



<b>1. CAS/CPS Data</b>	
<b>Country: Honduras</b>	
<b>CAS/CPS Year: FY12</b>	<b>CAS/CPS Period: FY12 – FY14</b>
<b>CLR Period: FY12 – FY15</b>	<b>Date of this review: December 9, 2015</b>

<b>2. Ratings</b>		
	<b>CLR Rating</b>	<b>IEG Rating</b>
<b>Development Outcome:</b>	<i>Moderately Satisfactory</i>	<i>Moderately Unsatisfactory</i>
<b>WBG Performance:</b>	<i>Good</i>	<i>Fair</i>

### 3. Executive Summary

i. Honduras is a lower middle-income country facing significant challenges, with more than two thirds of the population living in poverty and five out of ten suffering from extreme poverty (2012). In rural areas, 6 out of 10 households live in extreme poverty. Another major challenge is the high level of crime and violence in Honduras. In 2012, Honduras had the highest homicide rate in the world with 90.4 homicides per 100,000 inhabitants, according to UN Office on Drugs and Crime's International Homicide Statistics database. Citizen security has become a major issue in the country. It is estimated that the annual cost of violence accounts for about 10% of the country's GDP (nearly US\$ 900 million). When the Country Partnership Strategy (CPS) was presented to the Board in November 2011, Honduras was still in the process of political reconciliation. The Government of Honduras (GoH) was taking steps towards fiscal consolidation after the 2009 crisis for a better management of public finances, and citizen security became an important national agenda with the persistent high level of crime and violence. These key challenges, as noted in the Completion and Learning Review (CLR), have remained key development constraints throughout the CPS implementation. Crime and violence have also eroded citizens' confidence in the rule of law. In Honduras, victims of crime are 6.5% more likely to take justice into their own hands when compared to non-crime victims.

ii. IEG rates the overall outcome of the WBG program in Honduras as *Moderately Unsatisfactory*. The WBG strategy included priority areas of support identified in the government strategy and grouped them in three key strategic objectives or focus areas: (i) Improving Citizen Security, (ii) Expanding Opportunities through Reducing Vulnerabilities, and (iii) Enhancing Good Governance. The selection of three key strategic objectives was adequate and relevant as it corresponds to the priority of the government. WBG's program, however, was not sufficiently selective with 18 objectives and 43 target indicators. Given the limited IDA envelope and severe fiscal constraints, the Program could have been more selective and focused. Out of the 18 objectives, seven were assessed as achieved or mostly achieved, while the remaining 11 objectives were rated as partially achieved or not achieved. In terms of focus areas, focus areas 1 and 3 were assessed as Moderately Unsatisfactory and Unsatisfactory, respectively, while focus area 2 was rated Moderately Satisfactory. On balance, considering that the second focus area is the core of the WBG program during the CPS period as stated in the CLR, IEG rates the overall WBG program as Moderately

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Unsatisfactory. Out of the five Bank projects evaluated by IEG during FY12-FY15, three projects had MU outcome ratings including the First Programmatic Development Policy Credit (DPC) operation, one of the major Bank operations during the CPS that supported four CPS objectives. Due to persistent fiscal constraints, the second planned DPC was cancelled. The sustainability and real impact of the new policy measures and institutional framework to reduce crime and violence in Honduras are questionable as these policy efforts have been marginal, sporadic, and underfunded as noted in the ICR of this DPC operation. Low outcome ratings of three Bank projects need to be factored into to assign the overall WBG program rating.

iii. Overall performance of the WBG is rated as *Fair*. The WBG program was aligned with the country's priority development goals and also with the twin goals of the WBG. For the three main CPS strategic objective areas of citizen security, fiscal management, and governance, the WBG has global technical expertise and comparative advantage to deliver the expected results from its Program. The Bank was also flexible in responding to a change in administrations by extending the CPS implementation period for one year to support the new Government during its first year in office. Despite these positive aspects, the Program clearly lacked the selectivity, and the results framework had a number of shortcomings including poor design, overly ambitious targets, and the failure to include IFC and MIGA activities and its contribution to CPS. For safeguards and fiduciary issues, IEG notes major shortcomings in IFC's work quality on environmental and social (E&S) issues, which need to be considered in rating WBG performance. The Compliance Advisor Ombudsman (CAO) investigated two IFC investments in the real sector and the financial sector during CPS implementation period of FY12-FY15. CAO identified a number of E&S due diligence shortcomings for IFC's investment in the palm oil company Dinant. CAO also raised concerns over the lack of capacity of IFC's client in the financial sector to implement IFC's environmental and social requirements. Although IFC and Dinant agreed on an Enhanced Action Plan to address both company specific needs for E&S improvements as well as land ownership and development issues, which appear to have the desired result of much improved compliance, shortcomings in IFC's performance on E&S issues need to be considered for rating WBG performance. The Integrity Vice Presidency (INT) also conducted an investigation in the Corazon Transboundary Biosphere Reserve Project (P085488), and identified a number of integrity issues that have been seen in other decentralized and community-driven development (CDD) project components globally.

iv. IEG concurs with the four main lessons of the CLR and adds fifth lesson on the need for continuous monitoring on the effectiveness of the new citizen security policy: (i) need to have a longer-term view in the design of the country partnership framework by focusing on those sectors where the Government has demonstrated strong demand and commitment as well as implementation capacity, (ii) importance to have long-term commitment in policy changes since translating policy into action requires sector leadership, resources, cross sectoral approaches and donor coordination to achieve sustainable improvements in citizen security, (iii) need to have enhanced level of cooperation and collaboration among three WBG institutions to jointly identify opportunities for development and provide a comprehensive set of development solutions leveraging their strengths, given limited IDA envelope, and (iv) the recognition that WBG can play an important convening and advisory role in policy and program design, and in facilitating coalition-building and important multi-stakeholder initiatives, beyond the WBG's immediate program since the quality of the Bank's knowledge and convening services have been valued by successive Governments as well as by broader stakeholders. Indicators, such as the passage of the new policy and adoption of the action plan, represent the start of the implementation of a citizen security policy by GoH; however, they do not capture how the government programs under the new citizen security policy will lead to lower crime rates in Honduras. Given the limited fiscal space in GoH, it is important to monitor whether government programs under the new citizen security framework will be funded properly and lead to lesser crimes and violence in Honduras.



#### 4. Strategic Focus

##### Relevance of the WBG Strategy:

1. **Congruence with Country Context and Country Program.** On June 28, 2009, the Honduran military detained President Manuel Zelaya and flew him to exile in Costa Rica, ending 27 years of uninterrupted democratic and constitutional governance. The political turmoil continued until the new administration of President Lobo took office on January 27, 2010. Combined with the negative effect of the global financial crisis, real GDP declined by 2.4 percent in 2009 due to contractions in export demand, foreign investment, remittances, and availability of credit as well as temporarily suspension of aid from the international community. The level of central government's fiscal deficit worsened substantially from 2.4 percent of GDP in 2008 to 6 percent in 2009. Despite the efforts by the government towards fiscal consolidation after 2009 crisis, the fiscal situation has not improved much and it actually deteriorated significantly during 2012-2013. The combined public sector's fiscal deficit increased from 4.6 percent of GDP in 2011 to 7.9 percent in 2013, higher than the crisis-driven 2009 deficit. Due to increase in the fiscal deficit, the GoH declared a fiscal emergency on August 14, 2012.
2. Another major development challenge of Honduras has been the widespread and worsening crime and violence. In 2012, Honduras had the highest homicide rate in the world with 90.4 homicides per 100,000 inhabitants. The homicide rates in Honduras were very high in recent years with 81.8 in 2010 and 91.4 in 2011. Citizen security has become a major national issue in the country as the rate was much lower with 44.3 homicides per 100,000 inhabitants in 2006. The high level of crime and violence has been a significant burden to the Honduran economy. It is estimated that the annual costs of violence account for about 10% of the country's GDP (nearly US\$ 900 million). The Lobo administration considered citizen security as one of its top priorities.
3. The WBG strategy included priority areas of support identified in the government strategy and grouped them in three key strategic objectives: (i) Improving Citizen Security, (ii) Expanding Opportunities through Reducing Vulnerabilities, and (iii) Enhancing Good Governance. The strategy in the CPS and CPS Progress Report (CPSPR) addressed key development challenges in Honduras; it is aligned with the government's development strategy and reflected the country's priorities. Considering the high relevance of improving citizen security for the future development of Honduras and following the recommendations of the World Development Report of 2011 (*Conflict, Security and Development*), the CPS envisaged a programmatic series of Development Policy Credits (DPC) to support a specific action plan under a new paradigm by moving from law enforcement to prevention, and other activities to help this important government agenda. In light of the political transition in November 2013, the implementation of the CPS was extended by 12 months as suggested by the CPSPR to allow more time to achieve CPS outcomes and work with the new administration on the next partnership strategy.
4. **Relevance of Design.** The proposed WBG program under FY12-14 CPS was designed to support the key government agenda of political reconciliation, implementation of structural fiscal reforms to improve macroeconomic performance, and strengthening crime and violence prevention. The selection of WBG's engagement areas and instruments were adequate to support these government priority areas. WBG's program was, however, optimistic with respect to improvements in the government's fiscal position, one of the major assumptions to the effective implementation of CPS's three key strategic objectives. Continued weaknesses in public financial management was recognized in the CPSPR when it was presented to the Board in May 2013. The deterioration in the macroeconomic environment resulted in the discontinuation of the second DPC series, one of the major lending operation during the CPS.
5. The Relevance of the IFC Program was fair. Although there was some shortcomings in the Results Framework which led to lower relevance of the IFC program, the primary reason for the



above rating is IFC program design in various sectors. For example, although IFC investment in hydroelectric generation can be expected to reduce the cost of the national energy utility, investments in solar energy where the bulk of the investment went during the review period will rely on off-taker agreements with a national energy utility with weak financial conditions once projects become fully operational, and the impacts of solar energy programs and IFC's contribution to energy sector in Honduras are yet to be seen (Objective 8). IFC played a catalytic role in facilitating financing to the Municipality of Tegucigalpa by carrying out thorough due diligence of the municipality's financial capacity, and followed-up with structuring the sub-national financing with the appropriate financial covenants in place, and monitored its compliance (Objective 16).

#### Selectivity

6. For the three main CPS strategic engagement areas of citizen security, fiscal management, and governance, the WBG has global technical expertise and comparative advantage to deliver the expected results from its Program. Considering a deteriorating security situation in Honduras, citizen security was supported by the major policy lending operation of the Bank. The CPS, however, lacked selectivity. The CPS had 18 objectives and a large number of outcomes and results indicators for a total of 43 as identified by the Completion and Learning Review (CLR). The lack of selectivity was evident in the second strategic objective of Expanding Opportunities through Reducing Vulnerabilities as it covers a wide range of issues from tax administration, investment climate, microfinance, to the quality of pre-school education. Sustainability of some activities under these 18 CPS objectives are in question due to the lack of government funding resources, including new policy measures and institutional framework for the citizen security and the decentralization of water and sanitation services. Given the severe fiscal constraints, it was expected that the government would not be able to sustain all the activities under the CPS as Honduras had a limited IDA envelope. The level of crime and violence remained very high in Honduras and the GoH declared fiscal emergency in 2012. By limiting the number of activities and objectives under CPS and focusing Bank's funding and technical support on two key areas of citizen security and public financial management, WBG's Program could have been more impactful and, to some extent, alleviate the issues of underfunding. CLR stresses extensive donor coordination during CPS, but IEG questions on the rationale for the Bank to engage in a wide range of issues, given the lack of government fiscal space and the limited IDA envelope.

#### Alignment

7. WBG's twin goals of reducing poverty and increasing shared prosperity in a sustainable manner were adopted as an overarching WBG corporate goal after the CPS was approved by the Board in FY12. Nevertheless, the strategic objectives of the WBG program were in line with twin goals. For example, under the second strategic objective of the CPS, the Bank supported the national conditional cash transfer (CCT) program and the majority of the program beneficiaries live in extreme poverty.

## **5. Development Outcome**

### Overview of Achievement by Objectives

#### **Focus Area 1- Improving Citizen Security**

**8. Improved policy environment for implementation of an integrated national citizen security strategy (Objective #1).** The Bank, through the First Programmatic DPC supported the development, financing, and operationalization of a national policy on citizen security. As prior actions, the GoH approved a National Citizen Security and Coexistence Policy and a Population Security Law, establishing a tax on financial transactions and key economic activities to finance programs derived from the Citizen Security and Coexistence Policy. To implement the policy, the GoH established a Security



and Prevention Cabinet to lead intra-governmental coordination, and to regularly monitor progress in reducing crime and violence. Progress was made towards achieving the second and third outcome indicators. With support from the Bank's Financial Sector Technical Assistance Credit, the CNBS and the Central Bank of Honduras adopted a strong and modern risk-based supervision banking framework and an action plan was implemented to reduce the risk of recycling of proceeds from crime in the Honduran economy. Finally, the fourth outcome indicator was met as new financial payment's system came into operation to increase transparency of financial transactions. Although a new national citizen security policy and Action Plan have been adopted and its monitoring system is in place, it is questionable, as noted in the ICR of the First Programmatic DPC, whether these new policy measures and initiatives will be funded continuously and sufficiently to be effective, so that citizen security situation in Honduras will be improved with lesser crimes and violence. The ICR of the First Programmatic DPC recognized that little has been done since Bank approval of the operation, and that policy efforts have marginal, sporadic, and underfunded. The ICR also notes that the creation of the National Security Council and the National System of Citizen Security, have not yet enabled the authorities to do evaluations to measure the effectiveness of its programs related to citizen security. On balance, this objective is rated as *Mostly Achieved*.

**9. Strengthened capacity of communities and local governments in social prevention of crime and violence (Objective #2).** The Bank supported the flagship government program Safer Municipalities Program (SMP) aimed at improving citizen security across municipalities and focused its support to the poorest urban municipalities with high levels of crime. The Bank's Safer Municipalities Project supported the development of 10 municipal security plans that incorporated geo-referenced crime statistics including hotspot areas and data on perpetration and victimization. The average perception of insecurity has improved, but these improvements were below targets, hence the objective was *Partially Achieved*.

**10. Improved employment opportunities for youth (Objective #3).** The First Employment Program, a skills-based training initiative to increase employability amongst at-risk youth was implemented with the support from the Nutrition and Social Protection Project. Japan Social Development Fund (JSDF) employment generation also supported youth employment. IEG notes that the Nutrition and Social Protection Credit, which supported this objective, is rated MU for its development outcome. Two indicators were short on meeting the target numbers; furthermore, the indicator on the number of *Mi Primer Empleo* initiative beneficiaries is an output measure. The CLR does not provide the real impacts of this initiative on employment generation, i.e. how many beneficiaries of this initiative secured employment opportunities after the training. IEG assigns *Partially Achieved* rating to this objective.

**11. Strengthened regional approaches to combat crime and violence in Central America and harmonized Honduran policies with regional best practices (Objective #4).** As noted in the CLR, the indicator of this objective (active Honduran participation in regional citizen security initiatives) is a process / activity measure that may not necessarily lead to strengthened regional approaches to combat crime and violence. The CLR does not report on whether Honduran policies have been harmonized with regional best practices. IEG concurs with the CLR rating of *Not Achieved*.

12. IEG rates the outcome of WBG support under Focus Area 1 as **Moderately Unsatisfactory** with two objectives rated *Partially Achieved* and one rated *Not Achieved*. The objective of improving the policy environment for implementation of an integrated national citizen security strategy was mostly achieved. The objective of strengthening the capacity of communities and local government in social prevention of crime and violence was rated *Partially Achieved* as average perception of insecurity has improved yet remain below target. The objective of improving employment opportunities for youth is rated partially achieved as targets were not met and they were output measures. Finally, the objective of strengthening regional approaches to combat crime and violence in Central America and harmonizing Honduran policies with regional best practices was rated *Not Achieved*. Although Honduras participated in regional initiatives, there is no evidence that this has led to improved regional approaches to combat crimes. The CLR presents no evidence on the extent to which Honduran policies have been harmonized with regional best practices.



**Focus Area 2: Expanding Opportunities through Reducing Vulnerabilities.**

13. In the area of public expenditure management, the Bank supported CPS targets for **improved tax administration (Objective #5)**, **improved financial sustainability of major pensions systems (Objective #6)**, and **improved fiscal sustainability of the public wage bill (Objective #7)** with First Programmatic DPC. With tax and wage reforms introduced with the Bank's support, the number of large taxpayers filing electronically increased from 335 in 2010 to 560 at the end of 2013, a 67 percent increase, exceeding the CPS target of 20 percent. Despite this improvement, the First Programmatic DPC notes that this indicator does not adequately capture the actual state of affairs in tax administration. In fact, the tax to GDP ratio had declined from 14.8 percent in 2011 to 14.6 percent in 2012, which was significantly lower than 15.3 percent of GDP expected at the time of program preparation, though it increased to 15.6 percent of GDP in 2013. IEG's review of the First Programmatic DPC notes that the reforms to promote electronic filing and reduce taxpayers compliance costs that were also areas supported by the previous Bank operation, had not resulted in improved tax collections over 2010-2012, due to tax exemptions, weak revenue administration, the expiration of tax measures adopted in 2010, and a Supreme Court ruling against changes to the income tax from 2011. IEG assigns *Mostly Achieved* rating to Objective 5. For the sustainability of pension systems, deficit of Teacher's Pension Institute (INPREMA) was reduced by 43 percent and for Public Servant's Pension Institute (INJUPEMP) by 51 percent, moving these pension systems away from bankruptcy and towards financial sustainability. IEG agrees with CLR assessments of *Achieved* to Objective 6.

14. For the Bank's support to improve fiscal sustainability of the wage bill, the Central Government's wage bill was reduced from 11 percent of GDP in 2010 to 9.4 percent in 2013, surpassing CPS target of 0.7 percent reduction. IEG's review of the First Programmatic DPC, however, highlights problematic choice of baseline indicator in this policy area. Although the outcome indicator, i.e. reduction in public wage bill as percent of GDP has been achieved at face value, the reported decline took place largely in 2011 supported by the previous operation, while in 2012, during program implementation, there was almost no further decline in this indicator. IEG's review also notes that the design of the program unfortunately does not allow full assessment of the scope of the progress in the sustainability of the wage bill. Furthermore, the lack of fiscal discipline led to substantial increase in the budget deficit resulted in fiscal emergency in 2012. As a result, the Bank canceled the second planned DPC operation under the series. In 2014, tighter budget controls over current expenditures, including the wage bill, led to savings equivalent to 1.9 percent of GDP in 2014, and GoH has been implementing additional measures to control its spending in 2015. These recent improvements in public finance are largely due to a wide-ranging expenditure rationalization plan under the umbrella of a fiscal emergency law, which was a part of the agreements between the International Monetary Fund and GoH in 2014. Given the lack of consistent improvements in the fiscal sustainability of the wage bill during CPS, IEG rates Objective 7 as *Partially Achieved*.

15. Although there were improvements in public expenditure management were helpful, the Bank was not able to support effectively the most critical public expenditure issue, i.e. financial losses of its National Power Utility (ENEE). **The progress of reducing non-technical losses of ENEE (Objective #8)** fell short of meeting CPS target of 21.5 percent in 2015. As noted in the CLR, ENEE's losses pose significant constraints to the government budget. Its losses in distribution and transmission are among the highest in Central America, and its financial losses are putting a strain on fiscal stability. In 2013, ENEE registered a loss of nearly US\$372 million, the largest loss in its history, and equivalent to 1.8 percent of GDP. As noted in CLR, non-technical losses increase from 22.5 percent in 2010 to 31.3 percent in 2014. The CLR claims that technical and non-technical losses would have been 36 percent without the rehabilitation efforts and improvements in management practices with the support from the Bank project, however, the Bank could have done a lot more to address this most critical budgetary issue by concentrating more of its support to ENEE than spreading its limited funding and technical resources thinly to a number of different areas with 18 objectives during CPS. The review concurs with CLR rating of *Not Achieved* for Objective 8.



16. In addition to the Bank, both IFC and MIGA contributed to the results area of improved investment climate and competitiveness. The Bank has achieved two out of three indicators related to the objective of **enhancing capacity of and investment opportunities for small and medium enterprises and rural productive alliances (Objective # 9)**. For microfinance loan, the target was set low with US\$1.5 million of microfinance loan granted to rural beneficiaries under the Bank's Rural Infrastructure Project. IEG questions the relevance of the Bank operation to support this objective, i.e. how much impact the Bank project had in the overall microfinance sector with this small amount of lending, unless the Bank project had a strong demonstration effect for the microfinance industry. On balance, the review agrees with the CLR rating of *Mostly Achieved*.

17. **Reduced Logistics constraints (Objective #10)**. The Rural Infrastructure Project and the Road Rehabilitation Project supported this objective through rehabilitating 599 km of rural roads and paving of 127 km of major primary roads. Although most of the target indicators were achieved in terms of reconstruction or rehabilitation of primary and rural roads, at the national level, the percent of unpaved roads under maintenance decreased from 33 percent in 2008 to 16.1 percent in 2013, well below the 70 percent CPS target. The Bank supported a pilot program for community-based road maintenance, *Caminos para Una Vida Mejor*, and this community-based road maintenance program may well be the long-term solution on road maintenance as the Government scaled it up by creating an additional 16 microenterprises to maintain some 1,300 km of roads. The review concludes the objective was *Partially Achieved*.

18. **Improved land tenure security (Objective #11)**. With the Second Land Administration Project, the Bank was able to achieve both its targets of (i) completing the process to obtain new land titles for 45,263 families and (ii) reducing processing time for land titling registry in the Property Institute to 15 days as the project supported the upgrading of the Unified Registry System for land titling. Although the indicator for the number of families that complete the land title registration was revised downwards at the CPSPR, the review concludes that the objective was *Achieved since the number of beneficiaries was close to the original target of 50,000 set at CPS*. IEG also notes that CPS target to increase the owner of the land titles by women has been met with 54% as of September 2015.

19. **Improved coverage, governance, and accountability of the basic education system, with a particular emphasis on the most disadvantaged and rural communities (Objective #12)**. With the Education Quality, Governance and Institutional Strengthening Project, the number of output indicators have been met in terms of the number of new pre-schools, teaching materials & training, and the implementation of the first and second national assessment of student learning. IEG concurs with CLR assessments that the objectives has been *Achieved*, however, it is important to assess whether the quality of education has been improved due to the increased number of pre-schools, teacher training, and national assessment test as noted in CLR.

20. **Improved coverage and governance of the national CCT program (Objective #13)**. The Bank's support to this national conditional cash transfer (CCT) project was very important since so-called the Bono Vida Mejor (Bono 10,000) became an important pillar of the social protection system in Honduras, impacting the livelihoods of 350,000 beneficiary families, 73 percent of which lived in extreme poverty as noted in CLR. With support from the Social Protection Project, 30,413 families received CCTs contingent upon school enrollment and the regular use of health services, including child growth monitoring. Bank also supported piloting new social protection targeting mechanism for urban areas, and compliance with the CCT payment cycle was high for 100% of schools and 91% of health centers. The review concludes the objective was *Achieved*.

21. **Improved risk mapping and planning capacity (Objective #14)**. The Disaster Risk Management Project supported the Honduras Government's effort to strengthen disaster risk management (DRM). In terms of the number of municipal and community disaster emergency committees and the coordination with Regional Coordination Center for Disaster Prevention in Central America, CPS targets have been met. For the use of Central American Probabilistic Risk Assessment



(CAPRA) tools and the number of municipalities adopted DRM, targets were not fully met. The review concludes the objective was *Partially Achieved*.

22. IEG rates the outcome of WBG support under Focus Area 2 as **Moderately Satisfactory** with four objectives rated *Achieved* and two with *Mostly Achieved*, while three objectives were rated *Partially Achieved* and one *Not Achieved*. The objectives were achieved in certain areas such as pension reforms; but the WBG program failed to address effectively financial losses of its National Power Utility, the most critical public expenditure issue. The budgetary constraints could affect effective implementation of citizen security policy at both national and municipal levels as indicated by the cancelation of the second DPC operation of the Bank.

### **Focus Area 3: Enhancing Good Governance.**

23. **Improved public financial management, procurement, and results monitoring and evaluation capacity (Objective #15).** With the objective of enhancing good governance, the Bank support focused on public expenditure management. The Bank offered technical inputs by delivering a number of AAA, including Honduras Expenditure Review, a Debt Management Performance Assessment, and a set of financial policy notes. As stated in the CLR, progress in improving public financial management has been slower than expected. Out of 5 indicators on this objective, only two have been achieved. With the assistance from the Bank, several modules of the integrated financial management system (SIAFI) have been developed, allowing registration of 69 percent of central administration payments and 88 percent of payments of decentralized institutions. These indicators were, however, short on meeting the 100% target for central government and 80% target for the decentralized institutions. For evaluation capacity, six ministries drafted monitoring and evaluation systems, however, no monitoring results have been reported. The review concludes that the result was *Partially Achieved*.

24. **Improved financing framework for decentralized service delivery (Objective #16).** The Bank focused on the decentralization of water and sanitation sector through the Water and Sanitation Sector Modernization Project. The Bank supported eight municipalities by establishing autonomous municipal water and sanitation service providers that collect revenue and provide increased coverage. The CPS indicator was the completion of the assessment of the potential of municipal debt-financing. This was completed with the delivery of the Public Expenditure Review and the Public Expenditure and Financial Accountability assessment, focusing on decentralization and the Municipality of Tegucigalpa. However, the CLR did not disclose information whether the recommendations of Bank's AAA have been applied to decentralized delivery of water and sanitation services, and how they helped this decentralization process. IEG agrees with CLR rating of *Partially Achieved* for this objective.

25. For the objective of **improving efficiency and accountability of autonomous municipal water and sanitation service providers (Objective #17)**, the Bank was short on meeting CPS targets. 40% of municipalities with 40,000+ inhabitants operate under autonomous municipal water and sanitation service providers as of 2015 as opposed to the CLR target 50%. CPS did not set any indicators to measure improvements in delivery, efficiency, and quality of water and sanitation services by municipalities, thus it is not certain whether decentralization of service delivery was in fact beneficial to customers. Since no financing framework for decentralized services has been approved at the national level as noted in CLR, the impact of the Bank engagements has been limited to a large municipality such as Tegucigalpa. The review concurs with *Partially Achieved* rating of the CLR for this objective.

26. **Improved capacity of Civil Society Organizations (CSOs) to use demand-side governance tools contributed to increasing social accountability (Objective #18).** To improve transparency and accountability of policy-makers after the 2009 political conflict, the Bank worked with CSOs. Over 70 CSOs received WBG support for creating innovative platforms for monitoring and reporting on government performance. In terms of the number of CSO involvement, the Bank achieved its objective. As noted in the CLR, the number of formal requests for access to public information actually decreased due to increased use of government transparency portals, so the indicator for the number of formal





requests was not achieved. The review concludes that the outcome expected in this objective was *Partially Achieved*.

27. IEG rates the outcome of WBG support under Focus Area 3 as **Unsatisfactory** with all four objectives rated *Partially Achieved* by both CLR and IEG.

Overall Assessment and Rating

28. **IEG rates the development outcome of the WBG program as Moderately Unsatisfactory.** Out of the 18 objectives, seven objectives were assessed as achieved or mostly achieved while 11 were rated as partially achieved and not achieved. In terms of focus areas, focus areas 1 and 3 were rated as Moderately Unsatisfactory and Unsatisfactory, respectively, while focus area 2 was rated as Moderately Satisfactory. On balance, considering that focus area 2 is the core support of WBG during the CPS period, IEG assigns an MU rating per OPCS/IEG shared approach. Out of the five Bank projects evaluated by IEG during FY12-FY15, three projects had MU outcome ratings, including the First Programmatic DPC operation, the major Bank lending, to support the implementation of an integrated national citizen security strategy. These low project outcome ratings by IEG need to be considered to assign the overall WBG program rating during the CPS. IEG notes that some of the target indicators were set at a level which can be easily achieved (e.g. Objective 9 on microfinance). IEG also notes that some indicators are output indicators that do not, for instance, measure the outcome of new policy measures (e.g. Objective 1 on improve citizen security) or insufficient indicators that are not fully capture the achievement of the objectives (e.g. Objective 5 improve tax administration). The table below summarizes the ratings by focus area and by objective.

Objectives	CLR Ratings	IEG rating
<b>Focus Area 1: Improving Citizen Security</b>	<b>Moderately Satisfactory</b>	<b>Moderately Unsatisfactory</b>
Objective 1	Achieved	Mostly Achieved
Objective 2	Partially Achieved	Partially Achieved
Objective 3	Mostly Achieved	Partially Achieved
Objective 4	Not Achieved	Not Achieved
<b>Focus Area 2: Expanding Opportunities through Reducing Vulnerabilities</b>	<b>Moderately Satisfactory</b>	<b>Moderately Satisfactory</b>
Objective 5	Achieved	Mostly Achieved
Objective 6	Achieved	Achieved
Objective 7	Achieved	Partially Achieved
Objective 8	Not Achieved	Not Achieved
Objective 9	Mostly Achieved	Mostly Achieved
Objective 10	Partially Achieved	Partially Achieved
Objective 11	Achieved	Achieved
Objective 12	Achieved	Achieved
Objective 13	Achieved	Achieved
Objective 14	Partially Achieved	Partially Achieved
<b>Focus Area 3: Enhancing Good Governance</b>	<b>Moderately Satisfactory</b>	<b>Unsatisfactory</b>
Objective 15	Partially Achieved	Partially Achieved
Objective 16	Partially Achieved	Partially Achieved
Objective 17	Partially Achieved	Partially Achieved
Objective 18	Partially Achieved	Partially Achieved



## 6. WBG Performance

### Lending and Investments

29. At the time of CPS presentation to the Board, the Bank proposed a total lending package of US\$253 million, including the sequencing of the First programmatic DPC operation (US\$89 million) and the Second Programmatic DPC operation (US\$60 million). Out of these planned lending program, the Bank delivered a total of US\$191 million during CPS implementation period since the second DPC was cancelled. In addition to these planned projects under CPS, IDA approved Fiscal Sustainability and Enhanced Social Protection DPC (P151803; US\$80 million) in the last year of CPS in FY15. This was a single tranche DPC and the full disbursement was made in December 2014. During CPS implementation period, the Bank had 23 grants and trust fund projects for US\$29 million. These projects supported a wide range of areas from municipal citizen security, land administration, microfinance, youth innovation, to rural electrification. The Bank delivered three National Output-Based Aid (OBA) Facility projects with a total funding of US\$4.5 million, including funding from IFC for Water and Sanitation Services Project with an objective of establishing an efficient, transparent mechanism for financing infrastructure in Honduras.

30. During the four year CPS implementation period, 15 Bank projects were active on average. Out of these 15 projects, two or 9 percent were considered at risk, compared to LAC's (22 percent) and the overall average of the Bank (21 percent) for the same period. During FY12 – FY15, IEG validated five ICRs. IEG rated their outcome as moderately satisfactory for two and moderately unsatisfactory for two, and assigned significant risk to development outcomes for two of them, and moderate for the other three. Weaknesses in the design and M&E framework prevent full assessment of whether program objectives were met. Honduras experienced a decline in tax to GDP ratio, as well serious fiscal slippages during program implementation. This led to cancelation of the envisaged second operation of the series.

31. There were 15 IFC investment projects, with US\$225.8 million of net commitments, at the inception of the review period that were active during the review period. The largest of these projects was in mobile telephony which was closed because the sponsor sold the business and IFC was pre-paid. During the review period, IFC committed another US\$217.3 million through 12 investments, with over US\$90 million investments in the solar energy sector. Of the 27 projects in the IFC portfolio, only two have closed. The CLR made no comments on the portfolio, and none of the investment projects have been reviewed by the IEG yet. Based on IFC documents, all IFC projects appear to be performing satisfactorily.

32. MIGA gave coverage for US\$327 million for three projects that supported power generation (2) and building a highway.

### Analytic and Advisory Activities and Services

33. During the FY12-FY15 CPS period, four Economic and Sector Works (ESWs) and 11 Technical Assistance (TA) projects were delivered. Technical assistance and analytical work such, as Public Expenditure Review, complemented the Bank's First programmatic DPC operation as it reviewed important areas of reforms undertaken in 2011 under the Lobo Administration. To assist the decentralization process, the CLR reports that a subnational Public Expenditure and Financial Accountability Assessment (PEFA) study was carried out for the municipality of Tegucigalpa (P124681) that helped identify gaps in the municipality's public financial management capacities.

34. IFC had 8 advisory service (AS) projects approved before the review period for US\$5.1 million, which were implemented during the review period. During the review period, IFC approved 3 new AS projects amounting to over US\$592 thousand of IFC funds. Of these 11 projects, 10 have closed, and, of the 10 closed projects, 6 were rated Mostly Successful/ Successful at completion and IEG has



validated 4 of them. Four projects were rated Mostly Unsuccessful/ Unsuccessful at completion but IEG has not validated any one of them yet.

#### Results Framework

35. As stated in the CLR, the results framework was poorly designed and in some instances, overly ambitious such as reducing energy losses per year in ENEE (see Objective 8) and under-ambitious in another (see Objective 9, para 17). The CPSPR failed to meaningfully adjust the Results Framework, or include any IFC or MIGA activities and areas of support. The CLR also notes that the Results Framework relied on an excessive number of outcomes and targets to measure and demonstrate results to accommodate ongoing projects initiated during the previous CPS. In some of the objectives, a single outcome indicator did not sufficiently capture the achievement of objectives (e.g. Objective 5, 16 and 17) while some indicators measured output and not development outcomes (e.g. Objective 1 and 3). For a number of target indicators, baseline numbers are not provided, making it difficult to assess fully the contribution of WBG program to achieve GoH's strategic objectives.

#### Partnerships and Development Partner Coordination

36. The Bank appeared to cooperate effectively with a number of donors to enhance the development impact of its program. In addition to US\$70 million funding from the Bank, Inter-American Development Bank and Central American Bank of Economic Integration (US\$120 million) provided funding of US\$110 million and US\$120 million, respectively, to *Bono Mejor Vida* CCT Program with total investment of US\$300 million. The Bank also leveraged its US\$30 million from the Global Agriculture and Food Security Program to mobilize over US\$100 million in additional funds from the United States Agency for International Development.

#### Safeguards and Fiduciary Issues

37. In both Social Protection & Labor and Education sectors, the Indigenous Peoples (IP) policy was triggered. In the Education sector, the Bank worked directly with the Indigenous and Afro-Honduran communities. In the Social Protection and Labor sector, initial weak implementation of the IP policy was strengthened with the addition of ethnic youth. In the Urban Development sector, the project triggered Environmental Assessment and Involuntary Resettlement. While the project brought benign environmental effects, a broad environmental assessment needs to consider possible adverse effects of the discharge of untreated wastewater from the project's own infrastructure. With respect to Involuntary Resettlement (IR), the IR Framework did not have to be applied thanks to the careful design of sub-projects to avoid resettlement. Finally, the Development Policy Financing support on reducing vulnerabilities for growth development, governed by OP 8.60, did not look at the social risks associated with reforming the Pension Systems.

38. An INT investigation in the Corazon Transboundary Biosphere Reserve Project (P085488) pointed to a number of integrity issues that have also been seen in other decentralized and CDD project components globally. Such issues can include PIU non-compliance with operational and subproject manuals, asset misappropriation, diversion of funds intended to finance subprojects, fraud in procurement, delivery of substandard work, and poor record keeping practices. Lack of local capacity, the remoteness of subproject locations and associated difficulty in supervision due to lack of accessibility of target communities, often the case in such operations can further contribute to creating an environment that enables wrongdoing.

39. For IFC, out of the 27 investments in the portfolio during the review period, 5 did not require Environmental and Social Risk Rating (ESRR) ratings and 5 projects have not been assigned a rating yet with recent approvals. There were 17 projects that had explicit ESRR ratings. Of these, 11 (65%) were rated Excellent/Satisfactory, and 6 (35%) were rated Partially Unsatisfactory/Unsatisfactory. None of the IFC projects was rated Unsatisfactory or have been placed on IFC High Risk List, although two IFC the projects were investigated by CAO in FY12 – FY15. As reported in CLR, CAO identified a



number of environmental and social due diligence shortcomings of IFC investment in the palm oil company. As noted in CLR, IFC and Dinant agreed on an Enhanced Action Plan to address both company-specific needs for environmental and social improvements and land ownership and development issues in Bajo Aguán. CLR, however, did not disclose another CAO investigation during CPS implementation period. CAO investigated IFC's investment in a bank, and concluded "IFC acquired an equity stake in a commercial bank with significant exposure to high risk sectors and clients, which lacked capacity to implement IFC's environmental and social requirements."

#### Ownership and Flexibility

40. Since WBG program was aligned with the key strategic objectives of the country, the commitment of the GoH were evident during the design stage of the WBG country strategy as well as during the program implementation. The First Programmatic DPC was prepared in response to the request from the GoH to address a difficult fiscal situation due to (i) the large imbalances in central government finances and unresolved structural weaknesses in public pension funds, and (ii) a challenging security situation that requires an integrated strategy to tackle the increasing levels of crime and violence that undermine the country's growth potential and investment climate. The WBG program was responsive in making adjustments and responding to changed country conditions by cancelling the planned second series of DPC when GoH faced with the further deterioration of its fiscal position.

#### WBG Internal Cooperation

41. The CPS and CPSPR were joint strategy documents of the World Bank Group with involvement Bank and IFC staff and management team. At the CPS stage, the Bank and IFC activities were expected to be complementary in the area of investment climate through the FPD Investment Climate Practice of the Bank Group, a joint IFC-Bank practice. CPS notes that a joint collaboration among the Bank, IFC, and IDB were under preparation to support the investment plan for the Scaling-Up Renewable Energy Program (SREP). Results framework of CPS and CPSR, however, did not define outcome indicators with respect to how and to what extent IFC's engagement and its activities would support three main CPS strategic objectives and, thus, support the development goal of Honduras.

#### Risk Identification and Mitigation

42. The CPS identified four key risks in the areas of fiscal consolidation, crime and violence, political economy, and the possibility of disasters. CPS notes that the Bank had identified approaches and instruments to help mitigate the risks, but it also acknowledged the fact that violence and crime would likely to continue in Honduras. The CPSPR added political transition in Honduras as a significant risk in light of past experience where the political transition created implementation delays. Due to the further deterioration in public financial management during the first two years of the CPS period, CPSPR notes that the management of government fiscal position became increasingly an important risk, and predicting that new administration would likely to inherit a challenging fiscal situation which may affect the implementation and/or sustainability of some Bank Projects, particularly in terms of counterpart funding. To mitigate fiscal risks, CPSCR claims that the Bank and the IMF were working together to support the country's efforts to improve macroeconomic performance and set it on a sustainable trajectory for the medium term, as well as providing policy advice to improve the efficiency of public expenditures. As evidence by the cancelation of the second series of DPC, fiscal challenges affected negatively both implementation and sustainability of policy changes supported by the Bank projects.

#### Overall Assessment and Rating

43. IEG rates overall WBG performance as *Fair*. The selection of three key strategic objectives/focus areas was adequate and relevant as it corresponds to the priority of the government, however WBG's program was not sufficiently selective with 18 objectives and 43 target indicators. The CPS correctly identified critical risks to the WBG program including lack of fiscal discipline and severe budget constraints, however, the measures to mitigate risks seem to have been insufficient. GoH declared



fiscal emergency in August 2012 and the combined public sector's fiscal deficit increased from 4.6 percent of GDP in 2011 to 7.9 percent in 2013, higher than the crisis-driven 2009 deficit. The implementation of the WBG program objectives was good for some of the areas, however, it failed short on delivering sustained impact in the strategic objective area of improving citizen security with the cancelation of the second programmatic DPC.

44. As noted in CLR, the results framework was poorly designed and in some instances, overly ambitious such as reducing energy losses per year in ENEE. The results framework had deficiencies as it failed to incorporate IFC and MIGA activities even at CPSPR stage when the IFC and MIGA activities were more certain. An INT investigation in the Corazon Transboundary Biosphere Reserve Project (P085488) pointed to a number of integrity issues that have also been seen in other decentralized and CDD project components globally. During CPS implementation period, IEG notes major shortcomings in IFC's work quality on E&S issues. CAO investigated two IFC's investments in the real sector and financial market during CPS implementation period of FY12-FY15. CAO identified a number of E&S due diligence shortcomings for IFC's investment in the palm oil company Dinant and it also raised concerns over the lack of capacity for IFC's client bank to implement IFC's environmental and social requirements. Although IFC and Dinant agreed on an Enhanced Action Plan to address both company specific needs for E&S improvements as well as land ownership and development issues in the Bajo Aguán, as noted in the CLR, and while these corrective measures taken by the client with IFC support appear to have the desired result of much improved compliance, these perceived shortcomings in IFC's performance on E&S issues need to be factored in rating WBG performance.

## **7. Assessment of CLR Completion Report**

45. To assess the development impacts of CPS implementation, the CLR assesses the program's achievements and outcomes by following the results framework in the CPS and CPSPR and drawing lessons from the WBG program implementation. Some of the indicators, however, are rather output indicators than outcome indicators, such as the passing of the new law, and it does not tell what development impacts have been realized with or associated with the support of WBG projects and technical assistance activities, for example actual reduction of crimes and violence in Honduras. The overall ratings provided in the CLR are not consistent with the shared WBG and IEG approach. For instance, Focus Area 3 should have been rated Unsatisfactory given that all four objectives are rated Partially Achieved. The CLR covered fiduciary issues and transparent on CAO investigation of IFC's investment in the real sector and report what actions have been taken by IFC and CAO after the completion of CAO investigation, however, it did not disclose another CAO investigation of IFC's investment in the financial sector which was carried out during CPS implementation period of FY12-FY15.

## **8. Findings and Lessons**

46. IEG agrees with the four key lessons in the CLR and adds fifth lesson on the need of continuous monitoring on the effectiveness of new citizen security policy, which are summarized as follows.

- (i) It is necessary to have a longer-term view in the design of the CPF by focusing on those sectors where the Government has demonstrated strong demand and commitment, which are of major development importance and where implementation capacity is satisfactory. By recognizing the nature of Honduran politics "stop-go" characteristics in development efforts, the WBG would need to be prepared to make longer-term commitments to strategic sectors.
- (ii) Long-term commitment is also important in policy changes, as one of the key lessons from CPS implementation in Honduras is that translating policy into action requires sector



leadership, resources, cross sectoral approaches and donor coordination to achieve sustainable improvements in citizen security

- (iii) With limited IDA envelope, it will be critical for the three WBG institutions, IDA, IFC and MIGA to jointly identify opportunities for development and provide a comprehensive set of development solutions leveraging their strengths to address the country's challenges.
- (iv) As the quality of the Bank's knowledge and convening services have been valued by successive Governments as well as by broader stakeholders, the WBG would need to play an important convening and advisory role in policy and program design, and in facilitating coalition-building and important multi-stakeholder initiatives, beyond the WBG's immediate program.
- (v) Indicators, such as the passage of a new policy and adoption of the action plan, represent the start of the implementation of a citizen security policy by GoH; however, they do not capture how the government programs under the new citizen security policy will lead to lower crime rates in Honduras. It is important to have a proper M&E system in place to measure the effectiveness of these new policy measures on citizen security. The Implementation Completion Report (ICR) of the First Programmatic DPC recognized that efforts to prevent violence by addressing its multiple causes have been marginal, underfunded, and sporadic in Honduras. The CPS goal on citizen security was not only adopting a new national policy, but also social prevention activities were developed, financed, operationalized, and monitored. Given the limited fiscal space in GoH, it is important to monitor whether government programs under the new citizen security framework will be funded properly and lead to lesser crimes and violence in Honduras.

**Annex Table 1: Summary Achievements of CAS/CPS Objectives**

**Annex Table 2: Planned and Actual Lending for Honduras, FY12-15**

**Annex Table 3: Grants and Trust Funds Active in FY12-15 (in US\$ million)**

**Annex Table 4: IBRD Analytical and Advisory Work for Honduras, FY12-FY15**

**Annex Table 5: IBRD Project Ratings for Honduras, FY12-15**

**Annex Table 6: IBRD Project Ratings: Comparators**

**Annex Table 7: Portfolio Status for Honduras and Comparators, FY12-15**

**Annex Table 8: Disbursements Ratio for Honduras, FY12-15**

**Annex Table 9: Net Disbursement and Charges for Honduras, FY12-15**

**Annex Table 10: IFC Investments and Financing**

**Annex Table 11: List of IFC Advisory Services for Honduras**

**Annex Table 12: MIGA Activities**

**Annex Table 13: Total Net Disbursement of Official Development Assistance and Official Aid for Honduras**

**Annex Table 14: Economic and Social Indicators**







**Annex Table 1: Summary Achievements of CAS/CPS Objectives**

	<b>CPS FY12-FY15: Focus Area 1 – Improving Citizen Security</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	<b>Results Area: Strengthened National Capacity to Address Citizen Security</b>		
	<b>1. CPS Objective: Improved policy environment for implementation of an integrated national citizen security strategy (Mostly Achieved)</b>		
<b>Major Outcome Measures</b>	<b>Indicator:</b> National policy on citizen security providing for social prevention activities is developed, financed, operationalized, and monitored.  <b>Baseline:</b> No  <b>Target:</b> Yes (2014)	The National Citizen Security and Coexistence Policy was approved in December 2011. The Population Security Law passed on October 2011 established a tax on financial transactions and key economic activities to finance programs derived from the Citizen Security and Coexistence Policy. To implement the policy, the Government mandated the Security, Defense, and Governance Cabinet to be responsible for intra-governmental coordination and a Security and Prevention Cabinet was established to regularly monitor progress in reducing crime and violence.	Source: CLR
	<b>Indicator:</b> Risk-based supervision by Comisión Nacional de Bancos y Seguros (CNBS) being carried out on the basis of a financial projection model  <b>Baseline:</b> No  <b>Target:</b> Yes (2014)	As of 2013, the CNBS had adopted a strong and modern risk-based supervision banking framework. In addition, the CNBS regularly conducts risk-based supervision of the banking sector and publishes audited financial statements of finance institutions.	Source: CLR
	<b>Indicator:</b> New Financial Payments System in operation  <b>Baseline:</b> No  <b>Target:</b> Yes (2014)	Following support to the CNBS, a new fully-functional Financial Payments System is operational since June 2013.	Source: CLR
	<b>Indicator:</b> Action Plan under implementation to reduce the risk of recycling of proceeds of crime in the Honduran economy  <b>Baseline:</b> No  <b>Target:</b> Yes (2014)	As of 2013, the CNBS had conducted a National Risk Assessment on crime proceeds and money laundering, and had developed an action plan to address vulnerabilities. The Action Plan includes strengthening regulatory guidelines, developing operational manuals, adopting international standards, and fostering linkages with the Office of Foreign Assets Control.	Source: CLR
	<b>2. CPS Objective: Strengthened capacity of communities and local governments in social prevention of crime and violence (Partially Achieved)</b>		
<b>Indicator:</b> Percentage of people feeling insecure in the municipalities where the	According to the National Autonomous University's Institute for Democracy, Peace and Security, 70.5% of municipalities	Source: CLR	



	<b>CPS FY12-FY15: Focus Area 1 – Improving Citizen Security</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	<p>“Safer Municipalities” Program is being implemented</p> <p><b>Baseline:</b> 91% (2010)</p> <p><b>Target:</b> 65% (2015)</p>	<p>nation-wide felt insecure in 2015, significantly below the 2010 baseline for Safer Municipalities Project. While the specific perception assessment to be conducted in municipalities under the Safer Municipalities Project with support from the SMP is still pending, the Institute’s survey serves as a proxy and points to significant reduction in average perceptions of insecurity, from 91% in 2010 to 70.5% in 2015 at the national level.</p>	
	<p><b>Indicator:</b> Barrio Ciudad Project beneficiaries polled and 65% of households feel safe in their home by project close.</p> <p><b>Baseline:</b> Not provided</p> <p><b>Target:</b> 65% (2015)</p>	<p>The initial baseline for Barrio Ciudad households that felt safe in their home was 45%. The Barrio Ciudad Household survey data published in June 2013 reported that 54% of households felt safer in their homes.</p>	<p>Source: CLR</p> <p>Neither the CPS nor the CPSPR provided a baseline value. The baseline value was provided at the CLR stage.</p>
	<p><b>Indicator:</b> National and municipal governments collected, analyzed, and used data on crime and violence perpetration and victimization (disaggregated by gender and age) for evidence-based policymaking and actions under the Safer Municipalities Project.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes (2015)</p>	<p>National level: as of 2014, the Institute for Democracy, Peace and Security collects and analyzes data on crime and violence perpetration and victimization (disaggregated by gender and age) that is published online as national bulletins and, is available to the general public and helps policymakers to adjust nationwide interventions.</p> <p>Municipal level: as of 2013, the Safer Municipalities Project supported development of 10 municipal security plans that incorporated geo-referenced crime statistics including hotspot areas and data on perpetration and victimization (disaggregated by gender and age).</p>	<p>Source: CLR</p> <p>The indicator was introduced at the CPSPR stage (May 2013). The indicators may have already been achieved when they were introduced.</p>
	<p><b>Indicator:</b> Percentage of people that are victims of school-based violence in target schools, disaggregated by gender and age, under the Safer Municipalities Project</p> <p><b>Baseline:</b></p> <p><b>Target:</b></p>	<p>Results from a recently completed survey targeting victims of school-based violence will be released in 2016.</p>	<p>Source: CLR</p> <p>The indicator was introduced at the CPSPR stage. Baseline and target were not provided.</p>
<p><b>3. CPS Objective: Improved employment opportunities for youth (Partially Achieved)</b></p>			
	<p><b>Indicator:</b> Number of beneficiaries from <i>Mi Primer Empleo</i> initiative reached</p>	<p>The Project baseline was established at 0 beneficiaries. By 2013, 4,883 beneficiaries (at-risk youth aged 15-19 years) received a</p>	<p>Source: CLR</p>



	<b>CPS FY12-FY15: Focus Area 1 – Improving Citizen Security</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	<p><b>Baseline:</b> 0</p> <p><b>Target:</b> 6,600 (2014)</p>	<p>full package of skills training, behavioral change, and labor market opportunities services.</p>	<p>The target was revised downwards at the CPSPR stage owing to implementation delays and project restructuring. The original target was 7,100 beneficiaries</p>
	<p><b>Indicator:</b> Number of men aged 15-24 who worked on sub-projects financed by Japan Social Development Fund (JSDF) employment generation</p> <p><b>Baseline:</b> 0</p> <p><b>Target:</b> 1,500 (2014)</p>	<p>As of 2015, a total of 1,357 beneficiaries in the 15-24 age group had worked under sub-projects financed by the JSDF (672 female and 685 males), however the beneficiaries were expanded to include males and females up to 30 years of age, and the number of beneficiaries in that age group reached 3,262.</p>	<p>Source: CLR</p>
<b>Results Area: Linking National Interventions to Regional Approaches on Citizen Security</b>			
<b>4. CPS Objective: Strengthened regional approaches to combat crime and violence in Central America and harmonized Honduran policies with regional best practices (Not Achieved)</b>			
	<p><b>Indicator:</b> Active Honduran participation in regional citizen security initiatives, especially related to prevention</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes (2014)</p>	<p>As of 2015, Honduras, along with Guatemala and El Salvador drafted the Alliance for Prosperity regional initiative to serve as a regional coordinating mechanism for citizen security initiatives, including those related to prevention.</p>	<p>Source: CLR</p> <p>The proposed indicator is a process / activity measure that may not necessarily lead to strengthened regional approaches to combat crime and violence. In addition, the chosen indicators does not report on whether Honduran policies have been harmonized with regional best practices.</p>



	CPS FY12-FY15: Focus Area 2 - Expanding Opportunities through Reducing Vulnerabilities	Actual Results (as of current month/year)	Comments
<b>Major Outcome Measures</b>	<b>Results Area: Pension, Energy Utility and Public Sector Wage Bill Discipline</b>		
	<b>5. CPS Objective: Improved tax administration (Mostly Achieved)</b>		
	<b>Indicator:</b> Number of large taxpayers filing electronically  <b>Baseline:</b> 335 (2010)  <b>Target:</b> ≥ 402 throughout CPS period FY12-FY15 (20% increase)	The number of large taxpayers filing electronically was the following: 2010: 335 2011: 549 2015: 560	Source: CLR and Honduras Team
	<b>6. CPS Objective: Improved financial sustainability of major pensions systems (INPREMA and INJUPEMP) (Achieved)</b>		
	<b>Indicator:</b> PROHECO (Community Education Program) teachers' pension contributions are flowing into INPREMA  <b>Baseline:</b> No  <b>Target:</b> Yes (2014)	As of 2013, PROHECO teachers had been integrated into INPREMA and INPREMA now receives their pension contributions.	Source: CLR
	<b>7. CPS Objective: Improved fiscal sustainability of the public wage bill (Partially Achieved)</b>		
	<b>Indicator:</b> Central Government wage bill as a percentage of GDP  <b>Baseline:</b> 11% (2010)  <b>Target:</b> 10.3% (2014)	The CLR reports that the Government's wage bill fell from 11% in 2010 to 9.4% of GDP in 2013. Relying on data from the recent SCD, the Honduras team reports that the he wage bill was 9.1% and 8.2% of GDP in 2014 and 2015 respectively.	Source: CLR and Honduras team.
	<b>8. CPS Objective: Strengthened institutional capacity and reduced losses of the national energy utility (Not Achieved)</b>		
<b>Indicator:</b> Percentage of electricity losses per year in National Power Utility (ENEE)  <b>Baseline:</b> 29% (2012)  <b>Target:</b> 21.5% (2015)	Technical and non-technical losses increased from 22.5% in 2010 to 31.3% in 2014 (Source: ENEE Annual Operations Report).	Source: CLR  The baseline and target were revised at the CPSPR stage. The original baseline was 22.5% (2010) and the original target was 15% (2015). Delays in the implementation of the PROMEF project explain the less ambitious target. The baseline was updated upwards to reflect increased technical and non-technical losses between 2010 and 2012	
<b>Results Area: Improved Investment Climate and Competitiveness</b>			
<b>9. CPS Objective : Enhanced capacity of and investment opportunities for small and medium enterprises and rural productive alliances (Mostly Achieved)</b>			



	<b>CPS FY12-FY15: Focus Area 2 - Expanding Opportunities through Reducing Vulnerabilities</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	<p><b>Indicator:</b> Number of rural productive alliances supported with a 20% increase in net revenues for participating rural producers</p> <p><b>Baseline:</b> 0</p> <p><b>Target:</b> 120 (2015)</p>	<p>A total of 114 rural productive alliances (74 from COMRURAL and 40 from AGROCACAO) were established by June 2015.</p> <p>As of March 2015, COMRURAL rural producers reported a 28% increase in net revenues.</p> <p>As of June 2015, AGROCACAO rural producers reported annual sales of 14.8 metric tons of cacao. While no data was available to estimate the net revenues, sales are reported to have increased household income by 10% according to AGROCACAO monitoring system.</p>	<p>Source: CLR</p>
	<p><b>Indicator:</b> At least US\$1.5 million in microfinance loans granted to rural beneficiaries of the Rural Infrastructure Project.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes (2015)</p>	<p>As of 2014, US\$1.55 million in microfinance loans had been provided to 2,345 rural poor beneficiaries for the purchase of photovoltaic systems from local energy distributors.</p>	<p>Source: CLR</p>
	<p><b>Indicator:</b> Operational capacity of microfinance institutions is strengthened in conjunction with Bank Group-financed projects.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes (2015)</p>	<p>The operational capacity of microfinance institutions has been strengthened. A revolving line of credit in the amount of US\$6 million was provided to the microfinance institutions, which also benefitted from increased capacity to review business proposals, including financial information such as liquidity and solvency of small-rural producer organizations.</p>	<p>Source: CLR</p>
<b>10. CPS Objective: Reduced Logistics constraints (Partially Achieved)</b>			
	<p><b>Indicator:</b> Percentage of unpaved road network under regular maintenance</p> <p><b>Baseline:</b> 33% (2008)</p> <p><b>Target:</b> 70% (2015)</p>	<p>Government capacity to maintain unpaved road network diminished over time -- from 33 percent of the road network in 2008 (equivalent to 3,650 km) to 16.1 percent in 2013 (equivalent to 1,781 km).</p>	<p>Source: CLR</p> <p>The CLR notes that the target for this outcome was overly ambitious and beyond the scope of what could reasonably be expected from WBG interventions.</p>
	<p><b>Indicator:</b> (i) Kilometers of primary roads reconstructed; (ii) Number of bridges reconstructed; (iii) Kilometers of rural roads put under regular routine maintenance</p>	<p>(i) 127 (2015)</p> <p>(ii) 5 (2015)</p> <p>(iii) 532 (2015)</p>	<p>Source: CLR</p>



	CPS FY12-FY15: Focus Area 2 - Expanding Opportunities through Reducing Vulnerabilities	Actual Results (as of current month/year)	Comments
	<p><b>Baseline:</b> (i) 0; (ii) 0; (iii) 0</p> <p><b>Target:</b> (i) 152; (ii) 4; (iii) 800</p>		
	<p><b>Indicator:</b> Kilometers of rural roads rehabilitated</p> <p><b>Baseline:</b> 0 (2012)</p> <p><b>Target:</b> 445 (2015)</p>	<p>As of 2015, 599 km of rural roads had been rehabilitated.</p>	<p>Source: CLR</p>
<p><b>11. CPS Objective: Improved land tenure security (Achieved)</b></p>			
	<p><b>Indicator:</b> Number of families in rural and urban areas that complete process to obtain new land titles (of which at least 30% are held by women).</p> <p><b>Baseline:</b> Not provided</p> <p><b>Target:</b> ≥ 30,000</p>	<p>As of 2014, 45,263 families in rural and urban areas had completed the process to obtain new land titles. Data on percentage of land titles held by women was 54% as of September 2015.</p>	<p>Source: CLR</p> <p>The target was revised downwards at the CPSPR stage. The original target was at least 50,000 families.</p>
	<p><b>Indicator:</b> Average number of days to register a land transaction through the modernized land titling registries.</p> <p><b>Baseline:</b> 23 days (2011)</p> <p><b>Target:</b> 20 days (2011)</p>	<p>The processing time for land titling registry in the Property Institute was reduced from 20 days in 2012 to 15 days in 2015.</p>	<p>Source: CLR</p> <p>The target was revised downwards at the CPSPR stage. The original target was 18 days.</p>
<p><b>Results Area: Improved Quality of Education</b></p>			
<p><b>12. CPS Objective: Improved coverage, governance, and accountability of the basic education system, with a particular emphasis on the most disadvantaged and rural communities (Achieved)</b></p>			
	<p><u>Coverage</u> <b>Indicator:</b> Number of new pre-school institutions opened</p> <p><b>Baseline:</b> 400 (2011)</p> <p><b>Target:</b> 800 (2014)</p>	<p>As of 2013, 771 new pre-school institutions had been opened (Community-Based Pre-School Institutions).</p> <p>The Honduras team reports that, according to Ministry of Education, 146,702 children are currently attending 2,439 PROHECO schools, including those opened with support from the WBG</p>	<p>Source: CLR and Honduras Team</p> <p>The proposed indicator is an output measure of coverage that does not report on whether enrollment increased.</p>
	<p><u>Quality</u> <b>Indicator:</b> Number of Community Education Program (PROHECO) school (i.e. rural schools for basic education) teachers provided with new multi-grade</p>	<p>As of 2013, a total of 3,711 PROHECO teachers had received didactic teaching materials and were trained in the use of new multi-grade techniques developed by the Ministry of Education.</p>	<p>Source: CLR</p> <p>The proposed indicator is an output measure of quality that is likely to contribute to improved quality of education. However, indicator is not</p>



	<b>CPS FY12-FY15: Focus Area 2 - Expanding Opportunities through Reducing Vulnerabilities</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	teaching materials and training.  <b>Baseline:</b> 0  <b>Target:</b> 2,250		an outcome measure of quality.
	<b>Quality Indicator:</b> (i) National assessment of student learning for the country in place; (ii) Honduras participating in international assessments of student learning: Trends in International Mathematics and Science Study (TIMSS) 2011 and Progress in International Reading Literacy Study (PIRLS) 2011  <b>Baseline:</b> (i) No; (ii) No  <b>Target:</b> (i) No; (ii) Yes (2011)	<p>(i) The First National Assessment of Student Learning (census-based annual assessment) was implemented in November 2012. The second assessment was carried out in November 2013.</p> <p>(ii) As of 2012, Honduras had participated for the first time in the International Trends in International Mathematics and Science Study (TIMSS) and in the Progress in International Reading Literacy Study (PIRLS). The Bank provided support to this participation through the Honduras Education Quality, Governance, &amp; Institutional Strengthening (P101218) Project. IEG rated the development outcome of this project as Moderately Satisfactory.</p> <p>The Honduras Team reports that the results from the TIMSS and PIRLS studies were used to elaborate a comprehensive report. The report was discussed with the Ministry of Education (SEDUC)'s technical teams in early 2012. With the arrival of Minister Escoto in end-February 2012, technical discussions and strengthening of technical teams with funding from the Project intensified significantly and inputs from both technical discussions and the TIMSS/PIRLS technical report informed three major policy reforms: 1) the launch of census-based annual standardized national assessments of learning outcomes for grades 1 through 9; 2) the launch of the first-ever teacher assessment (50,000+ teachers evaluated both in 2013 and 2014); 3) the continued interest in participating in international assessments (e.g. Honduras will participate in the brand new PISA for Development early 2016).</p> <p>On top of the above mentioned, the Bank support had important catalytic effects as the Government of Honduras enacted, in</p>	<p>Source: CLR and Honduras Team.</p> <p>The proposed indicators are output measures of quality that is likely to contribute to improved quality of education. However, the proposed indicators are not an outcome measure of quality.</p>



	<b>CPS FY12-FY15: Focus Area 2 - Expanding Opportunities through Reducing Vulnerabilities</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
		February 2014, the new Law for the Evaluation, Accreditation and Certification of Educational Quality and Equity. This law institutionalized the evaluation process from a Government's point of view and creates an independent technical institution for all evaluation, accreditation and certification processes. The by-laws that operationalize this law have been finished and expected to be approved via Presidential Decree before the end of CY2015.	
	<u>Accountability</u> <b>Indicator:</b> Percentage of schools that involve parents in social audits of the schools' use of the 60-words-per-minute fluency test in 2nd grade in targeted areas <b>Baseline:</b> 0 (2012)  <b>Target:</b> 25% (2015)	Dropped at CPSPR stage	Source: CLR  The indicator was dropped at the CPSPR stage.
<b>Results Area: Consolidated and Strengthened Social Protection System</b>			
<b>13. CPS Objective: Improved coverage and governance of the national CCT program (Bono 10k) (Achieved)</b>			
	<u>Coverage</u> <b>Indicator:</b> Number of families receiving regular payments from Bono 10k  <b>Baseline:</b> 0  <b>Target:</b> 30,000 (2014)	As of 2015, 30,413 rural families had received Bono 10k regular payments with resources from the Social Protection Project.	Source: CLR  The target was achieved one year later than planned.
	<u>Governance</u> <b>Indicator:</b> New social protection targeting mechanism for urban areas is validated and piloted  <b>Baseline:</b> No  <b>Target:</b> Yes (2014)	A targeting mechanism for urban and rural areas was developed and implemented in 2014 with support from the Social Protection and Nutrition and Social Protection projects.	Source: CLR
	<u>Governance</u> <b>Indicator:</b> Percentage of (i) schools and (ii) health centers that report compliance in accordance with payment cycles  <b>Baseline:</b> (i) 0%; (ii) 0%	As of December 2014, 100% of schools and 91% of health centers reported compliance in accordance with payment cycles.	Source: CLR





	CPS FY12-FY15: Focus Area 2 - Expanding Opportunities through Reducing Vulnerabilities	Actual Results (as of current month/year)	Comments
<b>Target:</b> (i) 90%; (ii) 50%			
<b>Results Area: More Effective Disaster Risk Management</b>			
<b>14. CPS Objective: Improved risk mapping and planning capacity (Partially Achieved)</b>			
<p><b>Indicator:</b> Honduras benefits from regional disaster risk management initiatives and harmonized disaster planning as coordinated by the Regional Coordination Center for Disaster Prevention in Central America (CEPRENAC)</p> <p><b>Baseline:</b> No (2012)</p> <p><b>Target:</b> Yes (2015)</p>	<p>In coordination with Regional Coordination Center for Disaster Prevention in Central America, Honduras updated, adopted and published its humanitarian aid coordination manual for disaster emergencies (2014). In addition, Honduras benefits from the Caribbean Catastrophe Risk Insurance Project (P149895).</p>	<p>Source: CLR</p>	
<p><b>Indicator:</b> Central American Probabilistic Risk Assessment (CAPRA) tools used to assess, understand and communicate disaster risk in Honduras</p> <p><b>Baseline:</b> No (2012)</p> <p><b>Target:</b> Yes (2015)</p>	<p>As of 2015, the Honduras Water and Sanitation Agency (SANAA), the National Autonomous University, and the Disaster Management Agency had prepared a draft report on seismic risk assessment of water and sanitation infrastructure using CAPRA tools following a training on how to use probabilistic seismic risk assessments to estimate potential damages to SANAA infrastructure. Finalization of the seismic risk assessment is pending due to identified gaps in technical expertise within SANAA.</p>	<p>Source: CLR</p>	
<p><b>Indicator:</b> Number of municipalities that have adopted disaster risk management (DRM) plans within the framework of their land use planning</p> <p><b>Baseline:</b> 0 (2014)</p> <p><b>Target:</b> 10 (2015)</p>	<p>As of 2015, five municipalities had adopted land use plans that integrate DRM aspects, and an additional seven municipalities have adopted methodologies to prepare their own risk assessments.</p>	<p>Source: CLR</p> <p>This indicator was introduced at the CPSPR stage and they are related to the Disaster Risk Management Project (P131094)</p>	
<p><b>Indicator:</b> Number of municipal and community disaster emergency committees established.</p> <p><b>Baseline:</b> 0</p> <p><b>Target:</b> 20</p>	<p>As of 2015, 36 municipal and community disaster emergency committees had been established.</p>	<p>Source: CLR</p> <p>This indicator was introduced at the CPSPR stage and they are related to the Disaster Risk Management Project (P131094)</p>	



	<b>CPS FY12-FY15: Focus Area 3 - Enhancing Good Governance</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	<b>Results Area: Improved Accountability in Public Expenditures</b>		
	<b>15. CPS Objective: Improved public financial management, procurement, and results monitoring and evaluation capacity (Partially Achieved)</b>		
<b>Major Outcome Measures</b>	<u>Public financial management</u> <b>Indicator:</b> Percentage of (i) central government institutions and (ii) decentralized institutions that operate with the updated 100% of central government and 80% of decentralized institutions operate with the updated Integrated Financial Management Information System (SIAFI)  <b>Baseline:</b> Not provided.  <b>Target:</b> (i) 100% (2015); (ii) 80% (2015)	(i) 69% (2015)  (ii) 88% (2015)	Source: CLR
	<u>Procurement</u> <b>Indicator:</b> Percentage of bidding opportunities and contract awards information published through the e-procurement system.  <b>Baseline:</b> Not provided  <b>Target:</b> 80% (2015)	100% of bidding opportunities and contract awards information published through the e-procurement system (2014).	Source: CLR
	<u>Public financial management</u> <b>Indicator:</b> Reduction of floating debt related to payroll expenditures in Ministries of Health and Public Works  <b>Baseline:</b> Not provided  <b>Target:</b> Yes (2015)	Achievement of the indicator cannot be verified as results from the payroll audits are still pending.	Source: CLR  The indicator was introduced at the CPS stage and it lacked a baseline and a specific target beyond indicating that a reduction was expected. The CPSPR missed the opportunity to introduce a baseline and a target.
	<u>Results monitoring and evaluation capacity</u> <b>Indicator:</b> Number of sector cabinets with results monitoring carried out regularly  <b>Baseline:</b> 0  <b>Target:</b> 6 (2015)	As of 2015, 6 line ministries had drafted monitoring and evaluation systems and corresponding sectorial strategies. However, results monitoring had yet not been carried out regularly.	Source: CLR  The indicator proposed at the CPS and maintained at the CPSPR was "Number of sector cabinets with results monitoring carried out regularly". The CLR reports on line ministries.



	<b>CPS FY12-FY15: Focus Area 3 - Enhancing Good Governance</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	<p><u>PFM / Results monitoring and evaluation capacity</u> <b>Indicator:</b> Timely and relevant technical inputs provided for budget and policy analysis</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes (2015)</p>	<p>The WBG supported the delivery of the following analytical inputs: Honduras Public Expenditure Review (P129386), a Debt Management Performance Assessment (P148345), and a set of financial policy notes (P149056) that have informed the DPCs.</p> <p>The Honduras team reports that the Ministry of Finance has released its 2015 Debt Management Policy and Plan following the advice provided in the Debt Management Performance Assessment (DeMPA) (P148345); thus indicating use of WBG analytical inputs. The DeMPA is a methodology for assessing public debt management performance through a comprehensive set of indicators spanning the full range of government debt management functions.</p>	<p>Source: CLR</p> <p>The proposed indicator is an output measure that requires use to improve budget and policy analysis.</p>
<b>Results Area: Stronger Decentralized Structures</b>			
<b>16. CPS Objective: Improved financing framework for decentralized service delivery (Partially Achieved)</b>			
	<p><b>Indicator:</b> Assessment of municipal debt-financing potential completed</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes (2014)</p>	<p>As of 2013, an assessment of municipal debt-financing potential had been completed as part of the Public Expenditure Review and Public Expenditure and Financial Accountability focusing on decentralization and the Municipality of Tegucigalpa.</p>	<p>Source: CLR</p>
<b>17. CPS Objective: Improved efficiency and accountability of autonomous municipal water and sanitation service providers (Partially Achieved)</b>			
	<p><b>Indicator:</b> Percentage of cities with above 40,000 inhabitants that operate with sustainable and efficient autonomous municipal water and sanitation service providers</p> <p><b>Baseline:</b> Not provided</p> <p><b>Target:</b> 50% (2015)</p>	<p>As of 2015, 40% of municipalities with 40,000+ inhabitants operate under autonomous municipal water and sanitation service providers that collect revenues and provide increased coverage in water and sanitation.</p>	<p>Source: CLR</p>
<b>Results Area: Enhanced Social Accountability as Part of Demand-Driven Governance</b>			
<b>18. CPS Objective: Improved capacity of civil society organizations to use demand-side governance tools (Partially Achieved)</b>			
	<p><b>Indicator:</b> Number of CSOs involved in social monitoring increased in the education, roads and social protection sectors</p>	<p>Over 70 CSOs received WBG support for creating innovative platforms for monitoring and reporting on government performance: 30 of these CSOs are engaged in monitoring of the Bono Vida Mejor CCT Program, 15 CSOs work on monitoring the</p>	<p>Source: CLR</p> <p>The indicator was introduced at the CPS stage and it lacked a baseline and a specific</p>



	<b>CPS FY12-FY15: Focus Area 3 - Enhancing Good Governance</b>	<b>Actual Results (as of current month/year)</b>	<b>Comments</b>
	<b>Baseline:</b> Not provided  <b>Target:</b> Not provided	quality of education delivery, and 30 CSOs are working to ensure the accountability and transparency of road construction.	target. The CPSPR missed the opportunity to introduce a baseline and a target.
	<b>Indicator:</b> Percentage of schools that involve parents in social audits of the schools' use of the 60-words-per-minute fluency test in 2nd grade in targeted areas <b>Baseline:</b> 0 (2012)  <b>Target:</b> 25% (2015)	Dropped at CPSPR stage	Source: CLR  This same indicator was also included under the "Improved Quality of Education" results area. The indicator was dropped at the CPSPR stage
	<b>Indicator:</b> Number of formal requests for public information  <b>Baseline:</b> Not provided  <b>Target:</b> (baseline * 2) (2015)	The number of formal requests for public information decreased from 3,185 in 2011 to 3,158 in 2012, 2,234 in 2013, and to 2,786 in 2014, as reported by the Institute for Public Access to Information.	Source: CLR  The CLR does not report results beyond 2014.

**Annex Table 2: Planned and Actual Lending for Honduras, FY12-15**

<b>Project ID</b>	<b>Project name</b>	<b>Proposed FY</b>	<b>Approval FY</b>	<b>Closing FY</b>	<b>Proposed Amount</b>	<b>Approved IDA Amount</b>	<b>Outcome Rating</b>
<b>Project Planned Under CPS/CPSPR</b>							
P127331	First Programmatic Reducing Vulnerabilities for Growth Development Policy Credit	2012	2012	2013	86.0	86.0	LIR: MS
P110050	Improved Public Sector Performance Project	2012	2012	2016	18.0	18.2	LIR: MS
P127417	Second Programmatic Reducing Vulnerabilities for Growth Development Policy Credit	2013			60.0		DROPPED
	Urban Vulnerability Reduction Project	2013					DROPPED
	Regional C&V Project (TBD)	2013-14					DROPPED
P130819	Honduras Safer Municipalities	2013	2013	2019	15.0	15.0	LIR: MS
P131094	Disaster Risk Management Project	2013	2013	2019	30.0	30.0	LIR: S
P144357	PROMOSAS Additional Financing	2013	2013		10.0	10.0	LIR:MS
P144324	Rural Infrastructure Additional Financing	2013	2013		20.0	20.0	LIR:MU
P115592	Bono 10,000 Additional Financing	2014	2014		14.0	12.3	LIR:S
	<b>Total Planned</b>				<b>253.0</b>	<b>191.5</b>	
<b>Unplanned Projects during the CPS and CPSPR Period</b>							
P151803	HN Fiscal Sustainability DPC	2015	2016			55.0	
P144928	HN AF Social Protection	2015	2015			25.0	



Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Approved IDA Amount	Outcome Rating
<b>Total Unplanned</b>						<b>80.0</b>	
<b>On-going Projects during the CPS and CPSPR Period</b>			<b>Approval FY</b>	<b>Closing FY</b>		<b>Approved IDA Amount</b>	
P121220	HN Emergency Recovery Dev Policy Credit		2011	2012		74.7	IEG: MS
P106680	HN (APL2) Land Administration		2011	2017		32.8	LIR: S
P082242	HN-(AF-C) Nutrition & Social Protection		2011	2013		3.6	IEG:MU
P115592	HN Social Protection		2010	2018		40.0	LIR: MS
P104034	HN Power Sector Efficiency Enhancement		2009	2015		30.0	LIR: MU
P112023	HN-Suppl.Food Prices Crisis FSDPC		2009			10.0	NA
P115568	HN (AF) Road Rehab & Improvement Project		2009			25.0	NA
P101218	HN Education Quality, Governance & Insti		2008	2013		15.4	IEG: MS
P109058	HN Road Rehabilitation & Improvement II		2008	2015		48.6	LIR: MS
P101209	HN Rural Competitiveness Project		2008	2016		30.0	LIR: S
P103881	HN WATER AND SANITATION PROGRAM		2007	2017		30.0	LIR: MS
P105386	HN Natural Disaster Mitigation Add'l Fin		2007			9.0	NA
P082242	HN Nutrition and Social Protection		2006	2013		20.0	IEG: MU
P086775	HN (CRL1) Rural Infrastructure Project		2006	2016		47.0	LIR: MU
P040177	HN Financial Sector Technical Assistance		2003	2013		9.9	IEG: MU
<b>Total On-going</b>						<b>425.97</b>	

Source: Honduras CPS, CPSPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 10/6/15 \*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

**Annex Table 3: Grants and Trust Funds Active in FY12-15 (in US\$ million)**

LN	Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
1	P144108	Honduras: EITI Implementation	TF 16493	2015	2016	300,000
2	P151951	HN - SPF Municipal Citizen Security	TF 16069	2014	2016	1,500,000
3	P130418	Environmentally Sustainable Cacao Production for small-scale Indigenous Peoples and Afro-descendant Farmers in Honduras	TF 11699	2012	2016	2,247,050
4	P125817	Improving Performance Accountability in HN by Strengthening Congressional Oversight	TF 11581	2012	2016	485,040
5	P125903	HN Integ Urban Water Mngmt (IUWM) in the Greater Tegucigalpa Area	TF 99354	2012	2016	400,000



LN	Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
6	P082242	Nutrition and Social Protection project	TF 11667	2012	2014	1,200,000
7	P124157	HN Employment Generation in Poor Urban Neighborhoods	TF 97916	2011	2015	2,545,000
8	P106680	Second Land Administration Project	TF 99664	2011	2012	380,000
9	P150582	Piloting New Forms of Community-Administered	TF 94670	2010	2016	1,714,300
10	P125269	Building Trust in Public Institutions and Policies	TF 93440	2010	2015	829,110
11	P115007	Improving Transparency and Accountability for Property Rights&apos; Administration in Honduras	TF 94255	2009	2012	400,000
12	P101789	Graduating the Poorest into Microfinance: Linking Safety Nets with Fin Svcs	TF 93413	2009	2011	100,000
13	P111255	HN HIGHLY PATHOGENIC AVIAN INFLUENZA (H5N1) PREVENTION AND CONTROL	TF 92191	2009	2012	300,000
14	P083851	Poverty Reduction Support Technical Assistance	TF 91447	2008	2011	4,623,000
15	P064914	Forests and Rural Productivity	TF 91178	2008	2013	1,470,000
16	P102474	GPOBA W3 - Honduras OBA Fund	TF 58263	2007	2013	1,530,000
17	P102474	GPOBA W3 - Honduras OBA Fund	TF 58264	2007	2013	1,530,000
18	P102474	GPOBA W3 - Honduras OBA Fund	TF 58265	2007	2013	1,530,000
19	P103094	Children & Youth Innovation (TF055813 JSDF)	TF 55813	2006	2011	1,970,000
20	P090113	Rural Electrification Project	TF 55968	2006	2013	2,350,000
21	P088256	La Esperanza Hydro Project	TF 54380	2005	2015	1,395,000
		<b>Total</b>				<b>28,798,500</b>

**Annex Table 4: Analytical and Advisory Work for Honduras, FY12 - FY15**

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P124681	HN Central District FM Diagnostic	FY13	Public Expenditure Financial Accountability
P129386	PER for Honduras	FY14	Public Expenditure Review (PER)
P144725	MTDS Honduras	FY15	Sector or Thematic Study/Note
P148345	DeMPA Honduras	FY15	Debt management Performance Assessment(DeMPA)
Proj ID	Technical Assistance	Fiscal year	Output Type
P144529	HN - (JIT) GAFSP	FY13	TA/IAR
P149052	1.1 Macroeconomic Challenges Policy Note	FY14	TA/IAR
P149054	HN 1.2 Utilities Reform Policy Note	FY15	TA/IAR
P149055	HN Social Protection Policy Note	FY15	TA/IAR
P149056	1.4 Other policy and sector notes	FY15	TA/IAR
P149057	2.1. Diálogos sobre la Transición	FY15	TA/IAR
P149059	2.3 Collection of Transition notes	FY15	TA/IAR



P149060	3.1 Portfolio Implementation Support Plan	FY15	TA/IAR
P149061	3.2 SD Project Briefs	FY15	TA/IAR
P149062	3.3 HD Project Briefs	FY15	TA/IAR
P131418	Honduras #10236 Strength. Credit Report.	FY15	TA/IAR

Source: AO Table ESW/TA 8.1.4 as of 10/1/15

**Annex Table 5 IEG Project Ratings for Honduras, FY12-FY15**

Exit FY	Proj ID	Project name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO
2012	P127331	HN 1st Progr. Reduc. Vulner. Growth DPC	84.7	MODERATELY UNSATISFACTORY	SIGNIFICANT
2013	P040177	HN Financial Sector Technical Assistance	10.9	MODERATELY UNSATISFACTORY	MODERATE
2013	P082242	HN Nutrition and Social Protection	20.8	MODERATELY UNSATISFACTORY	MODERATE
2013	P088319	HN (CRL) Barrio-Ciudad Project	15.0	MODERATELY SATISFACTORY	SIGNIFICANT
2013	P101218	HN Education Quality, Governance & Insti	15.1	MODERATELY SATISFACTORY	MODERATE
<b>Total</b>			<b>146.5</b>		

Source: AO Key IEG Ratings as of 10/1/15

**Annex Table 6: IEG Project Ratings for Honduras, FY12-15**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Indonesia	146.5	5	20.5	40.0	31.9	60.0
LCR	18,083.2	143	90.1	75.5	77.2	61.7
World	69,147.0	842	82.1	70.2	62.2	48.0

Source: WB AO as of 10/1/15

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 7: Portfolio Status for Honduras and Comparators, FY12-15**

Fiscal year	2012	2013	2014	2015	Average
<b>Honduras</b>					
# Proj	18	14	16	13	15
# Proj At Risk	3	1	1	1	2
% Proj At Risk	16.7	7.1	6.3	7.7	9
Net Comm Amt	378.5	368.1	378.5	358.7	371
Comm At Risk	111.9	18.2	18.2	40.0	47
% Commit at Risk	29.6	4.9	4.8	11.2	13
<b>LCR</b>					
# Proj	346	332	315	291	321
# Proj At Risk	68	72	70	68	70
% Proj At Risk	19.7	21.7	22.2	23.4	22
Net Comm Amt	33,341.8	30,843.3	29,271.0	27,713.0	30,292
Comm At Risk	4,503.5	6,097.4	6,355.6	5,866.5	5,706



Fiscal year	2012	2013	2014	2015	Average
% Commit at Risk	13.5	19.8	21.7	21.2	19
<b>World</b>					
# Proj	2,029	1,964	2,048	2,022	2,016
# Proj At Risk	387	414	412	444	414
% Proj At Risk	19.1	21.1	20.1	22.0	21
Net Comm Amt	173,706.1	176,202.6	192,610.1	201,045.2	185,891
Comm At Risk	24,465.0	40,805.6	40,933.5	45,987.7	38,048
% Commit at Risk	14.1	23.2	21.3	22.9	20.4

Source: WB AO as of 10/1/15

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

### Annex Table 8: Disbursement Ratio for Honduras, FY12-15

Fiscal Year	2012	2013	2014	2015	Overall Result
<b>Honduras</b>					
Disbursement Ratio (%)	24.10	42.40	35.60	30.20	32.70
Inv Disb in FY	63.60	87.70	66.60	36.20	254.10
Inv Tot Undisb Begin FY	263.40	207.10	187.40	119.90	777.90
<b>LCR</b>					
Disbursement Ratio (%)	22.00	24.00	18.80	20.80	21.50
Inv Disb in FY	3,338.40	3,524.00	2,491.10	2,560.10	11,913.60
Inv Tot Undisb Begin FY	15,201.70	14,712.30	13,281.00	12,336.80	55,531.70
<b>World</b>					
Disbursement Ratio (%)	20.80	20.60	20.80	21.80	21.00
Inv Disb in FY	21,048.20	20,510.40	20,757.00	21,852.70	84,168.30
Inv Tot Undisb Begin FY	101,234.30	99,588.00	99,852.70	100,343.70	401,018.80

\* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.

AO disbursement ratio table as of 10/1/15

### Annex Table 9: Net Disbursement and Charges for Honduras, FY12-15

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
Jul 2011 - Jun 2012	147,730,044	2,635,299	145,094,745	-	4,855,712	140,239,033
Jul 2012 - Jun 2013	87,062,015	3,202,200	83,859,815	1,186,246	5,943,753	76,729,815
Jul 2013 - Jun 2014	68,112,870	4,390,624	63,722,246	1,098,580	6,554,021	56,069,646
Jul 2014 - Jun 2015	91,206,208	7,633,159	83,573,050	1,165,257	6,484,201	75,923,592
<b>Report Total</b>	<b>394,111,137</b>	<b>17,861,281</b>	<b>376,249,856</b>	<b>3,450,083</b>	<b>23,837,688</b>	<b>348,962,086</b>

Source: World Bank Client Connection 10/5/15



## Annex Table 10: IFC Investments and Financing

## Investments Committed in FY12-FY15

Project ID	Cmt FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Net Loan	Net Equity	Net Comm
34975	2015	Active	Electric Power	G	146,500	45,657	-	45,657
35080	2015	Active	Electric Power	G	86,750	30,000	-	30,000
35364	2015	Active	Electric Power	G	91,350	25,725	-	25,725
36075	2015	Active	Electric Power	G	1,230	1,230	-	1,230
36635	2015	Active	Finance & Insurance	E	223		224	224
34849	2014	Active	Finance & Insurance	E	2,500	2,500	-	2,500
35140	2014	Active	Finance & Insurance	E	5,500		5,500	5,500
32992	2013	Active	Finance & Insurance	E	10,000	10,000	-	10,000
33577	2013	Active	Finance & Insurance	E	6,500	6,500	-	6,500
33949	2013	Active	Finance & Insurance	E	15,000	15,000	-	15,000
28139	2012	Active	Electric Power	G	122,400	30,000	-	30,000
30694	2012	Active	Finance & Insurance	E	50,000	45,000	-	45,000
			<b>Sub-Total</b>		<b>537,953</b>	<b>211,612</b>	<b>5,724</b>	<b>217,336</b>

## Investments Committed pre-FY12 but active during FY12-15

Project ID	CMT FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Net Loan	Net Equity	Net Comm
29611	2011	Closed	Transportation and Warehousing	E	15,909	15,909	-	15,909
27996	2010	Active	Finance & Insurance	E	5,000	5,000	-	5,000
28732	2010	Active	Finance & Insurance	E	500		417	417
29561	2010	Active	Finance & Insurance	E	1,017		1,017	1,017
29565	2010	Active	Finance & Insurance	E	10,000	10,000	-	10,000



Project ID	CMT FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Net Loan	Net Equity	Net Comm
29755	2010	Active	Construction and Real Estate	E	15,000	15,000	-	15,000
27089	2009	Closed	Information	G	428,000	70,000	-	70,000
27250	2009	Active	Food & Beverages	E	75,000	30,000	-	30,000
27341	2009	Active	Finance & Insurance	E	12,500	12,500	-	12,500
27997	2009	Active	Finance & Insurance	E	15,000	15,000	-	15,000
28080	2009	Active	Agriculture and Forestry	E	4,000	4,000	-	4,000
24858	2008	Active	Construction and Real Estate	E	150,000	16,000	-	16,000
25236	2008	Active	Finance & Insurance	G	2,000		2,000	2,000
26394	2008	Active	Finance & Insurance	E	20,000	20,000	-	20,000
24857	2006	Active	Construction and Real Estate	E	20,500	9,000	-	9,000
<b>Sub-Total</b>					<b>774,426</b>	<b>222,409</b>	<b>3,434</b>	<b>225,843</b>
<b>TOTAL</b>					<b>1,312,379</b>	<b>434,021</b>	<b>9,158</b>	<b>443,179</b>

Source: IFC-MIS Extract as of end June 30, 2015



**Annex Table 11: List of IFC Advisory Services for Honduras**

**Advisory Services Approved in FY12-15**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	IFC Funds, US\$
599893	BancoAtlantida II	2014	2016	ACTIVE	FIG	191,495
599979	Honduras Electricity Distribution	2014	2015	CLOSED	CAS	236,315
595988	Banco Atlantida SEF AS Project	2013	2015	CLOSED	FIG	164,107
	Sub-Total					591,917

**Advisory Services Approved pre-FY12 but active during FY12-15**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
28196	La Ceiba Road	2011	2014	CLOSED	CAS	808,471
30074	Honduras Diagnostic PPP	2011	2015	CLOSED	CAS	524,122
565568	Banco Atlantida TA	2011	2013	CLOSED	A2F	409,129
577188	Honduras Agribusiness Trade Logistics	2011	2014	CLOSED	IC	715,713
579327	Banco Popular II	2011	2013	CLOSED	A2F	232,000
566527	Business Edge Honduras	2009	2013	CLOSED	SBA	395,411
549645	National Plan for Municipal Simplification in Honduras	2008	2013	CLOSED	IC	628,359
561589	Ficohsa TA	2008	2013	CLOSED	FIG	1,342,207
	Sub-Total					5,055,412
	TOTAL					5,647,329

Source: IFC AS Data as of June 30, 2015

**Annex Table 12: List of MIGA Activities**

ID	Contract Enterprise	FY	Project Status	Sector	Investor	Max Gross Issuance
12720	SunEdison PV Solar Power	2015	Active	Power	Netherlands	57
11853	Autopistas del Atlantico S.A. en C.V.	2015	Active	Transportation	Panama and United States	188
7617	Energía Eólica de Honduras S.A	2014	Active	Power	Panama	82
<b>Total</b>						<b>327</b>

Source: MIGA 10-5-15

**Annex Table13: Total Net Disbursements of Official Development Assistance and Official Aid for Honduras**

Development Partners	2011	2012	2013
Australia	..	0.88	0.91
Austria	0.44	2.32	4.12
Belgium	2.7	2.84	3.02
Canada	34.58	37.51	23.36
Czech Republic	0.04	0.02	0.14
Denmark	3.04	1.87	0.21
Finland	8.54	5.08	3.26



<b>Development Partners</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
France	1.72	1.47	1.37
Germany	14.34	22.63	17.96
Ireland	1.68	1.7	1.39
Italy	2.67	3.41	4.06
Japan	10.76	22.32	14.02
Korea	4.75	3.7	1.95
Luxembourg	0.18	0.17	0.14
Netherlands	0.09	0.03	..
New Zealand	0.03	0.02	..
Norway	1.53	4.44	11.43
Portugal	..	0.01	..
Spain	15	13.34	4.64
Sweden	1.41	0.99	1.05
Switzerland	9.91	7.73	18.36
United Kingdom	0.02	10.9	0.06
United States	47.69	54.45	91.23
<b>DAC Countries, Total</b>	<b>161.12</b>	<b>197.83</b>	<b>202.68</b>
Climate Investment Funds (CIF)	..	..	0.16
EU Institutions	45.43	52.24	90.86
GAVI	4.63	8.76	3.09
GEF	2.64	5.04	4.85
Global Green Growth Institute (GGGI)	..	..	..
Global Fund	12.64	10.73	11.01
IAEA	0.24	0.12	0.38
IBRD	..	..	..
IDA	132.66	76.6	86.8
IDB Sp.Fund	258.78	207.51	221.45
IFAD	-1.01	-0.69	1.39
IFC	..	..	..
IMF (Concessional Trust Funds)	-4.82	-6.23	-6.18
Nordic Dev.Fund	2.99	6.52	-0.56
OFID	-1.3	0.47	4.47
UNAIDS	0.82	0.74	0.71
UNDP	1.66	1.39	2
UNFPA	1.57	1.6	1.41
UNICEF	0.85	0.46	0.92
WFP	0.13	0.28	0.01
<b>Multilateral, Total</b>	<b>457.91</b>	<b>365.54</b>	<b>422.77</b>
Israel	0.24	0.15	0.07
Kuwait (KFAED)	1.08	6.46	2.02
Thailand	..	..	0.01
Turkey	0.05	0.06	0.01
United Arab Emirates	..	0	0.01
Non-DAC Countries, Total	1.37	6.67	2.12

Source: OECD Stat, [DAC2a] as of October 5, 2015

**Annex Table 14: Economic and Social Indicators for Honduras, 2012 – 2015**

Series Name	2012	2013	2014	2015	HO	LCR	World
					Average 2012-2015		
<b>Growth and Inflation</b>							
GDP growth (annual %)	(3.0)	2.6	3.5	..	1.0	2.3	2.4
GDP per capita growth (annual %)	(4.4)	1.1	2.0	..	-0.4	1.2	1.1
GNI per capita, PPP (current international \$)	4,020.0	4,100.0	4,270.0	..	4,130.0	14,757.7	14,405.3
GNI per capita, Atlas method (current US\$)	2,090.0	2,190.0	2,280.0	..	2,186.7	9,876.1	10,618.5
Inflation, consumer prices (annual %)	5.2	5.2	6.1	..	5.5	3.4	3.0
<b>Composition of GDP (%)</b>							
Agriculture, value added (% of GDP)	14.6	13.1	13.8	..	13.8	5.1	3.1
Industry, value added (% of GDP)	28.1	27.3	26.4	..	27.3	32.1	26.6
Services, etc., value added (% of GDP)	57.3	59.5	59.8	..	58.9	63.1	70.3
Gross fixed capital formation (% of GDP)	24.4	23.6	22.3	..	23.4	20.9	21.8
Gross domestic savings (% of GDP)	5.2	1.3	3.2	..	3.2	20.0	22.3
<b>External Accounts</b>							
Exports of goods and services (% of GDP)		24.0	23.7		23.9	24.2	29.9
Imports of goods and services (% of GDP)		24.8	24.5		24.6	25.6	29.8
Current account balance (% of GDP)		(3.2)	..		-3.2		
External debt stocks (% of GNI)		30.8	..		30.8		
Total debt service (% of GNI)		4.8	..		4.8	3.6	
Total reserves in months of imports		5.0	..		5.0	8.7	13.5
<b>Fiscal Accounts <sup>1</sup></b>							
General government revenue (% of GDP)	22.5	22.9	24.4	25.4	23.8		
General government total expenditure (% of GDP)	26.7	30.6	28.7	28.1	28.5		
General government net lending/borrowing (% of GDP)	(4.2)	(7.6)	(4.3)	(2.7)	-4.7		
General government gross debt (% of GDP)	34.7	45.3	46.1	48.3	43.6		
<b>Social Indicators</b>							
<b>Health</b>							
Life expectancy at birth, total (years)	73.5	73.8	..	..	73.6	74.8	70.8
Immunization, DPT (% of children ages 12-23 months)	88.0	87.0	85.0	..	86.7	90.2	85.7
Improved sanitation facilities (% of population with access)	80.0	81.3	82.6	82.6	81.6	82.7	66.7
Improved water source, rural (% of rural population with access)	80.9	81.9	82.8	83.8	82.4	83.1	83.4

Series Name	2012	2013	2014	2015	HO	LCR	World
					Average 2012-2015		
Mortality rate, infant (per 1,000 live births)	19.2	18.6	18.0	17.4		15.8	33.2
<b>Education</b>							
School enrollment, preprimary (% gross)	42.2	41.0	..	..	41.6	75.3	53.5
School enrollment, primary (% gross)	109.4	105.5	..	..	107.4	106.6	108.2
School enrollment, secondary (% gross)	73.1	71.0	..	..	72.0	91.0	74.6
<b>Population</b>							
Population, total	7,736,131.0	7,849,059.0	7,961,680.0	..	7,848,956.7	619,458,366.3	7,174,800,300.7
Population growth (annual %)	1.5	1.4	1.4	..	1.5	1.1	1.2
Urban population (% of total)	52.9	53.5	54.1	..	53.5	79.3	52.9

Source: WDI Central 10/5/15

\*International Monetary Fund, World Economic Outlook Database, April 2015