STATUS OF PROJECTS IN EXECUTION – FY09
SOPE

LATIN AMERICA AND THE CARIBBEAN REGION
COUNTRY: HONDURAS

Operations Policy and Country Services
OCTOBER 02, 2009
Introduction

The Status of Projects in Execution (SOPE) Report for FY09 provides information on all IBRD/IDA projects that were active as of June 30, 2009. 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 FY09 SOPE report\(^1\) contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date.

\(^1\) 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.
Honduras

Project Name(ID): HN Financial Sector Technical Assistance (P040177)
Country: Honduras
Board Approval Date: 24-Jun-2003
Mid-Term Review Date: 22-Jan-2007
Closing Date: 30-Jun-2011
Sector: Banking (70%); Payment systems, securities clearance and settlement (25%); Law and justice (5%)
The project was restructured, or received Additional Financing during FY09: no

Project development objective(s):
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 and to establish a modern payment system.

After an initially slow implementation, this project has advanced significantly in the last years. Considering the progress achieved, it was extended until June 30, 2011 and it can be expected, that it will be completed successfully within this time frame. The project has until now significantly contributed to improve financial supervision and regulation and to consolidate the financial system. Ongoing activities include the strengthening of the Financial Sector Superintendence (CNBS) in aspects such as: a) financial sector monitoring practices and reports; b) Anti Money Laundering regulations and supervision practices; c) regulation of remittance companies and d) introduction of risk based supervision. After the extension of the project was granted, necessary steps were taken to implement a new payment system by the Central Bank of Honduras (BCH) and to carry out related work.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
<thead>
<tr>
<th>Loan/Credit/Grant</th>
<th>Status</th>
<th>Currency</th>
<th>Amount</th>
<th>Disbursed</th>
<th>UnDisbursed</th>
<th>Cancellation</th>
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<tbody>
<tr>
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<td>10.95</td>
<td>4.39</td>
<td>6.59</td>
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Project Name(ID): HN PRS TAC (P083851)
Country: Honduras
Board Approval Date: 24-Jun-2004
Mid-Term Review Date: 15-Nov-2007
Closing Date: 15-Dec-2009
Sector: Central government administration (100%)

The project was restructured, or received Additional Financing during FY09:

The closing date of the project and associated Trust Funds (TF054176 and TF091447) was extended from June, 15 2009 to December, 15 2009 and a reallocation of expenditure categories approved to allow the Government to conclude remaining activities and achieve all of the objectives set out in the original proposal.

The objective is to 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):

Progress toward achieving the development objective is substantial with significant improvements in financial management, human resource management, internal and external controls, and performance management. Specific achievements are as follows: (a) The Integrated Financial Management System (SIAFI) is operational in central government, including the Human Resources Module, and the interface with Honducompras has been completed. The module for externally funded projects (UEPEX) is being piloted in two projects; (b) The design of the HR module for teachers (SIARHD) is experiencing delays given the complex legal framework that governs this HR group. The Professionalization plan and the bylaws were published on July, 28 2008 (Decree No. 021-2008) and the Validation Commission established with representatives of the independent institutions, civil society and the private sector; (c) The internal control office (ONADISI) has been established and is fully operational; (d) The Results-based management system is operational in central government, decentralized and de-concentrated agencies. The closing date of the 3939-HN Credit and associated grants (TF054176 and TF091447) has been extended from June 2009 to December 2009, and a follow up operation is being designed.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

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<tr>
<th>Loan/Credit/Grant</th>
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Lending Information/Disbursement Summary (in millions USD)
Project Name(ID): HN EMERG DISASTER MGMT (TAL) (P064913)
Country: Honduras
Board Approval Date: 30-May-2000
Mid-Term Review Date: 04-Jun-2003
Closing Date: 30-Sep-2010
Sector: Sub-national government administration (51%); Central government administration (49%)
The project was restructured, or received Additional Financing during FY09: no
Project development objective(s): The objective is to improve the capacity to reduce vulnerability to natural disasters at the municipal level.
Progress toward achieving development objective(s): During FY09 progress has been satisfactory. Contracts have been approved for works in 15 municipalities and for vulnerability assessments in an additional 20.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
<thead>
<tr>
<th>Loan/Credit/Grant</th>
<th>Status</th>
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<th>Amount</th>
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Lending Information/Disbursement Summary (in millions USD)
Project Name(ID): HN- HEALTH SYSTEM REFORM PROJECT (P053575)
Country: Honduras
Board Approval Date: 07-May-2002
Mid-Term Review Date: 06-Jun-2005
Closing Date: 31-Jul-2009
Sector: Health (96%); Compulsory health finance (2%); Central government administration (2%)

The project was restructured, or received Additional Financing during FY09: no

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

The project has made important progress toward achieving the majority of indicators and triggers of the Policy Matrix. During the first half of 2009, the Project has increased coverage of primary health care services to some 130,657 inhabitants. The project is currently funding 7 contracts for provision of health services in Concepción de María, Langue, Yorito, San Francisco de Opalaca, Morazán, Iriona, and Catacamas. The Project Implementation Unit is currently systematizing all activities and outputs in a database (including the digitalization of reports), in order to maintain the institutional memory. The PIU is also preparing a closing report and will incorporate the results and outcomes of beneficiary surveys and qualitative workshops.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

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Project Name(ID): HN (CRL) Barrio-Ciudad Project (P088319)
Country: Honduras
Board Approval Date: 07-Jul-2005
Mid-Term Review Date: 10-Apr-2008
Closing Date: 30-Jun-2011
Sector: Sub-national government administration (80%); Water supply (12%); Sanitation (8%)

The project was restructured, or received Additional Financing during FY09:
The project was restructured to eliminate the first (loan window) component, which has not disbursed any funds to municipalities, and to scale up the second component (urban upgrading activities in poor neighborhoods) to reach an additional 10,000 beneficiaries.

Project development objective(s): To improve the quality of life for the residents in selected poor urban neighborhoods.

To date, this Project has been successful in its ability to fully integrate the social activities related to the Urban Crime and Violence Prevention Component and the infrastructure investments within the Neighborhood Upgrading component. As an example, crime prevention through environmental design (CPTED) principles has now also been incorporated into the larger works contracts financed by the project. The Project has also had an important impact in conveying the importance of urban crime and violence prevention to municipal officials, who have now been working closely with community leaders to identify areas where crime and violence levels are higher and what types of crime and violence are most prevalent, and to develop strategies to address them. Project communities are also strongly organized and leadership has been developed from within the communities, with community members being actively involved in the different project-supported activities.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

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<thead>
<tr>
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Project Name(ID): HN WATER AND SANITATION PROGRAM (P103881)
Country: Honduras
Board Approval Date: 21-Jun-2007
Mid-Term Review Date: 
Closing Date: 31-Dec-2013
Sector: Water supply (47%); Sewerage (26%); Sub-national government administration (12%); Sanitation (8%); Central government administration (7%)
The project was restructured, or received Additional Financing during FY09: no

The project development objectives are: (a) to improve the sustainability, efficiency and reliability of the Recipient's national water supply and sanitation services in eligible municipalities; and (b) to improve the performance of the Recipient's national water supply and sanitation sector institutions in the exercise of their respective role in conformity with the water and sanitation sector framework law.

Progress towards Development Objectives has been good. A first municipality has received the responsibility for water service provision from the national utility and is being supported by the project. Other municipalities have been supported. The national regulator is taking part in strengthening activities.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
<thead>
<tr>
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Lending Information/Disbursement Summary (in millions USD)
Project Name(ID): HN Power Sector Efficiency Enhancement (P104034)
Country: Honduras
Board Approval Date: 22-Jan-2009
Mid-Term Review Date: 
Closing Date: 31-Dec-2013
Sector: Power (97%); Public administration- Energy and mining (3%)
The project was restructured, or received Additional Financing during FY09: no
Project development objective(s): To improve ENEE's operational and financial performance, thus contributing to the sustainability of the power sector in Honduras.
Progress toward achieving development objective(s): The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
<thead>
<tr>
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Project Name(ID): HN (CRL1) Rural Infrastructure Project (P086775)
Country: Honduras
Board Approval Date: 07-Jul-2005
Mid-Term Review Date: 22-Sep-2008
Closing Date: 30-Jun-2010

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

The project was restructured, or received Additional Financing during FY09: no

Project development objective(s):
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.

With the completion of most of the planned investment in the mancomunidades of CRA and Chorti and the start up of the first batch of "fast track" projects in the other 4 mancomunidades, there is clear evidence of the soundness of the project's model for improved access and quality of rural infrastructure. Because of initial delays in project implementation it is however likely that an extension of the credit closing date will be necessary for the original goals to be met. The main challenge now is to work on the sustainability of the development impact of the project, with particular emphasis on municipal capacity building and developing and implementing new models for infrastructure operation and maintenance. Activities in all three sectors - transport, water and energy - are underway at this time.

Progress toward achieving development objective(s):

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
<thead>
<tr>
<th>Loan/Credit/Grant</th>
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Lending Information/Disbursement Summary (in millions USD)

- Original
- Formally Revised
- Actual

Year:
- 2006 Q1 to 2010 Q4

US $ Millions:
- 0 to 50

Status of Projects in Execution - FY09
LATIN AMERICA AND THE CARIBBEAN REGION
Project Name(ID): HN Trade Facilitation & Productivity Enha (P070038)
Country: Honduras
Board Approval Date: 21-Oct-2003
Mid-Term Review Date: 03-Jul-2006
Closing Date: 30-Jun-2010

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

The project was restructured, or received Additional Financing during FY09:
The March 2009 2nd order restructuring made more explicit and clarified the financing of works that were envisaged in the previous restructuring of July 2007. Specifically, the construction of the national metrology laboratory was added and the construction of a technology center made more explicit. Some adjustments were also made to the output indicators.

Project development objective(s):
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.

Although overall progress toward the project development objective has been difficult to measure, progress has been made in several of the individual components, including: (a) simplification initiatives have decreased time to open a business from 80 days (as reported in Doing Business 2004) to 20 days (as reported in Doing Business 2009); (b) the number of days required to export and to obtain a construction license have also dropped substantially; (c) a competition agency has been established; (d) relevant national bodies for measuring and certifying that firms meet product quality standards were established and 19 firms awarded quality certifications; (e) initiatives to promote FDI have created nearly 6,000 new jobs; and (f) nearly 400 micro, small, and medium enterprises have received training to enhance their productivity. The Project Closing date was partially extended to June 2010 to allow construction to be completed for the National Metrology Laboratory.

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</table>
Lending Information/Disbursement Summary (in millions USD)
Project Name(ID): HN JUDICIAL BRANCH MODERNIZATION (P081516)
Country: Honduras
Board Approval Date: 07-Jul-2005
Mid-Term Review Date: 30-Oct-2008
Closing Date: 30-Sep-2010
Sector: Law and justice (100%)

The project was restructured, or received Additional Financing during FY09:
The project was restructured to realign and strengthen project implementation, by, inter alia: (a) incorporating a new sub-category under Civil Works category; (b) reallocating funds among expenditure categories; (c) redefining the meaning of “Operating Costs”; and (d) incorporating new procurement arrangements.

Project development objective(s):
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):
Project implementation during FY2009 has continued to progress satisfactorily, and it has focused on activities related to the establishment of information management systems (case, administrative and user information) for the non-criminal jurisdictions. To date, approximately 61.99% of total credit proceeds have been disbursed, and will rapidly increase on the basis of existent commitments. The Justice of the Peace courts financed by the project have been completed and are fully operational. Due to the initial success of the mobile courts; the Judiciary is expanding the pilot to other cities in Honduras.

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Lending Information/Disbursement Summary (in millions USD)
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<th>HN Nutrition and Social Protection (P082242)</th>
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<tbody>
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<td><strong>Country:</strong></td>
<td>Honduras</td>
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<tr>
<td><strong>Board Approval Date:</strong></td>
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<td><strong>Mid-Term Review Date:</strong></td>
<td>06-Oct-2008</td>
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<tr>
<td><strong>Closing Date:</strong></td>
<td>30-Jun-2010</td>
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<tr>
<td><strong>Sector:</strong></td>
<td>Other social services (45%); Vocational training (30%); Central government administration (20%); Sub-national government administration (5%)</td>
</tr>
</tbody>
</table>

The project was restructured, or received Additional Financing during FY09: no

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.

With the continued implementation of Mi Primer Empleo, which has increased the number of training institutes and businesses involved in the youth training program and the signing of the two largest contracts to expand the nutrition AIN-C program under Component 2, the project development is still achievable, provided that resumption of processing disbursements will occur sooner. The World Bank program in Honduras, following the June 28 removal of the President of Honduras, is currently "paused" meaning that no new disbursement applications are being processed for ongoing projects. Before end of June 2009 the AIN-C Component has made progress in several areas: signing of several large contracts related to the expansion of AIN-C to cover almost 1000 communities or about 35,000 children under two years old; the finalization of the selection of a firm to carry out the impact evaluation of AIN-C; implementation of a pilot on early stimulation; development of management information system for the AIN-C services; and completion of training and guidelines in intercultural health, among other things.

Regarding the component supporting the First Employment Program for at Risk Youth, training courses for 2000 youth as part of third convocatoria began in June 2009. Number of participating CECAPS has increased, as has diversity of courses offered. Currently 1,835 youth have been trained. However, the pausing of disbursements and the lack of counterpart funds is threatening the finalization of the youth training program.

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<thead>
<tr>
<th><strong>Progress toward achieving development objective(s):</strong></th>
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<tbody>
<tr>
<td>With the continued implementation of Mi Primer Empleo, which has increased the number of training institutes and businesses involved in the youth training program and the signing of the two largest contracts to expand the nutrition AIN-C program under Component 2, the project development is still achievable, provided that resumption of processing disbursements will occur sooner. The World Bank program in Honduras, following the June 28 removal of the President of Honduras, is currently &quot;paused&quot; meaning that no new disbursement applications are being processed for ongoing projects. Before end of June 2009 the AIN-C Component has made progress in several areas: signing of several large contracts related to the expansion of AIN-C to cover almost 1000 communities or about 35,000 children under two years old; the finalization of the selection of a firm to carry out the impact evaluation of AIN-C; implementation of a pilot on early stimulation; development of management information system for the AIN-C services; and completion of training and guidelines in intercultural health, among other things.</td>
</tr>
</tbody>
</table>
Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
<thead>
<tr>
<th>Loan/Credit/Grant</th>
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<th>Currency</th>
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Lending Information/Disbursement Summary (in millions USD)
**Project Name(ID):** HN FORESTS & RURAL PRODUCTIVITY (P064914)

**Country:** Honduras

**Board Approval Date:** 24-Jun-2004

**Mid-Term Review Date:** 08-Sep-2007

**Closing Date:** 31-Jan-2010

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

The project was restructured, or received Additional Financing during FY09: no

**Project development objective(s):**

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.

The project has made a satisfactory progress to achieve the PDO in this final stage of implementation. The main results are on: (i) Community Forestry where 34 subprojects benefiting 17,860 families form 395 communities and 26 municipalities have been financed; and (ii) Local Government and Disaster Preparedness, where 26 municipalities have been assisted to prepare and execute municipal development plans, land use and zoning plans, and vulnerability reduction plans, which have help them to leverage additional funds, mainly from the PRSC, for 220 additional projects representing around US$4.3 million. A study is underway to evaluate income and employment derived from these investments.

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

**Lending Information/Disbursement Summary**

(***amounts in millions, as of Aug 17, 2009***)

<table>
<thead>
<tr>
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**Project Name(ID):** HN Education Quality, Governance & Insti (P101218)

**Country:** Honduras

**Board Approval Date:** 24-Jan-2008

**Mid-Term Review Date:**

**Closing Date:** 30-Jun-2013

**Sector:** Central government administration (26%); Pre-primary education (25%); Primary education (24%); Sub-national government administration (16%); Tertiary education (9%)

**The project was restructured, or received Additional Financing during FY09:** no

**Project development objective(s):**

The Project's Development Objectives are to: (i) expand pre-school coverage in disadvantaged communities; (ii) improve completion rates in PROHECO (Honduras Community Based Education Program) schools; (iii) improve teacher accountability; and improve accountability of schools to citizens.

The project is progressing well during its first year of implementation. An Early Grade Reading Assessment (EGRA) has been conducted on a nationally representative sample of PROHECO schools in grades 2nd, 3rd, and 4th and its results are being distributed to the participating schools; the country is advancing in the preparation schedule for its participation in PIRLS 2010/2011 and TIMSS 2011; a training program in multigrade techniques for PROHECO teacher has been designed and it will be implemented during the second semester of 2009; 309 preschools will be opened in February 2010; and progress is being made in the design of a new human resources module for teachers at the Ministry of Education. The program management unit is now fully operational and effectively functioning.

**Lending Information/Disbursement Summary**

((amounts in millions, as of Aug 17, 2009)

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<th>Loan/Credit/Grant</th>
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Lending Information/Disbursement Summary (in millions USD)

- **Original**
- **Formally Revised**
- **Actual**

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Project Name(ID): HN Rural Competitiveness Project (P101209)
Country: Honduras
Board Approval Date: 17-Jun-2008
Mid-Term Review Date: 
Closing Date: 30-Nov-2015
Sector: General agriculture, fishing and forestry sector (42%); Agro-industry (25%); Agricultural marketing and trade (23%); Central government administration (10%)

The project was restructured, or received Additional Financing during FY09: no

Project development objective(s): The project development objective is to increase the productivity, competitiveness and market access of organized rural small-scale producers in Western Honduras.

Progress toward achieving development objective(s): The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
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<th>Loan/Credit/Grant</th>
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**Project Name(ID):** HN Nuestras Raices Program (P083244)  
**Country:** Honduras  
**Board Approval Date:** 04-May-2004  
**Mid-Term Review Date:** 16-Apr-2007  
**Closing Date:** 30-Nov-2009  
**Sector:** Other social services (30%); Health (20%); General water, sanitation and flood protection sector (20%); Primary education (15%); General agriculture, fishing and forestry sector (15%)  

The project was restructured, or received Additional Financing during FY09: no

**Project development objective(s):** 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.

Implementation accelerated in FY09 resulting in substantial progress toward achieving the project's intermediate indicators. At the same time, given that the Project is four months from closing and only recently the Government hired a firm to carry out an impact evaluation of the Project, there is no reliable evidence on progress toward achieving many outcome indicators. Additionally, the team is aware that two of the six outcome indicators will not be achieved. As such, progress toward achieving the PDO is considered #MU# and most likely it will close with this rating. Finally, the current political situation in Honduras is likely to negatively impact the remaining implementation period.

**Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)**

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Lending Information/Disbursement Summary (in millions USD)
Project Name(ID): HN Road Reconstruction & Improvement II (P109058)
Country: Honduras
Board Approval Date: 17-Jun-2008
Mid-Term Review Date: 
Closing Date: 30-Jun-2013
Sector: Roads and highways (86%); Central government administration (14%)

The project was restructured, or received Additional Financing during FY09:

Total Bank financing (US$m.): 25.00

Project development objective(s):

To improve the quality of the road network and of road management in support of the government's growth and competitiveness goals through: improved governance and enhanced road management capacity in SOPTRAVI and the Road Fund; improvement in selected road corridors; and extension in the scope of the maintenance of the unpaved road network

Progress toward achieving development objective(s):
The project became effective in the latter part of the reporting period and was still in too early stage for meaningful progress.

Lending Information/Disbursement Summary (amounts in millions, as of Aug 17, 2009)

<table>
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