



Honduras First Fiscal Sustainability and Enhanced Competitiveness DPF (P155920)

LATIN AMERICA AND CARIBBEAN | Honduras | Macro Economics & Fiscal Management Global Practice | IBRD/IDA | Development Policy Lending | FY 2016 | Seq No: 1 | ARCHIVED on 07-Apr-2017 | ISR25919 |

Implementing Agencies:

Key Dates

Key Project Dates

Bank Approval Date:15-Dec-2015

Effectiveness Date:28-Dec-2015

Planned Mid Term Review Date:--

Actual Mid-Term Review Date:--

Original Closing Date:30-Mar-2017

Revised Closing Date:30-Mar-2017

Program Development Objectives

Program Development Objective (from Program Document)

The Program Development Objective of the Development Policy Financing (DPF) is to support the Government's efforts in (i) strengthening institutional arrangements to support fiscal sustainability; and (ii) enhancing the regulatory framework to promote competitiveness.

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Moderately Satisfactory
Overall Implementation Progress (IP)	--	● Moderately Satisfactory
Overall Risk Rating	--	● Substantial

Implementation Status and Key Decisions

The implementation of the project is ongoing and the progress towards the project development objective is moderately satisfactory. The authorities have been implementing structural reforms supported by the operation and have already achieved tangible results towards strengthening institutional arrangements to support fiscal sustainability and enhancing the regulatory framework to promote competitiveness.

Risks

Systematic Operations Risk-rating Tool



Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	--	● Substantial
Macroeconomic	● Substantial	--	● Substantial
Sector Strategies and Policies	● Moderate	--	● Moderate
Technical Design of Project or Program	● Moderate	--	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	--	● Substantial
Fiduciary	● Substantial	--	● Substantial
Environment and Social	● Moderate	--	● Substantial
Stakeholders	● Substantial	--	● Substantial
Other	--	--	--
Overall	● Substantial	--	● Substantial

Results

Results Indicators

► The deviation of actual from projected recurrent expenditure as specified in the medium-term fiscal framework is less than 10 percent in 2016 (against 2015 MTFF) and 2017 (against 2016 MTFF). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not available	--	Central Administration: 5.4 percent Non-financial public sector: 23.2 percent	10 percent in 2016 and 2017
Date	31-Dec-2014	--	31-Dec-2016	31-Dec-2017

Comments

Partially met.

The indicator is met for the central government, but not for the non-financial public sector.



► ENEE's financial deficit is reduced by at least 60 percent in nominal Lempiras relative to its level in 2014 (6,314 million). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	6,314 million Lempiras	--	2,557 million Lempiras	2,525 million Lempiras
Date	31-Dec-2014	--	30-Nov-2016	31-Dec-2017

Comments

Partially Met.

ENEE reduced its deficit substantially during 2015 to 214 million Lempiras (96 percent reduction vis a vis December 2014). However, during 2016, ENEE has accumulated an important amount of arrears causing its deficit to increase to around 2,557 million Lempiras. Nonetheless, the financial deficit in end November 2016 was almost 59 percent smaller than in 2014.

Additional comment: the baseline value of the indicator was updated due to data revision by ENEE. The original value from the approved documents was 5,204 million Lempiras.

► Share of public debt issuances that are conducted using competitive auction mechanisms is at least 85 percent in 2017 (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	42.00	--	100.00	85.00
Date	31-Dec-2014	--	31-Dec-2016	31-Dec-2017

Comments

Met.

All public debt issuances were conducted using competitive auction mechanisms in 2016. In 2015 it had already grown substantially to 94.5 percent.

► Share of the public sector workforce that has been evaluated by an institutional functional review is at least at 50 percent by 2017 (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	60.10	50.00
Date	31-Dec-2014	--	31-Dec-2016	31-Dec-2017

Comments

Met.



The Government has conducted institutional functional reviews to 5 sectorial ministries (Education, Health, Public Works, Security and Finance), because the authorities had some previous assessments on Health and Education, the analyses conducted during 2015 were focused on the administrative staff of those two sectors.

► The number of children in extreme poor households attending 7th to 9th grade that receive cash transfers from the Bono Vida Mejor has increased by at least 60 percent relative to the number in 2015 (7 (Text, Custom))

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	The number of children in extreme poor households attending 7th to 9th grade that receive cash transfers from the Bono Vida Mejor in 2015 was 78,739 and 48 percent were boys	--	Data not available	The number of children in extreme poor households attending 7th to 9th grade that receive cash transfers from the Bono Vida Mejor in 2017 should be at least 125,982 and 49 percent are boys
Date	31-Dec-2015	--	23-Mar-2017	31-Dec-2017

Comments

Data on the indicator is not immediately available. The request has been sent to authorities to update the information.

Overall, the changes in the number of beneficiary children is reflected in the program coverage, which shows large increase in 2016 relative to 2015. Changes in the Program coverage over time:

December 2014	250,000 households
December 2015	146,000 households
December 2016	212,546 households

The reduction in the number of households from 2014 to 2015 was due to the Program’s retargeting to households in extreme poverty and a significant cleanup of the beneficiary database.



► Number of years for which the EPHPM microdata (2001-2015) used to calculate official poverty statistics have been made available through INE's website or on Redatam: (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	14.00
Date	31-Dec-2014	--	23-Mar-2017	31-Dec-2017

Comments

Partially met.

In 2016, the National Statistical Institute (INE) substantially increased access to data from the country's household surveys, including an expanded web-based search tool allowing users to access specific tabulations. Due to confidentiality concerns INE has not yet published the microdata, but instead has established an onsite data lab granting access to the microdata for external users.

► Number of legal counsels trained to provide advice on a leniency application is at least 30 by end 2017 (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	82.00	30.00
Date	31-Dec-2014	--	31-Dec-2016	31-Dec-2017

Comments

Met.

The Competition Authority has trained 82 legal counsels on leniency applications.

► Number of days to start a business (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	14.00	--	13.00	10.00
Date	31-Dec-2014	--	31-Dec-2016	31-Dec-2017

Comments

Partially met.

According to the Doing Business report for 2017 (data for 2016), the number of days to start a business was reduced to 13 days from 14 days in the Doing Business 2015 report (data for 2014). The reduction is a result of simplified online procedures and the elimination of the paid-in minimum capital requirement.



▶ Number of days to export and import: (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Export: 12 days	--	Export: 11 days	Export: 11 days
	Import: 16 days		Import: 14 days	Import: 14 days
Date	31-Dec-2014	--	31-Dec-2016	31-Dec-2017

Comments

Met.

The Honduran Congress approved the Trade Facilitation Agreement in July 2016. The Customs Union with Guatemala will lead to further facilitate customs procedures and will lead to improved indicators for 2017.

Overall Comments

Data on Financial Performance**Disbursements (by loan)**

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P155920	IDA-57500	Closed	USD	50.00	50.00	0.00	50.00	0.00	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P155920	IDA-57500	Closed	15-Dec-2015	15-Dec-2015	28-Dec-2015	30-Mar-2017	30-Mar-2017



Tranches

Restructuring History

There has been no restructuring to date.

Related Operations

There are no related projects.
