

**STATUS OF PROJECTS IN EXECUTION – FY07**  
**SOPE**  
**HONDURAS**

**Operations Policy and Country Services**  
**OCTOBER 10, 2007**



## **Introduction**

The Status of Projects in Execution (SOPE) Report for FY07 provides information on all IBRD/IDA projects that were active as of June 30, 2007. The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge the gap in information available to the public between the Project Appraisal Document or Program Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

In addition to the project progress description, the FY07 SOPE report<sup>1</sup> contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date.

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<sup>1</sup> Notes:

- Amounts and Graphs for loans/credits/grants in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Operations, which provide quick-disbursing financing to support policy and institutional reforms. For these operations, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed prior actions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus will not include a graph.



**Country: Honduras**

**Project Name (ID):** Community-Based Education Project ( P007397 )

**Country:** Honduras

**Board Approval Date :** 04/10/2001

**Midterm Review Date :** 02/14/2005

**Closing Date :** 12/31/2007

**Loan/Credit/Grant Number :** IDA-34970, IDA-3497A, JPN-53767

**Sector(s):** Pre-primary education(38%), Primary education(38%), Central government administration(18%), Sub-national government administration(6%)

**Theme(s):** Education for all(P), Rural services and infrastructure(P), Indigenous peoples(P), Participation and civic engagement(S)

**Project Development Objectives:**

The objectives are to: (a) improve the quality of preschool and lower basic education (grades 1-6) in targeted rural areas; and (b) improve the quality of intercultural and bilingual education in indigenous communities.

**Progress toward achieving development objective(s):**

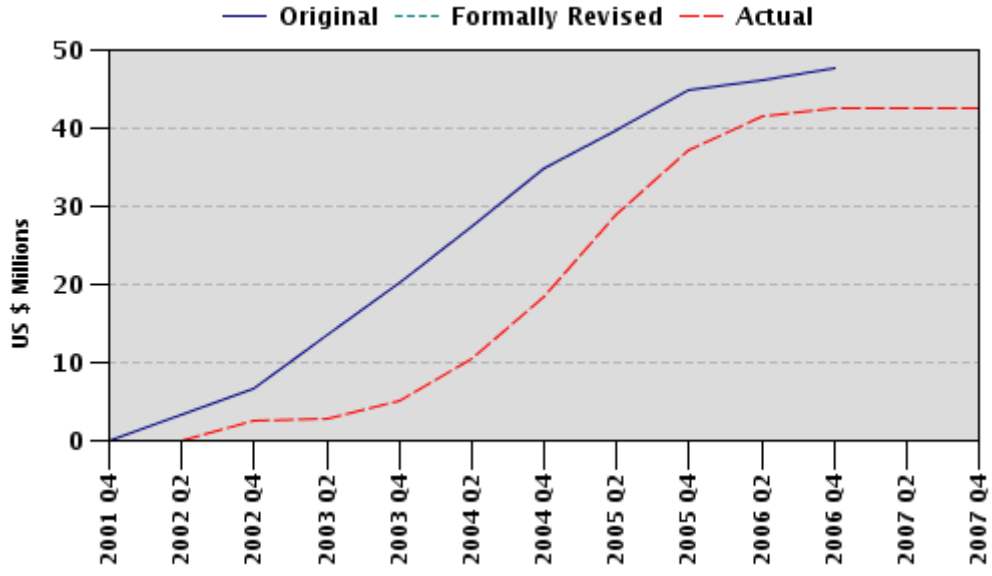
The project is progressing well and wrapping up its activities so it can close in at the end of December 2007. Education indicators show that, between 2002 and 2006, gross enrollment rates in rural preschools have increased from 23 percent to 53 percent. At the same time, repetition and drop-out rates in primary rural schools have improved. Repetition is now 6.3 percent, compared to 8 percent in 2002, while drop out rates have decreased from 3.4 percent to 1.9 percent in the same period, which may account for a decrease in gross enrollment rates in primary rural schools from 104 percent to 92 percent.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-34970	Effective	37.48	31.57	4.62	0.00
IDA-3497A	Closed	11.47	11.02	0.00	0.00
JPN-53767	Effective	0.72	0.21	0.16	0.34



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Health System Reform Project ( P053575 )

**Country:** Honduras

**Board Approval Date :** 05/07/2002

**Midterm Review Date :** 06/06/2005

**Closing Date :** 07/31/2008

**Loan/Credit/Grant Number :** IDA-36400, IDA-3640A

**Sector(s):** Health(96%), Compulsory health finance(2%), Central government administration(2%)

**Theme(s):** Health system performance(P), HIV/AIDS(P), Population and reproductive health(P), Regulation and competition policy(P), Indigenous peoples(S)

**Project Development Objectives:**

The project's development objective is to extend and improve health care coverage and quality.

**Progress toward achieving development objective(s):**

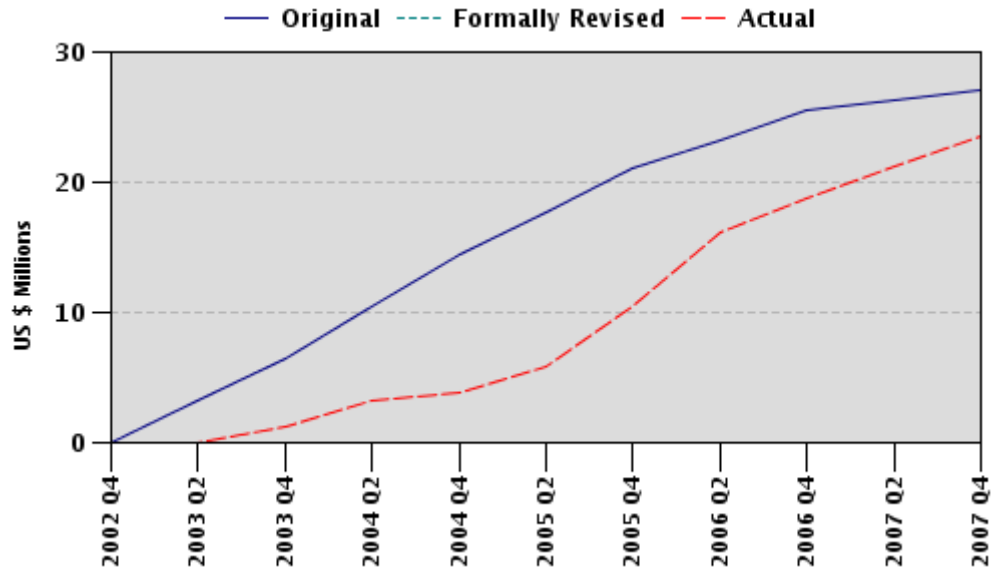
The project has made important progress toward achieving the majority of indicators and triggers of the Policy Matrix. However, there have been delays in the implementation of the POA (Plan Operativo Annual) 2007. Therefore, in order to strengthen the capacity of the Project Coordination Unit (PCU) the Bank will provide technical assistance and supervise the project closely. The Government extended the contract with the United Nations Development Programme (UNDP) for the administrative management of the project, including procurement and contracting. It was decided to create a revolving fund in the PCU to facilitate coordination and management with UNDP. This revolving fund will allow the PCU to process low-cost activities, workshops and contracting of individual consultants to accelerate project execution. The Government and the Bank's teams have agreed upon an action plan to speed up project implementation.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-36400	Effective	29.53	20.10	8.75	0.00
IDA-3640A	Closed	3.51	3.38	0.00	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Land Administration Program ( P055991 )

**Country:** Honduras

**Board Approval Date :** 02/26/2004

**Closing Date :** 04/30/2008

**Loan/Credit/Grant Number :** IDA-Q3810, IDA-38580

**Sector(s):** General agriculture, fishing and forestry sector(61%), Central government administration(27%), Sub-national government administration(12%)

**Theme(s):** Land administration and management(P), Other rural development(P), Personal and property rights(P), Municipal governance and institution building(S), Legal institutions for a market economy(S)

**Project Development Objectives:**

The objective is to establish an integrated and decentralized land administration system and to provide users with accurate information on urban and rural land parcels and effective land administration services.

**Progress toward achieving development objective(s):**

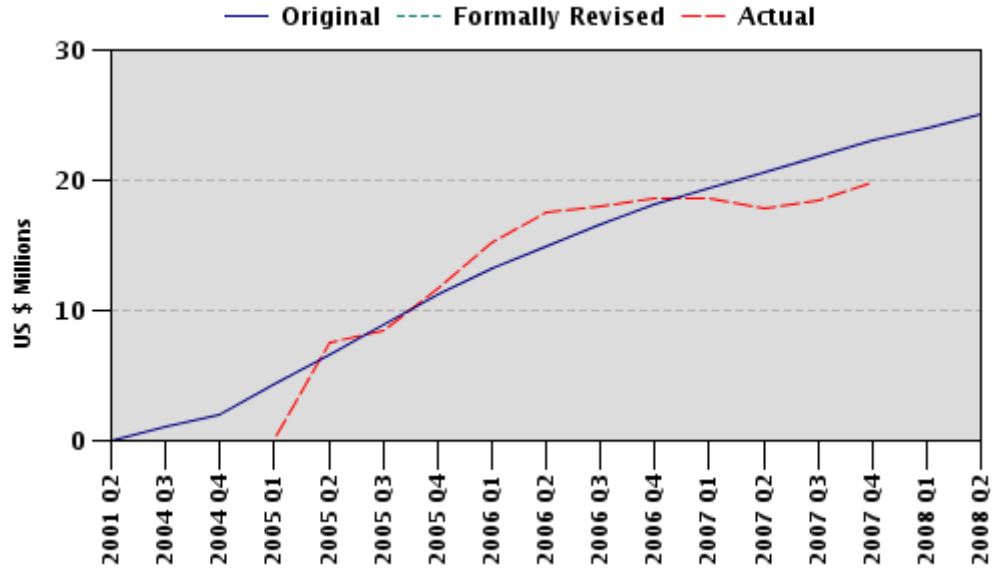
Several project targets are lagging due in part to the political transition that followed the 2005 Presidential elections. However, progress has been made recently, and implementation is expected to advance rapidly once Project restructuring is completed to, inter alia, update project implementation arrangements to the new framework established by the 2004 Property Law, and adjust output targets to reflect more accurately baseline measurements and implementation capacity and constraints.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-Q3810	Closed	2.00	0.00	0.00	2.00
IDA-38580	Effective	25.61	19.86	5.52	0.00



Status of Projects in Execution - FY07  
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**Project Name (ID):** Financial Sector Technical Assistance ( P040177 )

**Country:** Honduras

**Board Approval Date :** 06/24/2003

**Midterm Review Date :** 01/22/2007

**Closing Date :** 06/30/2009

**Loan/Credit/Grant Number :** IDA-38000

**Sector(s):** Banking(70%), Payment systems, securities clearance and settlement(25%), Law and justice(5%)

**Theme(s):** Regulation and competition policy(P), Legal institutions for a market economy(P), Standards and financial reporting(P), State enterprise/bank restructuring and privatization(P), International financial architecture(S)

**Project Development Objectives:**

The objective is to increase the institutional capacity of the Comision Nacional de Bancos y Seguros (CNBS) and Banco Central de Honduras (BCH) to address vulnerabilities of the Honduran financial system.

**Progress toward achieving development objective(s):**

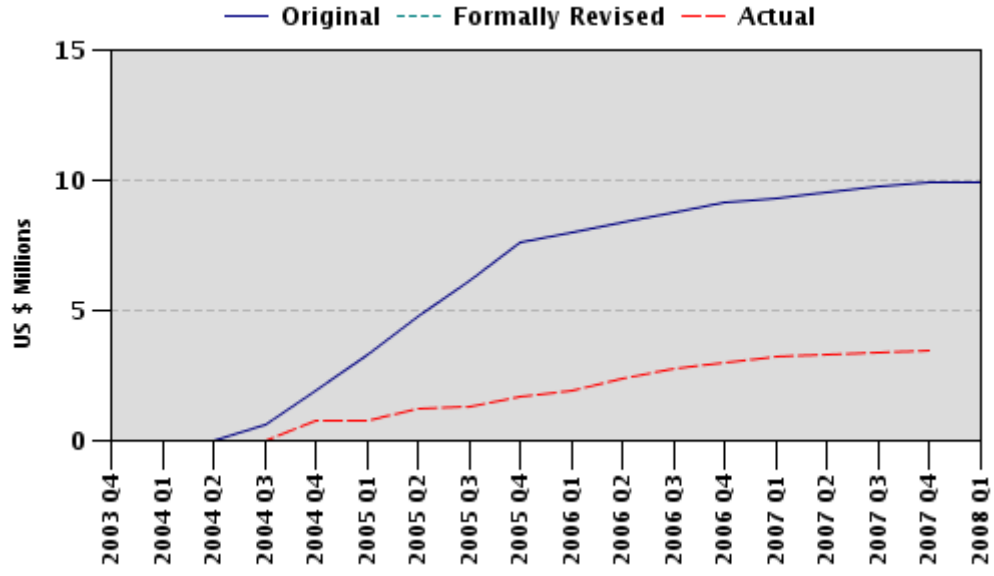
Project execution is back to full speed, after overcoming the extended delay derived from changes in the Project Implementation Unit team following the presidential transition; given the delay the closing date has been extended until June 30, 2009. The Real Time Gross Settlement System (RTGS), the Management of Government Securities Module (SAVAG), the Central Securities Depository (CDV), the Management of Government Accounts Module (MACG) systems, totaling around \$2 million, are already in the procurement process, and the World Bank has issued non-objections for the Organizational Analysis of CNBS (\$360,000) and the Management of Foreign Exchange Transactions (SENDI system) (\$439,000), as well as several smaller items, including training events focused on AML/CFT (Anti-Money Laundering/Combating Financing of Terrorism).

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-38000	Effective	10.91	3.48	7.34	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Emergency Disaster Management (TAL) ( P064913 )

**Country:** Honduras

**Board Approval Date :** 05/30/2000

**Midterm Review Date :** 06/04/2003

**Closing Date :** 09/30/2010

**Loan/Credit/Grant Number :** JPN-52879, JPN-55127, JPN-26865, IDA-3361A, IDA-33611, IDA-33610

**Sector(s):** Sub-national government administration(51%), Central government administration(49%)

**Theme(s):** Natural disaster management(P), Administrative and civil service reform(P), Municipal governance and institution building(P), Land administration and management(S)

**Project Development Objectives:**

The objective is to improve the capacity to reduce vulnerability to natural disasters at the municipal level.

**Progress toward achieving development objective(s):**

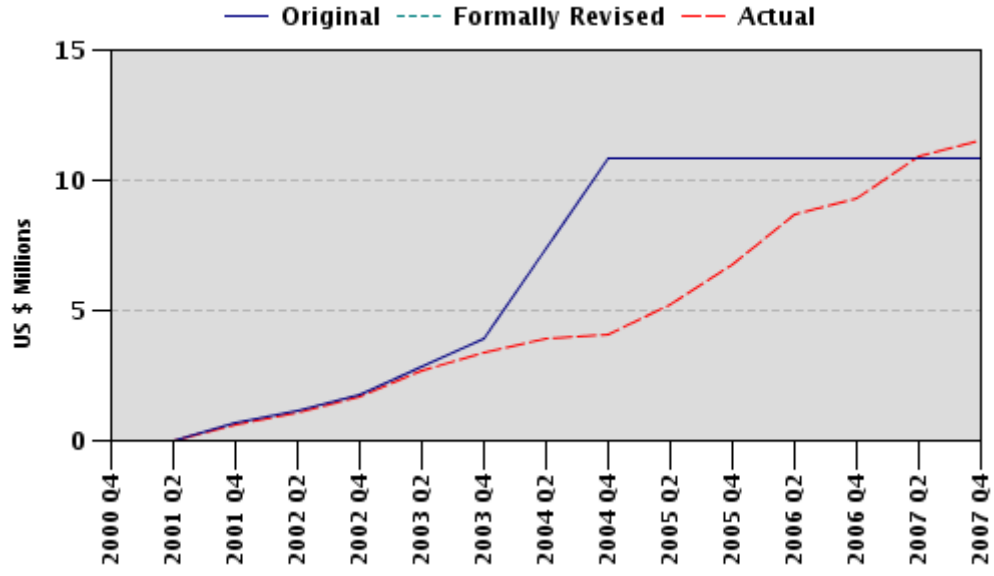
As of June 2007, the project's original objectives were met. Vulnerability analyses were carried out in 61 of the country's most vulnerable municipalities (target of 60). Investment projects were identified for each of the 60 municipalities and engineering designs will be completed for at least one project in these municipalities by the end of the project. In addition, mitigation reduction measures have been carried out (i.e., construction of civil works in the first 15 municipalities). Early warning systems are in place for 11 municipalities (target of five). The National Center for Weather Forecasting and its alert system are now fully accessible by all municipalities. The hydro-met designs have been completed, and all five regional emergency response systems have been fully equipped.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
JPN-52879	Effective	1.98	1.76	0.22	0.00
JPN-55127	Effective	0.51	0.25	0.26	0.00
JPN-26865	Closed	0.32	0.31	0.00	0.00
IDA-3361A	Closed	4.45	4.12	0.00	0.00
IDA-33611	Not Effective	8.94	0.00	8.94	0.00
IDA-33610	Effective	7.83	7.38	0.00	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Forests and Rural Productivity ( P064914 )

**Country:** Honduras

**Board Approval Date :** 06/24/2004

**Closing Date :** 01/31/2010

**Loan/Credit/Grant Number :** IDA-39400, IDA-Q3750, JPN-26768

**Sector(s):** Forestry(50%), Agricultural extension and research(25%), Sub-national government administration(15%), Agricultural marketing and trade(10%)

**Theme(s):** Land administration and management(P), Rural policies and institutions(P), Biodiversity(S), Personal and property rights(S), Natural disaster management(S)

**Project Development Objectives:**

The objective is to increase the contribution of sustainable natural resources management to the income and quality of life of the rural poor in selected low-income municipalities with high agro-forestry potential.

**Progress toward achieving development objective(s):**

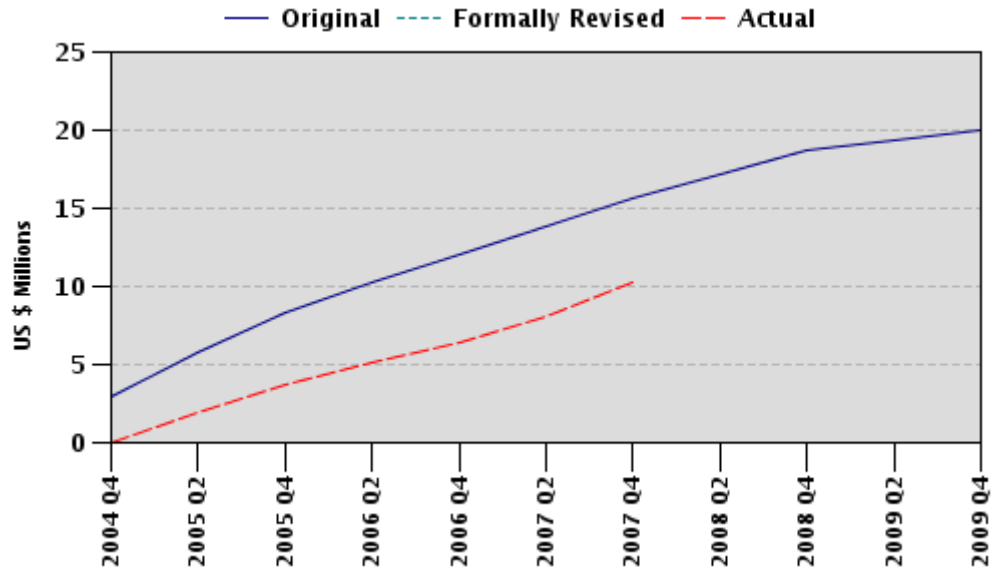
A mid-term review mission was conducted from May 28-June 8, 2007. The review confirmed that the project objective is still relevant and with few exceptions the project's development indicators are adequate. In general, the level of progress achieved is as expected. The correlation between project components and client demand is very strong. The Local Development component has shown excellent progress with the work carried out with municipalities and community organizations. The support given to communities is innovative and strategic. As a result, 100 million Lempiras were channeled from other programs in benefit of 23,500 rural families. The Community Forestry component has advanced substantially in activities of agricultural extension services and applied research. Currently, the project is financing 31 subprojects in 28 municipalities, benefiting 300 communities and 12,000 families. However, the challenge for the project is to advance with the Forest Management component implemented by AFE-COHDEFOR (the Forest Administration) that has been delayed because of institutional and budgetary problems. Some adjustments are under consideration in order to achieve the component objective.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39400	Effective	20.31	10.19	10.01	0.00
IDA-Q3750	Closed	1.97	0.00	0.00	1.97
JPN-26768	Closed	0.05	0.05	0.00	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Trade Facilitation and Productivity Enhancement ( P070038 )

**Country:** Honduras

**Board Approval Date :** 10/21/2003

**Midterm Review Date :** 07/03/2006

**Closing Date :** 09/30/2008

**Loan/Credit/Grant Number :** IDA-Q3630, IDA-38260

**Sector(s):** General industry and trade sector(35%), General public administration sector(20%), Vocational training(20%), Ports, waterways and shipping(20%), Micro- and SME finance(5%)

**Theme(s):** Trade facilitation and market access(P), Other financial and private sector development(P), Export development and competitiveness(P), Legal institutions for a market economy(S), Small and medium enterprise support(S)

**Project Development Objectives:**

The objective is to improve the Borrower's investment climate and local firms' capacity to export in order to prepare the Borrower to benefit from trade opportunities under existing and new trade promotion agreements.

**Progress toward achieving development objective(s):**

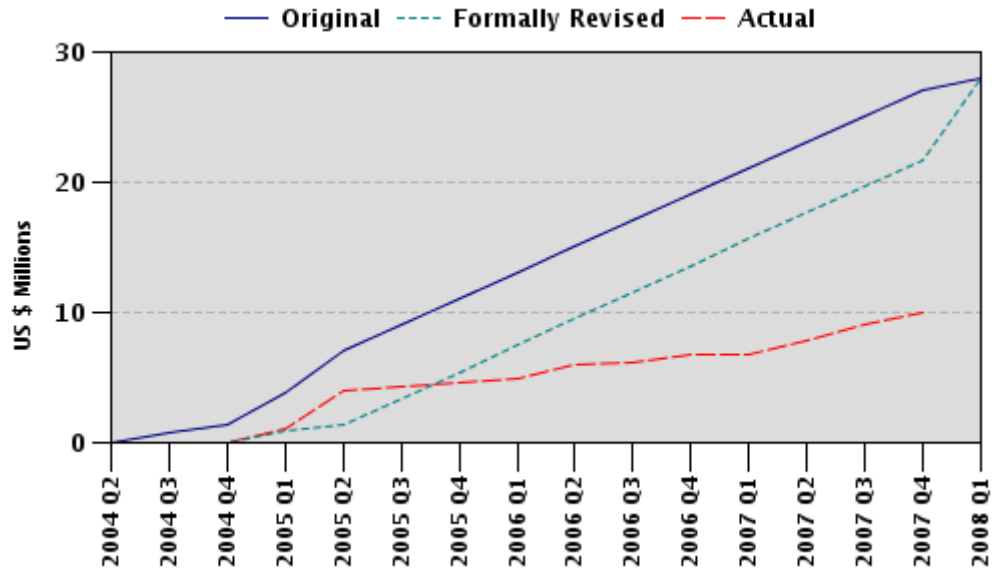
The project continues to make significant progress towards the achievement of its development objectives, especially after the mid-term review of July 2006. Some of the project's main results during FY07 are: (a) establishment of a new competition policy agency; (b) reductions in the time needed to register property (from 25 days to one day over a two-year period), register businesses at the main municipalities (from 25 days to one day), and register with the social security administration (from seven days to one day); (c) creation of a technology center (CITEs) providing training and technical assistance services to small and medium enterprise from the wood and furniture sector; (d) implementation of proactive FDI promotion campaigns in selected sectors and attraction of FDI that have generated 1,100 jobs; (e) establishment of new national bodies in charge of metrology, quality standards and laboratory accreditation; (f) passing of regulations for making public training resources accessible to private firms for use by private training providers (article 25 of INFOP Law); (g) training of tourism sector workers and conclusion of a feasibility study for improving the sewage and water system in Copan Ruinas; (h) increase in exports of fruits and vegetables from Comayagua to the U.S. thanks to the activation of an existing thermal treatment plant; and (i) increased discussion of competitiveness policy issues in the press (428 positive articles on the topic have been published since the project began, or 76 percent of the goal for the whole project).

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-Q3630	Closed	1.76	0.00	0.00	1.76
IDA-38260	Effective	31.07	9.97	20.98	0.00



Status of Projects in Execution - FY07  
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**Project Name (ID):** Regional Development in the Copan Valley ( P081172 )

**Country:** Honduras

**Board Approval Date :** 05/20/2003

**Midterm Review Date :** 07/31/2006

**Closing Date :** 03/31/2008

**Loan/Credit/Grant Number :** JPN-53768, IDA-3764A, IDA-37640

**Sector(s):** Sub-national government administration(20%), Agricultural extension and research(20%), Micro- and SME finance(20%), Vocational training(20%), Other industry(20%)

**Theme(s):** Rural non-farm income generation(P), Other environment and natural resources management(P), Gender(S), Indigenous peoples(S)

**Project Development Objectives:**

The objective is to achieve sustainable tourism development based on the cultural and natural patrimony of the Copan Valley and surrounding areas which will, as a result, create investment opportunities for the private sector, foster employment, and reduce poverty in one of the poorest regions of Honduras.

**Progress toward achieving development objective(s):**

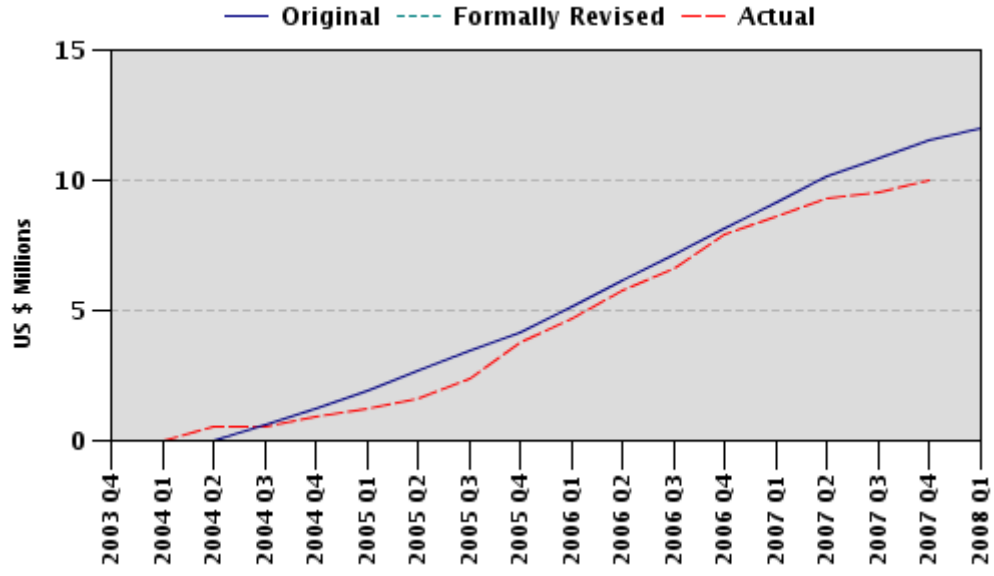
The project is proceeding well. Progress has been made in: (a) strengthening the management capacity of the Municipality of Copan; (b) key conservation work at the Copan ruins site, including work to preserve sculptures, monuments and access to the ruins tunnels; and (c) rehabilitation of the archaeological museum and research centers. The Government of Honduras decided not to carry out the expansion of the Visitors Center in Copan and proposed to the Bank to reallocate the funds to critical investments that had been prioritized as part of the National Strategy for Tourism and listed at appraisal in a larger civil works program to be possibly financed by the project. Given the March 2008 project closing date, the project team continues to monitor closely the execution of the civil works program according to the detailed procurement schedule that was agreed during the mid-term review. Finally, in response to a formal request by the mayor of Copan Ruinas, the project is providing technical assistance to help set up a participatory budgeting process at the municipal level, which is expected to build capacity in the local government to scale up the development impact of the project in the Copan Valley region.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-53768	Effective	0.40	0.32	0.08	0.00
IDA-3764A	Effective	0.55	0.53	0.00	0.00
IDA-37640	Effective	12.78	9.44	3.06	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Judicial Branch Modernization ( P081516 )

**Country:** Honduras

**Board Approval Date :** 07/07/2005

**Closing Date :** 09/30/2010

**Loan/Credit/Grant Number :** IDA-40980, IDA-Q3640

**Sector(s):** Law and justice(100%)

**Theme(s):** Judicial and other dispute resolution mechanisms(P), Access to law and justice(P), Other public sector governance(S), Gender(S), Indigenous peoples(S)

**Project Development Objectives:**

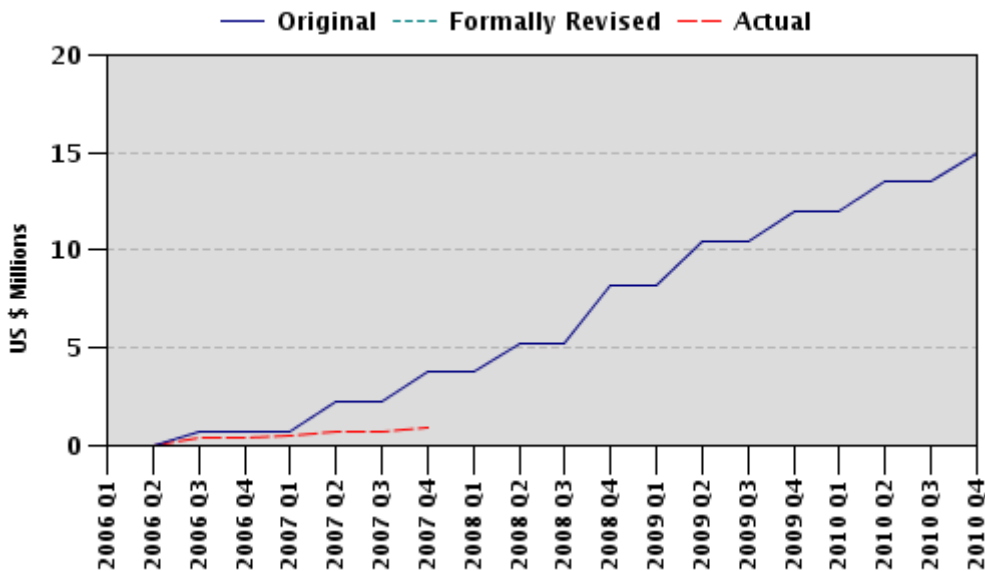
The objective is to improve the capacity and performance of the Judicial Branch in three areas: (a) greater efficiency of case processing, judgments and appeals, (b) enhanced transparency and accountability, and (c) better access to justice, especially for the most disadvantaged groups.

**Progress toward achieving development objective(s):**

The construction of Judges of the Peace Courts in five provinces, and the rehabilitation and refurbishment of Family and Domestic Violence Courts in Tegucigalpa and San Pedro Sula are underway. The mobile courts are about to become operational. Project Operations and Procurement Plans are being updated and procurement documents for most project activities are being finalized.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40980	Effective	15.16	0.95	14.18	0.00
IDA-Q3640	Closed	1.50	0.00	0.00	1.50



**Project Name (ID):** Nutrition and Social Protection ( P082242 )

**Country:** Honduras

**Board Approval Date :** 07/07/2005

**Closing Date :** 06/30/2010

**Loan/Credit/Grant Number :** JPN-52533, IDA-Q4700, IDA-40970

**Sector(s):** Other social services(45%), Vocational training(30%), Central government administration(20%), Sub-national government administration(5%)

**Theme(s):** Child health(P), Social safety nets(P), Participation and civic engagement(S), Other human development(S)

**Project Development Objectives:**

The objective is to improve Honduras' social safety net for children and youth by (a) improving nutritional and basic health status of young children by expanding AIN-C program; and (b) increasing employability of disadvantaged youth by piloting a First Employment program. The project also seeks to gradually enhance government capacity to improve the living conditions of infants, preschool children, and youth.

**Progress toward achieving development objective(s):**

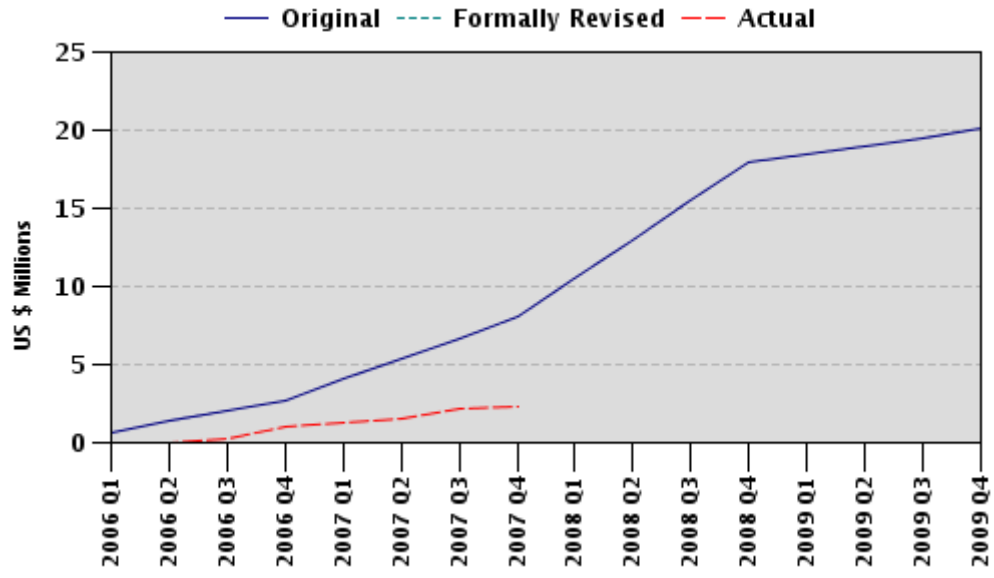
The project became effective on February 28, 2006 and is progressing well towards achieving its development objectives. The project has completed the baseline to start service delivery of AIN-C in the first 250 communities. The first cohort of youth has completed the training courses and youths are in the practice phase (internships). The bidding for the second cohort was closed and selection of beneficiaries will start in early FY08.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
JPN-52533	Closed	0.59	0.43	0.00	0.16
IDA-Q4700	Closed	2.00	0.00	0.00	2.00
IDA-40970	Effective	20.16	2.27	17.82	0.00



Status of Projects in Execution - FY07  
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**Project Name (ID):** Nuestras Raices Program ( P083244 )

**Country:** Honduras

**Board Approval Date :** 05/04/2004

**Midterm Review Date :** 04/16/2007

**Closing Date :** 05/31/2008

**Loan/Credit/Grant Number :** IDA-38920

**Sector(s):** Other social services(30%), Health(20%), General water, sanitation and flood protection sector(20%), Primary education(15%), General agriculture, fishing and forestry sector(15%)

**Theme(s):** Participation and civic engagement(P), Indigenous peoples(P), Other human development(P), Other social protection and risk management(P), Gender(S)

**Project Development Objectives:**

The objective is to facilitate the increased participation of indigenous and Afro-Honduran groups in the holistic development processes of their communities and their nation.

**Progress toward achieving development objective(s):**

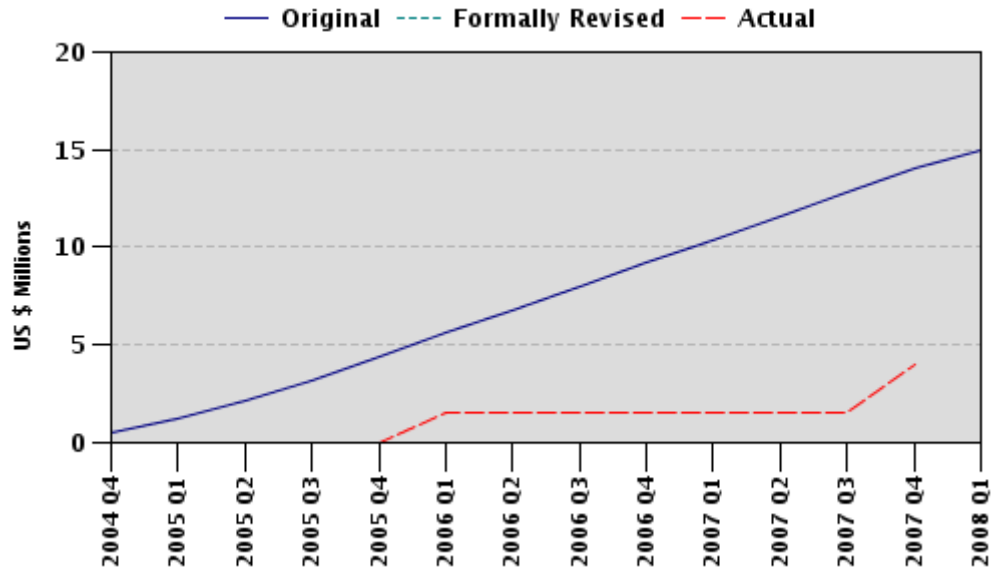
Following recent improvements in project management, the project is starting to progress toward meeting its development objective. Two additional staff, an anthropologist and an engineer, were contracted to strengthen the Nuestras Raices team. Several workshops with the ethnic federations have been carried out to socialize the program and train the technical units of the ethnic federations in the methodology for leading the strategic indigenous peoples planning process. Indigenous groups are currently in the process of preparing their strategic plan.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-38920	Effective	15.31	3.96	11.28	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** First Programmatic Financial Sector DPC ( P083311 )

**Country:** Honduras

**Board Approval Date :** 02/22/2005

**Closing Date :** 03/31/2008

**Loan/Credit/Grant Number :** IDA-40360

**Sector(s):** Banking(37%), General finance sector(30%), Payment systems, securities clearance and settlement(23%), Law and justice(10%)

**Theme(s):** Standards and financial reporting(P), Regulation and competition policy(P), Other financial and private sector development(S), Corporate governance(S), Macroeconomic management(S)

**Project Development Objectives:**

The objective is to support the institutional development of the Honduran financial sector.

**Progress toward achieving development objective(s):**

Progress has consistently been made towards meeting the actions required for second tranche disbursement, albeit at a slower than expected pace due to the transition period following the change of government. The closing date has thus been extended until March 2008. Key results achieved include: (a) signing of a decree by the President of Honduras approving a Contingency Plan to deal with Systemic Financial Crises; (b) adoption by the authorities of an effective mechanism to liquidate bank assets; (c) adoption by the authorities of regulations on credit risk management and corporate governance, consistent with international standards; (d) strengthened supervision of risky financial institutions, (e) creation and maintenance of a database of related parties and main debtors; and (f) regulation by the Central Bank of the secondary market for Government securities and the payments system. Key actions still pending are: (a) creating a bank capitalization fund (BCF); (b) presenting to Congress a draft law to improve key legal systems (bankruptcy and corporate reorganization, creditor rights, and corporate governance of non-financial business corporations); (c) approving an amendment to the Criminal Code to include the financing of terrorism as an autonomous crime; and (d) amending the Anti-Asset Laundering Law to incorporate certain high-risk activities into the system that reports suspicious transactions to the UIF (Unidad de Informacion Financiera, or Financial Information Unit), the agency that receives and processes all information on financial transactions to detect money laundering/financing of terrorism activities.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40360	Effective	24.55	11.62	12.28	0.00



**Project Name (ID):** PRS TAC ( P083851 )

**Country:** Honduras

**Board Approval Date :** 06/24/2004

**Closing Date :** 06/15/2008

**Loan/Credit/Grant Number :** MULT-54176, JPN-56792, IDA-39390

**Sector(s):** Central government administration(100%)

**Theme(s):** Administrative and civil service reform(P), Legal institutions for a market economy(P), Participation and civic engagement(S), Standards and financial reporting(S)

**Project Development Objectives:**

The objective is to support the implementation of the Poverty Reduction Strategy and strengthen the public sector's capacity in the areas of planning, participatory monitoring, public expenditure management, accountability, public administration, and public service delivery.

**Progress toward achieving development objective(s):**

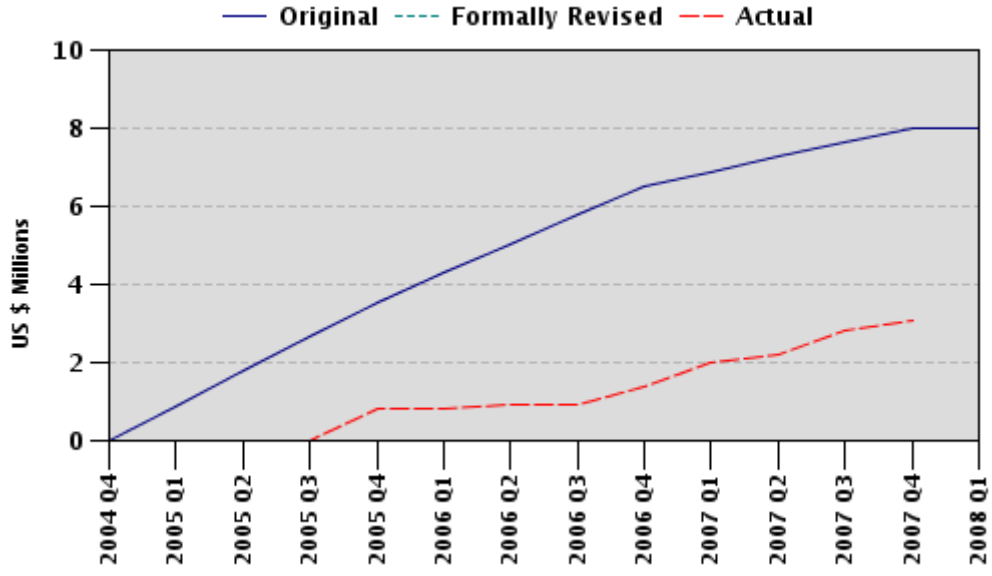
The project continued its implementation in FY07. Most significant advances to be reported include: (a) all core modules of the new Integrated Financial Management System (SIAFI, Sistema Integrado de Administracion Financiera) are now operational in all central agencies; (b) a performance-based evaluation system was developed and is starting to be implemented in all public sector entities; (c) an action plan to start gradual professionalization of the civil service is under preparation; (d) a comprehensive registration and auditing of personnel in the education sector is under implementation; and (e) an internal control system was designed to complement reform under the Comptroller's Office (TSC in Spanish).

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
MULT-54176	Effective	1.56	0.19	1.38	0.00
JPN-56792	Effective	0.47	0.05	0.43	0.00
IDA-39390	Effective	8.49	3.06	5.36	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** (CRL1) Rural Infrastructure Project ( P086775 )

**Country:** Honduras

**Board Approval Date :** 07/07/2005

**Closing Date :** 06/30/2010

**Loan/Credit/Grant Number :** JPN-53138, IDA-Q4600, IDA-40990

**Sector(s):** Roads and highways(33%), General water, sanitation and flood protection sector(27%), Power(20%), Sub-national government administration(12%), Renewable energy(8%)

**Theme(s):** Rural services and infrastructure(P), Infrastructure services for private sector development(S), Decentralization(S), Public expenditure, financial management and procurement(S), Social safety nets(S)

**Project Development Objectives:**

The project development objectives are to: (a) improve access, quality and sustainability of infrastructure services (roads, water and sanitation, and electricity) for the rural poor in Honduras; and (b) develop capacities and an enabling environment for locally-driven service provision and planning.

**Progress toward achieving development objective(s):**

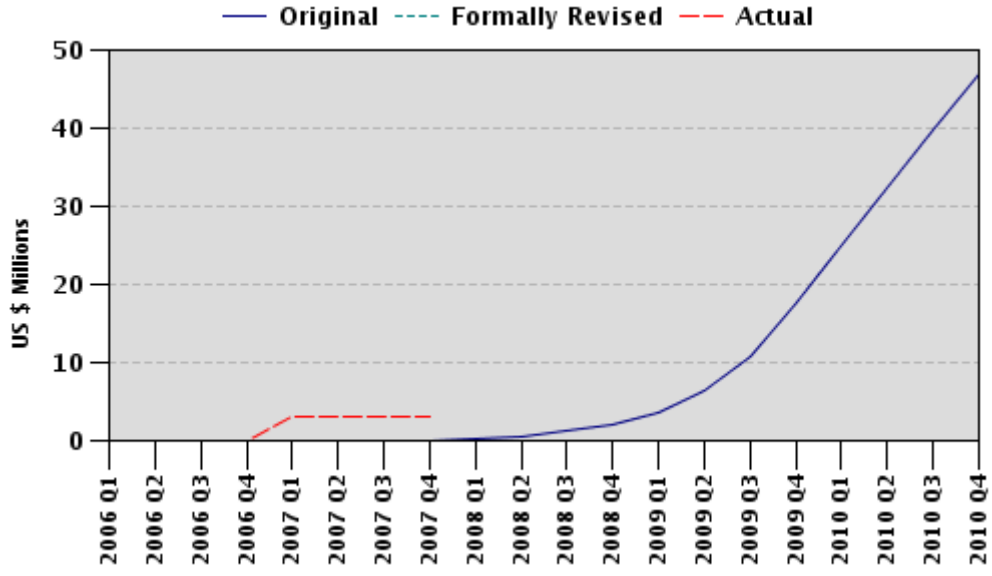
Start-up of project activities has been slower than forecast. IDA credit disbursements are not making progress and there will need to be significant improvements over the next 6-9 months if the project is to achieve its objectives in the projected time frame. Fortunately, however, there are signs that the client is responding well to the challenge and a number of measures have been implemented to improve project management. A detailed set of actions to be completed over the next 3-6 months has been agreed to.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
JPN-53138	Closed	0.70	0.63	0.00	0.07
IDA-Q4600	Closed	2.00	0.00	0.00	2.00
IDA-40990	Effective	48.50	3.20	45.24	0.00



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Barrio-Ciudad Project ( P088319 )

**Country:** Honduras

**Board Approval Date :** 07/07/2005

**Closing Date :** 06/30/2011

**Loan/Credit/Grant Number :** IDA-40960, IDA-Q4690, JPN-53766

**Sector(s):** Sub-national government administration(80%), Water supply(12%), Sanitation(8%)

**Theme(s):** Access to urban services and housing(P), Municipal finance(P), Municipal governance and institution building(P), Other social protection and risk management(S), Other urban development(S)

**Project Development Objectives:**

The project development objective is to improve the quality of life for the urban poor and to enable their municipal governments to continue and sustain such improvements through capacity building and improved access to credit.

**Progress toward achieving development objective(s):**

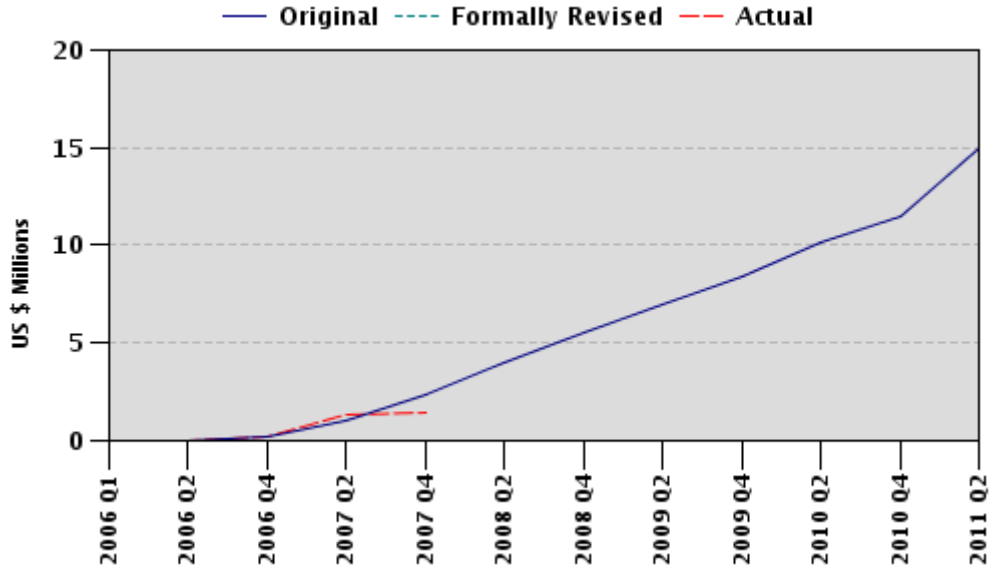
After a slow start, progress under the neighborhood upgrading component has picked up since early 2007 and is now proceeding well. Baseline studies for ten neighborhoods in five cities (an intervention and a comparison neighborhood in each city) have been completed and technical designs are underway. Under the crime and violence prevention component, progress is also good. Representatives of communities, local government and police as well as international experts were brought together for a national workshop and drafted outlines of local prevention plans. Under the municipal loan component, however, targets have not been met, and the loan has not been signed. The Bank and the government agreed that in the foreseeable future conditions will remain such that this component is unlikely to achieve its objectives and should be cancelled and that the funds should be reallocated to the neighborhood upgrading component, expanding the component to other cities, the crime and violence prevention component, and the technical assistance component without modifying the project development objective. This restructuring is expected to be formalized before the end of 2007.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40960	Effective	15.16	1.36	13.76	0.00
IDA-Q4690	Closed	2.00	0.00	0.00	2.00
JPN-53766	Closed	0.45	0.32	0.00	0.14



Status of Projects in Execution - FY07  
LATIN AMERICA AND THE CARIBBEAN REGION



**Project Name (ID):** Water and Sanitation Program ( P103881 )

**Country:** Honduras

**Board Approval Date :** 06/21/2007

**Closing Date :** 12/31/2013

**Loan/Credit/Grant Number :** JPN-57790, IDA-43350

**Sector(s):** Water supply(47%), Sewerage(26%), Sub-national government administration(12%), Sanitation(8%), Central government administration(7%)

**Theme(s):** Municipal governance and institution building(P), Decentralization(P), Other urban development(S), Administrative and civil service reform(S), Improving labor markets(S)

**Project Development Objectives:**

The objective is to improve the sustainability, efficiency and reliability of Honduras' water supply and sanitation (WSS) services in the participating municipalities by implementing the Strategic Plan to Modernize the WSS Sector.

**Progress toward achieving development objective(s):**

The project was not effective before the close of the reporting period.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
JPN-57790	Effective	0.98	0.00	0.98	0.00
IDA-43350	Not Effective	30.01	0.00	30.01	0.00

