

**Republic of Honduras****Fiscal Sustainability and Enhanced Social Protection  
Development Policy Credit****Chair Summary\*****December 9, 2014**

Executive Directors approved the Fiscal Sustainability and Enhanced Social Protection Development Policy Credit (IDA/R2014-0329) to the Republic of Honduras in the amount of US\$55 million on the conditions set out in the President's Memorandum.

Directors supported the proposed operation and welcomed the authorities' commitment to strengthen fiscal and financial management, strengthen management of the power sector, and improve the targeting of social protection programs. They took note of the authorities' efforts to create fiscal space and encouraged sustained reform efforts over the medium-term. They also underscored the importance of providing support for capacity building. Directors also welcomed measures to preserve social spending and improve the targeting of social programs, which will contribute to reducing the impact of fiscal consolidation efforts on the most vulnerable.

Directors acknowledged the risks inherent in the program, but agreed that the policy actions underpinned by this operation were steps in the right direction. Directors welcomed the poverty and shared prosperity benchmarking presented in the DPC and encouraged close monitoring of implementation. Finally, Directors underlined the importance of effective coordination among the World Bank Group entities, the IMF, the Inter-American Development Bank, and other development partners to continue supporting the implementation of reforms.

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\* This summary is not an approved record.