement 1.5 is partly met, which is a regression from the previous Validation. Despite some initial discussions on the elaboration of the work plan in 2022, there has been very limited progress on adopting a new work plan since then. The International Secretariat welcomes the recent discussion among the three constituencies in identifying priorities for future EITI work and the government's willingness to provide resources for EITI implementation. However, Honduras has not had a valid work plan for more than 40 months.

In accordance with Requirement 1.5, Honduras must agree upon and publish a fully costed work plan that aligns with the reporting and Validation deadlines established by the EITI Board, as detailed in this Requirement. This work plan should also be linked to the EITI Principles and reflect national priorities for the extractive industries. In fulfilling this requirement, Honduras could consider incorporating activities related to thematic areas such as energy transition, licensing, artisanal and small-scale mining, the UN Escazú Agreement, the forestry sector, monitoring of environmental regulations in the extractive industry and monitoring the conditions of civic space affecting the extractive sector.

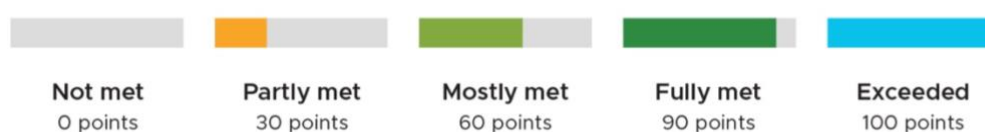


### 3. Targeted assessment scorecard

Component EITI Requirements	Progress	Score	
Government engagement (#1.1)	Partly Met	30	↓
Industry engagement (#1.2)	Mostly Met	60	=
Civil society engagement (#1.3)	Partly Met	30	=
MSG governance (#1.4)	Partly Met	30	↓
Work plan (#1.5)	Partly Met	30	↓

#### How EITI Targeted Assessment scores work.

Targeted assessments assess the extent to which each EITI Requirement is met, using five categories. The targeted assessment does not include component or overall scores given that all EITI Requirements part of a component have not been assessed in this process.



- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn't apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat's assessment, the situation is described in the assessment.

## 4. Assessment of Government engagement (Requirement 1.1)

### Findings from the previous Validation

The previous Validation concluded that Honduras had made satisfactory progress on meeting this Requirement. The assessment noted that the government had renewed its engagement in EITI through the participation of different government agencies in the process, as well as through the reallocation of the EITI national secretariat to INHGEOMIN, the allocation of funds in the National Budget law, and the lifting of secrecy provisions on environmental licenses.

The commitment of relevant ministries and agencies remained active, particularly in providing the requested information for the EITI Report. During 2020 the government provided some funding that allowed EITI-Honduras the implementation of key activities from the work plan. The 2019 Validation encouraged the government to consider an EITI implementation commensurate with the size and priorities of the extractive sector in Honduras.

### Summary of Progress since Validation

**The Secretariat's assessment is that Requirement 1.1 is partly met, which is a regression since the previous Validation.** The International Secretariat acknowledges the renewed interest of the Government of Honduras in EITI implementation, with commitments to integrate it into national open government priorities and anti-corruption efforts. The renewed commitments from key agencies, including the Ministry of Transparency, Ministry of the Presidency, INHGEOMIN, and others, is seen as positive and promising.

However, several challenges persist. Concrete actions are lacking concerning appointments and resource allocation. Moreover, there is a remaining perception that the government is not conducive to participation, which poses ongoing obstacles to achieving full, active, and effective government leadership in the EITI process.

Honduras encountered challenges in EITI implementation during President Xiomara Castro's tenure, commencing on January 27, 2022. The mining authority, INHGEOMIN, has largely assumed a leadership role in the absence of strong government commitment. It took responsibility for preparing the 2019-2020 EITI Report and coordinating data collection. Other agencies, such as the Ministry of Environment and the Institute for Public Information, continued their commitment to the EITI, although their involvement was often reactive, disclosing data as requested and attending a limited number of MSG meetings.

There has been no clear guidance from government for the MSG, resulting in operational deficiencies in the national secretariat's support for EITI implementation. The ongoing government restructuring, and the extended period without appointed top authorities in INHGEOMIN contributed to these operational deficiencies.

However, the International Secretariat also welcomes the recent engagement of government representatives in their intention to reinvigorate EITI Implementation in Honduras. In May 2023, the Ministry of Transparency took proactive measures to strengthen the leadership of the government in implementing the EITI, emerging as the de facto EITI Champion. During the EITI Global Conference, the Directorate of Transparency in the Ministry of Transparency stated the

strong commitment of this agency to strengthen EITI Implementation. As one of his immediate actions, the Ministry of Transparency, which oversees the Open Government Partnership, aimed to align OGP and EITI efforts and to incorporate EITI activities as part of the National Anti-Corruption Plan.

Recent government engagement was demonstrated when the Ministry of the Presidency, the Ministry of Transparency, and INHGEOMIN jointly pledged to provide the necessary resources to reinvigorate EITI support. This commitment was reiterated during the International Secretariat's mission to Honduras in August 2023, with Deputy Chief of Staff of the Presidency, Dessiré Flores Dubón, Minister of Transparency, Jaime Turcios, and INHGEOMIN Director, Mauricio Madariaga Robles. More recently, on 31 October 2023, the International Secretariat received a letter from the Ministry of Transparency of Honduras communicating the presidential decision of appointing the Ministry of Environment and the Ministry of Energy as EITI focal points. During the International Secretariat's mission to Honduras in August 2023, all government representatives consulted expressed their willingness to expand EITI implementation to include new areas, such as subnational revenues, capacity development, and artisanal and small-scale mining.

### High-level government commitment (Requirement 1.1.a-b)

#### Requirement: The government has issued a public statement of its intention to implement the EITI (#1.1. a)

On 27 November 2012, President Porfirio Lobo of Honduras approved Honduras' application to become an EITI Implementing country through the presidential decree PCM-044-2012<sup>1</sup>. A supplementary presidential decree (008-2012<sup>2</sup>) was issued, directing government institutions to collaborate on EITI implementation. In 2013, the regulations<sup>3</sup> from the mining law were published, outlining the obligations of companies in Honduras to report information as required by the EITI Standard. However, ten years of subsequent government reforms and reorganizations have rendered this legal framework for EITI Implementation obsolete.

Despite limited progress in updating the legal framework and the roles and responsibilities outlined within it, the International Secretariat acknowledges the commitment of new authorities to provide legal support for EITI Implementation. In practical terms, the Vice-Chief of Staff of the Presidency has pledged to create a new presidential decree aimed at expanding the scope of thematic areas covered by the EITI, as well as updating the roles, responsibilities, and activities associated with it. It is anticipated that the Ministry of Transparency will lead EITI Implementation and provide political support. During consultations, the Vice-Chief of Staff of the Presidency affirmed their commitment to establishing a revised legal framework for EITI-Honduras and facilitating collaboration with government institutions involved in the EITI. The commitment for

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<sup>1</sup> <https://legalculturessubsoil.ilcs.sas.ac.uk/es/research-projects/legal-cultures-subsoil/2013-decree-enact-honduras-joining-initiative-transparency>

<sup>2</sup> [https://eiti.org/sites/default/files/attachments/honduras\\_decree\\_008-2012-29dec2012-championherreraacaceres.pdf](https://eiti.org/sites/default/files/attachments/honduras_decree_008-2012-29dec2012-championherreraacaceres.pdf)

<sup>3</sup> [https://www.tsc.gob.hn/web/leyes/Regl\\_ley\\_gral\\_mineria\\_2013.pdf](https://www.tsc.gob.hn/web/leyes/Regl_ley_gral_mineria_2013.pdf)

support is expected to result in a more robust legal framework for EITI implementation, incorporating a revised structure for the multi-stakeholder group. More recently, on 31 October 2023, the International Secretariat received a letter from the Ministry of Transparency of Honduras communicating the presidential decision of appointing the Ministry of Environment and the Ministry of Energy as EITI focal points.

### **Requirement: The government has appointed a senior individual to lead on the implementation of the EITI (#1.1. b)**

In 2013, when Honduras became an EITI member, the responsibility for hosting the EITI fell under a Presidential Commission on Transparency, with the EITI Champion being designated through a presidential decree. However, over ten years of EITI Implementation, various changes in government and organizational restructuring dismantled this presidential commission, resulting in the termination of the high-commissioner role. Between 2020 and 2022, the Ministry of Transparency took on certain EITI implementation responsibilities, although its capacity for leadership remained constrained due to the ambiguity in government roles and responsibilities.

Following the inauguration of President Xiomara Castro's administration in January 2022, the subsequent eighteen months witnessed limited progress in establishing government leadership for the EITI. This included the absence of a senior individual appointed as the EITI Champion (until 31 October 2023) and limited support for the national secretariat.

However, as of May 2023, the International Secretariat has noted the Ministry of Transparency's proactive leadership role, effectively becoming the de facto EITI Champion for driving EITI implementation. This transition in leadership represents a promising development, with the Ministry of Transparency assuming a more prominent role in guiding EITI Implementation, although the legal framework for the Ministry of Transparency's lead of the EITI is still pending. During the EITI Global Conference, the Directorate of Transparency within the Ministry of Transparency reiterated the government's commitment to strengthening EITI Implementation in the country.

During the International Secretariat's mission to Honduras in August 2023, the Ministry of Transparency took the lead, coordinating with high-level government officials and making a commitment to collaborate with the Office of the Presidency. Together, they aim to update the legal framework necessary for the Ministry of Transparency to officially assume the role of EITI Champion and the responsibilities associated with EITI Implementation. More recently, on 31 October 2023, the International Secretariat received a letter from the Ministry of Transparency of Honduras communicating the presidential decision of appointing the Ministry of Environment and the Ministry of Energy as EITI focal points.

### **Government's operational engagement (Requirement 1.1.c-d)**

#### **Requirement: The government is fully, actively and effectively engaged in the EITI process (#1.1.c)**

Progress in the government's operational engagement in Honduras since the previous Validation in October 2020 has been limited. The allocation of resources to the MSG has been scarce,

impeding its effective functioning. Government support has primarily taken the form of providing staff time from select government agencies to participate in the MSG.

The International Secretariat highlights the critical challenge presented by the absence of government resources for EITI Implementation, particularly the lack of personnel capable of guiding and supporting the MSG. At present, the national secretariat operates without a designated national coordinator, technical secretary, or dedicated staff responsible for EITI activities. Between 2019 and 2022, the MSG operated under an ad-hoc arrangement, with a part-time staff member from the Ministry of Foreign Affairs serving as the national secretariat, complemented by limited support from the mining regulator, INHGEOMIN. Following the inauguration of President Xiomara Castro's government in January 2022, the National Coordinator was relieved of her position, further diminishing support for EITI Implementation.

During consultations conducted for this assessment, the Ministry of Transparency, INGHEOMIN, and the Chief of Staff of the Presidency committed to provide additional resources to facilitate the Implementation of the EITI in Honduras. As of October 2023, INGHEOMIN has secured additional resources to support EITI activities in 2024, and the Ministry of Transparency is in the process of reorganizing priorities and the MSG's structure to ensure the continuity and sustainability of EITI Implementation.

In the upcoming MSG restructuring, INHGEOMIN is expected to retain its role as the technical secretariat, especially concerning data compilation for EITI disclosures. The government aims to expand EITI implementation to encompass new areas, including Artisanal and Small-Scale Mining (ASM), hydrocarbon exploration, revised mining policy, environmental regulation, and municipal expenditures. Additionally, it is anticipated that the Ministry of Environment will be included in the government constituency within the MSG. Despite their limited past involvement, the government recognizes the Ministry of Environment's relevance, aligning with evolving priorities in the mining sector, which encompass large metallic operations, small-scale mining, energy transition, forestry development, and the UN Escazú agreement.

### **Requirement: Senior government officials are represented on the MSG (#1.1. d)**

The government of Honduras has been represented at the MSG by various agencies, including the Ministry of Finances (SEFIN), the Institute of Access to Public Information (IAIP), the mining authority (INGHEOMIN), the Ministry of Transparency, the tax authority (SAR), the Central Bank of Honduras, the Ministry of Environment (MIAMBIENTE), and certain municipalities such as El Corpus. Prior to 2020, the minutes of MSG meetings indicate the active participation of high-level government officials from these agencies.

However, there has been a decline in high-level government representation at the MSG following the last Validation in October 2020. The change in government in January 2022, along with the subsequent delay in confirming new appointments for government representatives, has resulted in limited attendance of high-level government officials at MSG meetings. In the absence of designated representatives in key government agencies, junior representatives have been attending these meetings. Similarly, the delayed appointment of top authorities in INGHEOMIN for 17 months, up until May 2023, has restricted its capacity to provide technical support for EITI Implementation.

The International Secretariat commends the commitment of the new government to enhance the representation of senior-level officials at the MSG made by the government during the mission conducted in August 2023. The engagement of senior officials is expected to improve with the establishment of a new legal framework and the designation of the Ministry of Transparency as the host agency for the EITI Champion. During consultations conducted for this assessment, government representatives expressed their dedication to re-engage various government agencies relevant to EITI Implementation, including the Ministry of Environment. Specifically, the Office of the Presidency pledged to facilitate communication with other government entities to promote the functioning of the MSG and strengthen EITI Implementation.

### Corrective actions and recommendations

In accordance with Requirement 1.1.a, following the 31 October 2023 letter from Secretary of Transparency Jaime Turcios to the EITI Board, the government must make public its commitment to implement the EITI, including the designation of the EITI Champion. In following this requirement, the government should ensure that the updated formal decree setting the legal framework for EITI Implementation is enacted. This decree should update procedures to ensure the participation of relevant stakeholders from the government, industry, and civil society constituencies and should be published before the commencement of the next Validation.

In accordance with Requirement 1.1.b, the government should ensure that the national secretariat is properly staffed to support progress in addressing EITI Requirements, including the corrective actions from the last Validation and from this targeted assessment.

In accordance with Requirement 1.1.c, the government should provide the necessary operational support to ensure that a 2021-2022 EITI Report is published before the commencement of the next Validation. The government should demonstrate that the EITI Report includes a new set of key areas and priorities that are relevant for all constituencies on the MSG. The government should also demonstrate that the EITI Report has been used to inform public debate and policy making. The Ministry of Transparency should liaise with the mining authority and the Chief of Staff of the Presidency to guarantee that sufficient resources are allocated for preparing the EITI Report as well as all aspects of the EITI process, and that government agencies facilitate the disclosure of required information.

In accordance with Requirement 1.1.d, the government should ensure it is fully, actively, and effectively engaged in the EITI process by ensuring that senior officials from all relevant government entities are represented and engaged in the MSG. In fulfilling this requirement, the government must ensure the participation of an inclusive and diverse group of government representatives on the MSG.

## 5. Assessment of Company engagement (Requirement 1.2)

### Findings from the last Validation

The previous Validation concluded that Honduras had made meaningful progress on meeting this Requirement. Companies' participation in EITI implementation was active and collaborative during the period under review. Companies complied with the requirements of information and participated in the events and discussions organized by the EITI National Secretariat. The

participation of companies in the MSG led to the broader constituency's engagement, as well as the incorporation of new companies in the EITI 2017-2018 Report. However, the previous Validation found that there was still insufficient evidence to demonstrate that the industry constituency was fully engaged in the EITI process, especially in driving the process to ensure effective implementation.

## Progress since Validation

**The Secretariat's assessment is that Requirement 1.2 is mostly met, as in the previous Validation.** The International Secretariat notes that the objective of full, active, and effective industry engagement in the EITI process is only mostly fulfilled due to a lack of clarity on the government policies for the mining industry and the relatively closed process for agreeing the industry constituency's representation on the MSG.

The willingness to fully engage in EITI implementation and the appreciation of the value-added of the EITI to the industry's priorities is noted and welcome. Companies continue to express full commitment to the EITI process and have participated in the EITI process through disclosing data for the EITI reports and attending multi-stakeholder group meetings. There seems to be a number of issues affecting the industry that have not been addressed through the EITI process. First, government policy towards the sector remains uncertain, eroding trust between the government and industry. Second, the absence of a clear policy and expected revisions to mining policies have hindered business activities and discouraged potential investments. Third, prolonged licensing processes and complex regulations at the subnational level have also impacted industry engagement.

While this could be in part attributed to the reduced MSG activity in the last two years, the engagement of the industry constituency in the work of the multi-stakeholder group has been limited to disclosing data and attending meetings. The International Secretariat recognizes that, despite these challenges, industry stakeholders understand the value of EITI participation. The industry constituency emphasizes that an active EITI MSG serves as a communication channel with the government and enhances the sector's credibility. Certain unaddressed areas relevant to this constituency, such as contracting, licensing procedures, subnational revenue flows, and environmental information, have not been adequately addressed but are of significance for future engagement.

## Industry's engagement in EITI (Requirement 1.2.a)

### ***Requirement: Companies are fully, actively and effectively engaged in the EITI process (#1.2.a)***

The metallic mining sector in Honduras is limited and the hydrocarbon sector is still underdeveloped with only one active exploration project. Small scale and informal mining is scattered and not well organized. The quarrying sector remains important, although its participation in the EITI has been limited. Although extractive sector activity in Honduras is limited, the industry constituency has kept its engagement in the EITI process through mainly reporting data to the EITI, which they are obliged to do by law (Article 15 of the Regulations to the General Mining Law mandates the participation of mining companies as reporting entities.). Participation in the multi-stakeholder group has remained active on the few occasions meetings

have been convened, including those conducted online. The COVID-19 pandemic brought limitations for Honduras' mining sector that led to a slow down in activities. In the hydrocarbon sector, a formerly suspended exploratory concession has been reactivated but the companies that have acquired those exploration rights are not engaged in the EITI. Minutes of MSG meetings reflect consistent senior-level participation of industry representatives.

### Enabling environment for industry engagement in EITI (Requirement 1.2.b-c)

#### *Requirement: There is an enabling environment for company participation in the EITI (#1.2.b-c)*

Consultations conducted for this assessment revealed three significant challenges facing the mining industry in Honduras. First, the government policy toward the sector is uncertain. Some public announcements hinted that the policy could favour ASM activities and reconsidered great scale mining, but in practice, a concrete policy has not been issued. This unclear government policy has affected trust between the government and the organised mining industry. Consulted stakeholders in this constituency expressed their frustrations about effective dialogue with the government. However, they have neither used the EITI platform to bring these challenges into discussion at the MSG nor using the MSG platform to convene these discussions with other stakeholders.

The lack of clarity on the government policy, including the expected revised legal framework has acted as a bottleneck for company activities and deterred potential new investments in the sector. In addition, the industry stakeholders highlighted the excessive time required for granting licenses and the overall complexity of the process, resulting in a lack of an attractive environment for investment. Challenges were also identified at the subnational level, where municipalities have imposed regulations that are not coordinated or aligned with the national policy, especially on the use of extractive revenues collected at that level. In sum, industry representatives expressed that the absence of a strong legal framework during the past two years had led to stagnation in mining activities, including in the lack of development of potential gold mining projects.

For these reasons, industry representatives perceive that participation in the EITI is of limited value if the government does not provide adequate leadership and resources. Industry representatives expressed their concern over the absence of strong government leadership for the EITI in Honduras. The industry constituency questions the value of investing time in a platform where government decision-makers have not been present and where dialogue between constituencies has not been fostered.

Despite these frustrations, consulted stakeholders still found compelling reasons for the EITI to continue in the country. The continuity of an active EITI MSG is considered crucial due to its role of providing a channel for communication with the government and improving the credibility of the extractive sector. Having a neutral platform where all positions are shared and where actions can be taken is highly valued by companies. Consultations have also revealed several areas (contracting, licensing procedures, subnational-level work, environmental information) that have not been addressed previously by the EITI but could add value to future engagement.



## Corrective actions and recommendations

In accordance with Requirement 1.2.a, the industry constituency should be fully, actively and effectively engaged in all aspects of the EITI process, particularly in the elaboration of the EITI-Honduras work plan to ensure their priorities are adequately reflected. As the government is planning to refresh the legal framework for the EITI and the composition of the multi-stakeholder group in the coming months, the industry constituency should codify clear constituency nominations and coordination procedures to ensure that the industry constituency on the MSG represents effectively companies from all sectors of the extractive industries, including oil and gas companies, small scale miners and other extractive sectors such as forestry, as applicable in the Honduran context. The industry constituency is encouraged to coordinate with the government to provide adequate input to the EITI legal framework and ensure that extractive companies are adequately represented.

In accordance with Requirement 1.2.a, the industry constituency should discuss implementation bottlenecks as well as agree their priorities for EITI implementation during the process of preparing for the reconstitution of the MSG and establishing a work plan for the next years. This exercise could draw on the early discussions on the current relevant issues for industry, including but not limited to mining policy, licensing, regulatory framework and environmental information.

In accordance with Requirement 1.2.b, the government should foster an environment conducive to company participation. To meet this requirement, the government is expected to actively collaborate with companies in the identification, discussion, and evaluation of any legal, regulatory, or administrative barriers that could impede company engagement in the EITI process.

## 6. Assessment of Civil society engagement (Requirement 1.3)

### Findings from the last Validation

The previous Validation concluded that Honduras had made inadequate progress on meeting this requirement. In its draft Validation assessment in May 2020, the Secretariat considered that there was evidence of CSOs' engagement in all aspects of EITI implementation. Although their attendance at MSG meetings diminished between 2017-2018, CSOs' engagement increased since June 2019. This was reflected in more regular attendance at MSG meetings and reaching out to wider CSO organizations to be part of the EITI process. CSOs were also engaged in broader EITI dissemination, the use of EITI data, and expanding the scope of EITI reports. Overall, the participation of CSOs in the EITI process significantly improved from the weak engagement documented in the second Validation. At the commencement of the second Validation, the reduced CSO participation was explained by weak interest and coordination within the constituency, rather than restrictions imposed by the government.

However, in October 2020 the EITI Board concluded that stakeholders did not maintain the initial level of engagement and interest in the EITI process due to the complex political situation and violence in the country. This occurred against a backdrop of deteriorating trust between stakeholders following the contested presidential election of 2017. Several concerns were also raised by national and international civil society organizations regarding broader civic space and human rights. The Board expressed concern regarding the threats to civic space, including indigenous organizations and human rights defenders. The interests of broader civil society

working on extractive sector governance did not appear to be reflected in the objectives and priorities of the multi-stakeholder group. Therefore, the Board found that the objective of Requirement 1.3 was no longer being fulfilled and assessed progress on Requirement 1.3 as inadequate.

### Summary of Progress since Validation

**The Secretariat's assessment is that Requirement 1.3 is partly met, as in the previous Validation.**

The International Secretariat concludes that the objective of ensuring civil society is fully, actively and effectively engaged in the EITI process has not been achieved in Honduras. Civic space and protection of human rights of land and environmental defenders remain a significant challenge in Honduras. The recent case involving a representative from the civil society organization ASONOG, which has recently been engaged in Honduras-EITI, is a case in point. This case also illustrates that while the national government made efforts to protect the lives of land and environmental defenders, the situation in areas such as COPAN shows that the effectiveness of these efforts is limited. The repeal of the Secrecy Law by the new government was welcome and seen as a positive action by civil society organizations consulted. Progress in establishing a UN-backed Anticorruption and Impunity Commission was also considered notable. The elaboration of the OGP's national plan was welcomed as good practice in engaging civil society and ensuring meaningful participation. At the same time, the highly politicized public debate has meant that the engagement of a good cross section of civil society organizations has been affected. All in all, these factors have not guaranteed a strong enabling environment for full civil society engagement.

Against this backdrop in the wider civic space in Honduras, the civil society organizations represented in the EITI-Honduras have maintained some level of engagement in EITI Implementation, which was mainly reduced to production of EITI Reports in the last years. However, links between MSG members and the broader civil society constituency, particularly community-based organisations, has remained weak and limited. The International Secretariat notes the interest of civil society stakeholders in using the EITI to address challenges on a number of issues ranging from clarity of tax and regulatory regimes, oil and gas licensing and exploration, formalization and better conditions of small-scale mining producers, environmental and human rights protection, and the fight against corruption.

The Secretariat's assessment is that there are breaches of the EITI protocol: Participation of civil society related to freedom of expression. Insufficient government actions to ensure the lack of violent retributions for civil society activists' critical public expression about extractive industry governance issues has weakened the enabling environment for civil society engagement in the EITI process and public debate on extractive industry governance. These breaches of the protocol, combined with weaknesses in the constituency's representation of the interests of community-based civil society organisations have weakened civil society engagement in the EITI process.

### Broader CSO Environment

The significant challenges in upholding human rights and ensuring civic space continue to be well documented in the different international indices and reports. The 2022 [Corruption Perception](#)

[Index](#)<sup>4</sup> (CPI) ranks Honduras 157<sup>th</sup> of 180 countries, reflecting its limited progress in addressing corruption. This Transparency International Report highlights how weak and unaccountable public institutions in the region have provided fertile ground for organized criminal networks to thrive, contributing to corruption, violence and insecurity in the country.

The election of president, Xiomara Castro, first female Head of State in Honduras, brought an opposition candidate to power for the first time in more than 12 years. The outgoing President, Juan Orlando Hernández, was extradited to the US on narcotraffic-related charges soon after leaving office in early 2022<sup>5</sup>. One of President Castro first action in office was to repeal the controversial Law of Secrecy<sup>6</sup>. Despite this well-received action, concerns about a number of issues have remained. These includes the independence of the justice system, laws obstructing corruption investigations and the lack of transparency in judicial appointments<sup>7</sup>.

Attacks on human rights defenders and journalists continue to pose significant risks, with Honduras ranking as one of Latin America's most dangerous countries for these groups. According to CIVICUS most recent ranking, Honduras is placed 37 out of 100, and civic space is classified as Repressed<sup>8</sup>. According to Freedom House 2023 Report, the civic space in the country is ranked as partially free<sup>9</sup>. In addition, the government declared a state of exception during 2022 granted extraordinary powers to the executive branch, leading to the temporary suspension of constitutional guarantees on security grounds. Local and international stakeholders consulted for this assessment confirmed these concerns.

International observers stressed that the expectations about a substantial improvement in the civic space and protection of human rights, raised when the government took office, have not materialised. In this context, consulted stakeholders, especially in wider civil society, continue to consider participation in local activism and public debate as still bearing risks. Some added that public debate and activism continue to occur in a highly politicised public space. They noted that activists associated to official political parties often resort to mobilization against opponent voices. All in all, international sources and consulted stakeholders continue to characterise Honduras civic space as challenging.

While acknowledging this wider context, government stakeholders highlight two things. They noted that many in the new cadre of government officials came from civil society roots and are well aware of the importance of a healthy civic space. Secondly, they highlighted the recent construction of the national work plan for the Open Government Partnership. They characterised the process as an inclusive and participatory engagement with a large segment of civil society.

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<sup>4</sup> <https://www.transparency.org/en/cpi/2022>

<sup>5</sup> <https://www.reuters.com/world/americas/honduras-prosecutors-accuse-two-ex-presidents-diverting-public-funds-campaigns-2023-10-11/>

<sup>6</sup> [https://www.ccichonduras.org/website/Descargas/LEYES/LEYES\\_ADMINISTRATIVAS\\_ESPECIALES/DECRETO\\_418-2013\\_LEY\\_DE\\_CLASIFICACION\\_DE\\_DOCUMENTOS.pdf](https://www.ccichonduras.org/website/Descargas/LEYES/LEYES_ADMINISTRATIVAS_ESPECIALES/DECRETO_418-2013_LEY_DE_CLASIFICACION_DE_DOCUMENTOS.pdf)

<sup>7</sup> <https://www.hrw.org/world-report/2023/country-chapters/honduras>

<sup>8</sup> <https://monitor.civicus.org/explore/cso-expressed-concern-over-the-increasing-number-of-threats-against-journalists-and-media/>

<sup>9</sup> <https://freedomhouse.org/countries/freedom-world/scores>

More related to the extractive sectors, consulted stakeholders pointed out to the collaboration with UNDP on a project to improve conditions for ASM activities with engagement of local stakeholders<sup>10</sup>. Additionally, there have been some other positive developments. The country has strengthened its engagement with international organizations through the establishment of the International Commission against Corruption and Impunity, a request made by President Castro to the United Nations<sup>11 12</sup>. This demonstrates commitment to addressing both corruption and human rights concerns, which are highly relevant topics for Civil Society Organizations

The previous Validation highlighted the complex dynamic behind the lack of full participation and engagement of the wider civil society spectrum in the EITI. On the one hand, some explained at that time that lack of engagement followed the failure of the EITI process to cover issues of interest for many CSOs. On the other hand, the challenges of civic space were noted by others as the reason behind limited participation in EITI work. While the challenging civic space continues to be a factor as documented in this assessment, the consulted stakeholders have identified a large number of issues that are salient and key for the good governance of the extractive sector. These include areas beyond mining and oil and gas as forestry and renewals and extends to areas such as environmental concerns about exploration activities in protected natural zones, licensing of hydrocarbon projects, Free, Prior, and Informed Consent (FPIC), monitoring technical capacity in the government to enforce regulations, and the instrumentation of the Escazú Agreement.

### ASONOG - civil society representative case

In May 2022, Honduras MSG invited a representative from the civil society organization ASONOG to engage in the EITI as part of reaching out to a wider spectrum of CSOs. ASONOG, took part in the MSG preparations of Honduras' participation in the EITI Global Conference in Dakar. The representative from ASONOG participated actively in the conference and was invited to the MSG meeting after Dakar where the group was briefed from the Global Conference discussions.

ASONOG is active on a number of fronts especially on human rights and environmental protection. Mr. Lara, a representative from ASONOG has been involved in work in the Copan region, monitoring forestry projects with potential environmental risks. In mid-September, the representative from ASONOG was engaged in monitoring activities of a housing development in the area of the natural basin *La Hondura*. Mr. Lara's activism and work included lodging a petition with the environmental authorities to investigate deforestation activities related to project being developed in *La Hondura*. The environmental authorities initiated a regulatory process to assess the potential damage caused to the forest in this area. On 15 September 2020, Mr. Lara was

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<sup>10</sup> <https://www.planetgold.org/about>

<sup>11</sup> <https://www.dw.com/es/honduras-se-encamina-a-instalar-comisi%C3%B3n-contrala-corrupci%C3%B3n/a-64099356>

<sup>12</sup> <https://honduras.un.org/es/184572-nota-aclaratoria-sobre-la-instalaci%C3%B3n-de-la-comisi%C3%B3n-internacional-contrala-corrupci%C3%B3n-e>

violently threatened in his house<sup>13 14 15</sup>. The incident involved firing bullets at his house —he was not in the house at that moment—, breaking windows among other material damages. The national government has acted to protect Lara's life. The Secretary of Human Rights of the Government has relocated Mr. Lara to a safe location.

The International Secretariat has talked to ASONOG's representative. While he acknowledges the actions of the Secretary of Human Rights, he expressed his frustrations about the effectiveness of the State protection and capacity to find the criminal responsible. Other consulted stakeholders equally shared their frustrations on the inability of the state to enforce the law and guarantee the security of activists and other citizens involved in monitoring environmental damages and breaches of regulations. Lara's case is not isolated<sup>16</sup>. Other land and environmental defenders have suffered similar intimidations and violent attacks <sup>17 18</sup>.

### Expression (Requirement 1.3.a, b, e.i and Civil Society Protocol provision 2.1)

***Requirement: There is an enabling environment for freedom of expression and civil society is actively engaged in expression on EITI (#1.3. a, b, e.i and CSP 2.1)***

During consultations, civil society representatives expressed that, to a significant degree, they continue to enjoy the liberty to voice their perspectives within the EITI process. The International Secretariat did not identify obstacles to participation in the limited number of activities related to production, dissemination and debate of EITI Reports. However, the lack of significant debate and dialogue on other extractive issues does not provide the opportunity to test the quality of the participation and existence of obstacles to civil society participation. CSO representatives have actively participated in the EITI process by attending the multi-stakeholder group meetings, including approval of scope and term of references for reporting, and few EITI-related events, such as presentation of EITI reports. This participation has predominantly involved representatives from three main civil society entities: MOPAWI, UJCV, and FOSDEH. There is no evidence that a wider group of CSOs have been active in EITI activities.

While there is no evidence suggesting explicit restrictions or limitations on freedom of expression among civil society representatives in relation to EITI activities, some consulted stakeholders drew attention to the highly politicised public arena in which CSOs are often put in two camps: the group of CSOs that have been more active in mechanisms such as the EITI in the 12 years of the previous three administrations (under the administration of the Partido Nacional political party)

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<sup>13</sup> <https://honduras.un.org/es/184572-nota-aclaratoria-sobre-la-instalaci%C3%B3n-de-la-comisi%C3%B3n-internacional-contra-la-corrupci%C3%B3n-e>

<sup>14</sup> <https://actalliance.org/act-news/act-honduras-forum-condemns-attack-on-environmental-and-human-rights-defender/>

<sup>15</sup> <https://honduras.un.org/es/247614-el-sistema-de-naciones-unidas-en-honduras-hace-un-llamado-la-justicia-para-investigar-y>

<sup>16</sup> <https://www.facebook.com/photo.php?fbid=708293901343319&set=pb.100064881450016.-2207520000&type=3>

<sup>17</sup> <https://ellibertador.hn/2023/09/20/defensores-en-alerta-en-cinco-dias-dos-ataques-miriam-miranda-y-jose-lara/>

<sup>18</sup> <https://www.tercerainformacion.es/articulo/internacional/28/01/2023/honduras-bajo-aguan-una-tragedia-infinita/>

and the other CSOs that have not. Consulted stakeholders that were highly active in the previous years commented that they have been nominally side-lined from collaborations in the civil society space while privately consulted on matters of their expertise. Another stakeholder also involved in previous years shared that they have revised their engagement strategy to avoid the risk of being trapped in this politicised environment. The Secretariat's view is that insufficient government actions to ensure the lack of violent retributions for civil society activists' critical public expression about extractive industry governance issues has weakened the enabling environment for civil society engagement in the EITI process and public debate on extractive industry governance.

### Operation (Requirement 1.3. a, b, e.ii and Civil Society Protocol provision 2.2)

***Requirement: There is an enabling environment for freedom of operation and civil society is freely and proactively operating in relation to EITI (#1.3. a, b, e.ii and CSP 2.2)***

Civil society organizations have highlighted that certain legal procedures in Honduras could potentially have an impact on their ability to engage in processes like the EITI. Honduras has enacted a law through legislative decree that criminalizes specific forms of civil society mobilization. This legal provision, found within Article 378, paragraph 4 of the Penal Code, introduces punitive measures for activities that have the potential to affect public spaces, including actions that could disrupt everyday activities and rights. However, recent developments indicate progress in creating an enabling environment for civil society participation. The revoke of the "Ley de Secretos" law, which governed classified public documents, signifies a positive shift towards greater accessibility to information. As noted in the previous section, the lack of substantial activities of dissemination and debate of EITI disclosures or dialogue about extractive issues under the EITI has not fully tested the conditions for participation of CSOs in extractive governance public debate. The International Secretariat concludes that there is no evidence of explicit obstacles to hinder the operation of civil society engaged in the EITI process.

### Association (Requirement 1.3.a, b, e.iii and Civil Society Protocol provision 2.3)

***Requirement: There is an enabling environment for freedom of association and civil society is freely and proactively associating in relation to EITI (#1.3. a, b, e.iii and CSP 2.3)***

The ability to communicate and cooperate with each other regarding the EITI process seems to be upheld in Honduras. Some organizations, such as FOSDEH, has established collaborative interactions with a spectrum of other organizations. These engagements range from collaborations with the Platform against extractivism and the National Platform against Mining Exploitation to partnerships with the Coalition Against Impunity. These collaborations, representing a diverse range of issues, illustrate the ability of collaborating among civil society entities. Consulted stakeholders, though, highlighted the diversity of opinions within the civil society landscape regarding large-scale mining, ASM activities, environmental concerns and exploration activities in oil and gas, among others. In practice, the part of the CSO constituency that oppose mining activities and are sceptical about new oil and gas developments have not participated in the EITI. The International Secretariat is not aware that this lack of participation is due to obstacles for association with other CSOs. The same considerations made in previous sections apply. The lack of vibrant debate about EITI disclosures has not provided the opportunity to test the ability to communicate and cooperate of CSOs in the extractive debate. The International Secretariat concludes that there is no evidence of explicit obstacles to hinder the

capacity of civil society organizations to communicate and cooperate with each other in the EITI process.

### Engagement (Requirement 1.3. a, b, e.iv and Civil Society Protocol provision 2.4)

***Requirement: There is an enabling environment for freedom of engagement and civil society is freely and proactively engaging in relation to EITI (#1.3. a, b, e.iv and CSP 2.4)***

As documented throughout the previous sections, CSOs represented in the MSG are engaged in the EITI, mainly through the production of EITI reports. Wider civil society have been engaged but limited to reduced level of activities undertaken by the EITI-Honduras. Other EITI obligations such as maintaining a current work plan and conducting dissemination and dialogue for public debate and reviewing outcomes and impact have been neglected since the last Validation in 2020. Consulted CSOs stressed that while they have adequate capacity to participate in EITI activities more resources are needed to increase the quality of their engagement. They also confirmed that they are interested in a number of issues related to governance of the extractive sector. In addition to a number of issues documented in this assessment, they mentioned clarity of the tax regime for mining, compliance with human rights and environmental standards, and corruption practices affecting the extractive sector. They also noted the recent engagement from civil society organizations in the elaboration of OGP's national action plan where issues like compliance with the Escazú agreement were included.

### Public decision-making (Requirement 1.3.a, b, e.v and Civil Society Protocol provision 2.5)

***Requirement: There is an enabling environment for access to public decision-making and civil society is freely and proactively accessing public decision-making in relation to EITI (#1.3. a, b, e.v and CSP 2.5)***

The effectiveness of civil society representatives in utilizing the EITI for public debate, primarily through public events, workshops, and conferences, is limited. Some organizations with higher technical and financial capacity stand out as exceptions. For instance, FOSDEH organized a multi-stakeholder forum where the outcomes of a project on critical minerals, along with discussions on the monitoring and taxation policies of the mining sector, were presented. Although civil society representatives expressed that their involvement in natural resource governance debates outside the MSG is substantial, public decision-making through the EITI platform remains restricted.

### Corrective actions and recommendations

In accordance with Requirement 1.3.a and the EITI protocol: Participation of civil society, Honduras should demonstrate that civil society is fully, actively, and effectively engaged in the EITI process. To achieve this, civil society should codify its internal coordination procedures and objectives for its engagement in the EITI. In preparing for the MSG's reconstitution and establishing of an EITI work plan for the coming years, the civil society constituency is strongly encouraged to discuss and agree their priorities for EITI implementation. This exercise could draw on the early discussions on the current relevant issues for civil society, including but not limited to, mining policy, licensing and free and prior consultation, mining and fiscal regulatory framework, environmental impact and monitoring of civic space.

In accordance with Requirement 1.3.b and with the EITI protocol: Participation of civil society, the civil society constituency should ensure effective representation of CSOs engaged in the extractive sector during the process of refreshing the legal framework for the EITI and the composition of the multi-stakeholder group in the coming months. The civil society constituency must coordinate with the government to provide adequate input to the EITI legal framework and ensure that civil society is adequately represented. Civil society representation should be diverse, including representatives from community organisations, and consider gender balance. The civil society constituency must work with the government to identify possible pathways to improve the legal environment to ensure that civil space conducive to CSOs' participation. In this process, the government must ensure that there are no obstacles to civil society participation in the EITI process and a diverse range of civil society organizations are represented and engaged.

In accordance to Requirement 1.3.b and with the EITI protocol: Participation of civil society, the MSG should monitor the adherence to the civil society protocol, ensuring that the revised work plan includes actions to monitor and document shortcomings and activities undertaken to correct them. The government should work with the civil society constituency to find practical ways of guaranteeing that civil society is able to express their opinions and freely associate without fear of reprisals. The government is encouraged to make a public statement encouraging civil society engagement in the EITI process, including in publicly expressing views critical of government and extractive companies.

## 7. Assessment of Multi-stakeholder group oversight (Requirement 1.4)

### Findings from the first Validation

The previous Validation concluded that Honduras had made satisfactory progress in meeting Requirement 1.4, due to the MSG providing adequate oversight of EITI implementation in the 2017-2019 period. Validation noted isolated events in which MSG documents were not circulated in a timely manner and did not follow the procedures outlined in the MSG's Terms of Reference, although these gaps were considered to be marginal. The MSG was encouraged to document any practical deviations from its Terms of Reference.

### Summary of progress since last Validation

**The International Secretariat assessment is that Requirement 1.4 is partly met**, as in the previous Validation. The renewal of the legal framework for the MSG, the review of the internal governance rules, the clarification of governance procedures of all constituencies and the adequate representation of key stakeholders including senior government officials are still pending.

The multi-stakeholder group has functioned unevenly since Validation in 2020. While the MSG has maintained a minimum of activity, focused on producing the EITI Reports, and has maintained independent representation from the three constituencies they have not ensured that its oversight of the EITI translates to effective implementation. It is not clear that the procedures for adequate representation and engagement from the three constituencies have been adhered to, including rotation of representatives, lack of senior engagement from key stakeholders and proper record keeping. The refreshment of civil society representation and engagement seems to not have occurred as expected from the recommendations of the last Validation.



### Representation on the MSG (Requirement 1.4.a)

Despite some initial attempts, there has been no tangible progress in expanding the representation of civil society organizations and companies within the MSG. This lack of advancement is reflected in the absence of clear governing rules for each constituency. While alleged changes in the representatives of various constituencies have been noted, there is no clarity on the procedures governing these changes. Concerns have arisen regarding the underrepresentation of civil society organizations within the MSG, exacerbating its overall dysfunction. The lack of clarity on the official MSG composition means there is no evidence of gender considerations being taken into account.

The MSG has been supported by an ad-hoc arrangement. A part-time staff member borrowed from the Ministry of Foreign Affairs served as the national secretariat, with additional support from a part-time staff member from the mining regulator INHGEOMIN. In 2022, their focus shifted to producing the 2019-2020 EITI Report under the flexible reporting approach approved by the EITI Board, with limited dissemination efforts in early 2022.

Since early 2022, the MSG has only met on a few occasions with no clear action points or agenda. This seems to reflect two main issues: the lack of resources, both in-kind and financial, to carry out the work plan activities agreed upon in June 2020, and the absence of designated representatives in key government agencies, resulting in junior-level representation.

Starting in May 2023, the MSG has resumed its meetings, with the Ministry of Transparency taking the lead from the government constituency. In preparation for the Global Conference in Dakar, the MSG discussed how to reactivate EITI implementation. The Ministry of Transparency is incorporating EITI into Honduras's open government and anti-corruption national strategy.

During the International Secretariat's mission in August 2023, different government agencies expressed interest in renewing EITI efforts and outlined a number of future priorities, including artisanal and small-scale mining, hydrocarbon exploration, revised mining policy, environmental regulation, and municipal expenditures. Industry and civil society also expressed their willingness to strengthen EITI implementation, provided there is adequate government leadership and resources.

### MSG's Terms of Reference (Requirement 1.4.b)

The MSG Terms of Reference have not been recently updated to reflect a change in the roles and responsibilities of each constituency represented at the MSG. The International Secretariat notes the lack of clarity regarding the governing norms and procedures for each constituency and the MSG. While the decision-making process within the MSG is defined by a voting mechanism for each constituency, substantive and meaningful discussions within the MSG are notably limited, reducing the potential for constructive dialogue and collaboration among stakeholders. Limitations of the discussions are attributed to various reasons, such as the lack of alignment between the EITI and the organizations' agendas or alleged CSO limitations, as described in Requirements 1.3 of this assessment. Consultations suggest that the topics discussed at the MSG do not align with the priorities of the constituencies, and most discussions focus on preparations for the EITI Report. The International Secretariat did not identify evidence of a lack of adherence to the EITI Code of Conduct by EITI stakeholders in Honduras.

## Corrective actions and recommendations

In accordance with Requirement 1.4.a, each constituency must ensure to have clear governance rules specifying their nominations procedures for appointing their representatives to the MSG, as well as their roles and responsibilities. In fulfilling this requirement, each constituency should coordinate with their wider groups to ensure diversified and balanced representation at the MSG.

In accordance with Requirement 1.4.b the government should renew the legal framework for the MSG including a refreshed representation from all three constituencies. While renewing the MSG, all three constituencies should review their internal governance rules and procedures and ensure adequate representation of key stakeholders including senior government officials. In strengthening internal governance, the rules and procedures must ensure inclusive decision-making throughout EITI implementation. In fulfilling this requirement, each constituency should coordinate with their wider groups to ensure diversified and balanced representation in the MSG. In renewing the MSG, the government must ensure that adequate support is provided to ensure the MSG could discharge its obligations including liaising with constituencies, capacity to carry out duties, disseminate information from the EITI process, work planning and maintaining proper records.

## 8. Assessment of the Work plan (Requirement 1.5)

### Findings from the first Validation

The previous Validation concluded that Honduras had made satisfactory progress in meeting Requirement 1.5. By the start of Honduras' second Validation in April 2019, the absence of a work plan had been problematic. However, the country published the 2019-2020 work plan in July 2019 and corrected this omission. This plan was presented in a timely manner, included the 2019-2020 activities with specific goals aligned with the national priorities for the extractive sector, and established time-bound activities while identifying necessary funding sources. The work plan also established outreach to different donors as a means of strengthening the implementation of EITI in Honduras. For future EITI Implementation, the MSG was encouraged to develop a work plan that focused on an approach to EITI implementation commensurate with the size and priorities of the extractive sector in Honduras.

### Summary of progress since last Validation

**The International Secretariat's assessment is that Requirement 1.5 is partly met**, which is a regression since the previous Validation. Despite some initial discussions on the elaboration of an EITI work plan in 2022, there had been very limited progress in adopting a new work plan since then. The International Secretariat welcomes the recent discussion among the three constituencies in identifying priorities for future EITI work and the government's willingness to provide resources for EITI implementation. Honduras has not had a valid work plan for more than 40 months. Although the former National Coordinator, in close collaboration with INGHEOMIN, initiated some efforts to update a work plan in 2020 and 2021, the obstacles, documented in this assessment related to lack of government leadership until May 2023, meant that no progress was made regarding the EITI work plan.

## Corrective actions and recommendations

In accordance with Requirement 1.5, Honduras must agree upon and publish a fully costed work plan that aligns with the reporting and Validation deadlines established by the EITI Board, as detailed in this Requirement. This work plan should also be linked to the EITI Principles and reflect national priorities for the extractive industries. In fulfilling this requirement, Honduras could consider incorporating activities related to thematic areas such as energy transition, licensing, artisanal and small-scale mining, the UN Escazú Agreement, the forestry sector, monitoring of environmental regulations in the extractive industry and monitoring the conditions of civic space affecting the extractive sector.

## 9. Background

### Overview of the extractive industries

The extractive sector in Honduras plays a limited role in the country's economy. The mining, oil and gas sectors represent a relatively small portion of Honduras' gross domestic product (GDP). Its contribution fluctuates depending on global commodity prices and local production levels and is estimated to be around 1-2%, reflecting its modest contribution to the national economy.

Honduras has a history of mining activities, primarily focused on precious metals such as gold. The most significant development in the mining sector is the opening of the San Andres Mine, which is operated by Minerales de Occidente, a subsidiary of Aura Minerals. The mine, located in the western part of the country, has become a prominent gold producer and has significantly contributed to Honduras' mineral exports. Additionally, there are other smaller-scale mining operations across the country, mainly engaged in gold and base metal extraction. Artisanal-small scale mining continues to be highly relevant for local communities.

Honduras does not possess significant reserves of oil and gas, and its domestic production is limited. However, the government has explored opportunities to develop the sector to reduce reliance on energy imports. Exploration activities have been conducted in offshore areas of the Caribbean Sea, with some limited success in discovering natural gas reserves.

More information on Honduras' extractive industries is available on the [country page of the EITI website](#).

### History of EITI Implementation

Honduras joined the EITI in 2013. Since then, the country has published five EITI Reports. The EITI-Honduras national secretariat regularly engaged in discussions with civil society representatives to address socio-environmental information in the 2019-2020 EITI Report. Honduras' last EITI Validation concluded on 28 October 2020 with an overall assessment of "meaningful progress with considerable improvements", although Honduras was suspended due to the assessment of "inadequate progress" on civil society engagement (Requirement 1.3).

INHGEOMIN (Honduran Institute of Geology and Mines), the mining regulator, played a leading role in preparing the last (2019-2020) EITI Report by providing and collecting information on mining sector revenues, expenditures, employment, small-scale mining, and socio-environmental investments. The report contains detailed data on employment, small-scale mining, and companies' socio-environmental investments.

On 1 May 2023, the MSG in Honduras requested a 15-month extension for the commencement of the Validation, from 1 July 2023 to 1 October 2024. The request was made due to inadequate conditions in the country to conduct the Validation as originally scheduled. The request acknowledged that there had been changes in government in early 2022 that led to changes in national strategic priorities. While recognizing the potential contribution of EITI to these strategic priorities, the request emphasized that the detailed policies to implement these priorities were still uncertain.

On 4 July 2023, the EITI Board communicated to the MSG that the circumstances described in the extension request did not meet the criteria for "exceptional circumstances" and thus that the country was ineligible for an extension. Given apparent weaknesses in the multi-stakeholder oversight of the EITI process, the EITI Board decided to conduct a targeted assessment of Requirement 1, as outlined in Article 8.a, section 4 of the 2019 EITI Standard, commencing in August 2023. The EITI Board instructed the International Secretariat to conduct a mission to Honduras to gather information and consultations for this targeted assessment at the end of August and in close collaboration with the EITI Board's Validation Committee.

More information on the history of Honduras' EITI implementation is available on the [country page of the EITI website](#).

### Confidentiality

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

### Timeline of assessment

The Targeted Assessment of Honduras commenced in August 2023. Stakeholder consultations were held on-site on 27-31 August 2023. The assessment was finalised on 3 November 2023.