



World Bank in Honduras

As of November 2009



Credit Number: 38000		Effective Date: 15-Mar-2004		Closing Date: 30-Jun-2011	
FINANCIAL SECTOR TECHNICAL ASSISTANCE CREDIT					
Implementing Agency: Central Bank of Honduras National Banking Commission Tel.221-3375		Agency Contact: Juan Carlos Fiallos jcfiallos@cnbs.gov.hn		Original Amount: USD 9,9 M / SDR 7,2 M	
				Disbursed as of November 17,2009: USD 4,9M / SDR 3,0 M	
				Undisbursed Balance as of November 17, 2009: USD 6,6M / SDR 4,1M	
Task	Responsible	E-mail		Contact Phone Number	
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Important Links:					
Project Appraisal Document		http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=456502&menuPK=456533&Projectid=P040177			
More project info		http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P040177			
Procurement Tracking System		http://www.iniciativasepa.org			
Ministry of Finance (SIAFI)		http://www.sefin.gob.hn			
Project Development Objective:			Progress toward achievement of PDO: <i>Satisfactory</i>		
Support the development of the institutional capacity of the Comisión Nacional de Bancos y Seguros (CNBS) and the Banco Central de Honduras (BCH) to address vulnerabilities of the Honduran financial system. In this context, the project development objective is to build the necessary capacity to deal with risks related to the banking system, as a prerequisite for sustainable growth and poverty alleviation. The project shall achieve this objective by providing technical assistance for: (i) the design and implementation of a banking sector consolidation program, (ii) the reform of the payments system, and (iii) the improvement of selected aspects of the financial system infrastructure. A financial sector adjustment operation is planned in FY04 to complement the proposed technical assistance operation and achieve the objectives defined in the Country Assistance Strategy.					
Component			Rating		Bank Financing (Million USD)
1. Technical Assistance for Banking Sector Consolidation			Satisfactory		2,02
2. Reform of Payment System			Moderately Satisfactory		5,25
3. Improvement of Financial System Infrastructure			Satisfactory		0,40
4. Project Administration			Satisfactory		0,64
Aprox. IDA Financing					8,31
Implementation Performance Ratings					
Overall Implementation Progress (IP)		Satisfactory		Counterpart Funding Satisfactory	
Project Management		Satisfactory		Procurement Moderately Satisfactory	
Financial Management		Satisfactory		Monitoring and Evaluation Satisfactory	



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Summary Development Objective Rating	Satisfactory		
Expected Results		Results to Date	
<ul style="list-style-type: none"> • All banks comply with CNBS prudential regulation which is consistent with international standards.06/30/2011. • Increase Cost Efficiency of the Banking Sector. Admin Expenses / Assets = 5.0 by 06/30/2011. • Reduced legal uncertainty in payments systems and improved risk management High value payments system fully operational for all participants in systemically important transactions. 06/30/2011. • Increased quality, transparency, and timeliness of information available to CNBS and BCH on bank soundness and major corporate clients. All banks reporting requested data to the CNBS in time by 06/30/2011. • Improved monitoring of the corporate sector. CNBS and the Central Bank have established a fully operational mechanism to monitor the corporate sector as pillar of an early warning system of financial sector problems by 06/30/2011. • Banking resolution framework and capitalization fund capabilities. The operational procedure for the resolution process has been finalized and the fund established. 06/30/2011. 		<ul style="list-style-type: none"> • Financial institutions subject to CNBS programs to reduce related party loans are in compliance with such programs. CNBS has tightened loan loss provisioning standards. (04/30/2009) • Foreign-bank competition seems to have improved efficiency, but the current global financial crisis may reduce it. (04/30/2009). • Relevant BCH regulations have been issued; the procurement process for the acquisition of a modern an adequate payment system has been completed and the system is in the early stages of implementation. (04/30/2009). • All banks reporting requested data to the CNBS on time. The target value has been met. (10/30/2008). • CNBS database is fully operational and all borrower balances in the financial system are being reported. The target value has been met. (10/30/2008). • The operational procedures for the resolution process have been finalized and the fund established. (10/30/2008). 	
Compliance of Legal Covenants			
Credit Agreement Reference	Description of Covenant	Date Due	Status

Lending Instrument: TAL - Technical Assistance, **Loan Type:** IDA - IDA Credit, **Loan Term:** 40 Years, **Grace Period:** 10 Years, **Commitment Fee:** 0.50% (Current Rate), **Service Charge:** 0.75%

***SDR:** A basket of currencies, today consisting of the euro, Japanese yen, pound sterling, and U.S. dollar. It is calculated as the sum of specific amounts of the four currencies valued in U.S. dollars, on the basis of exchange rates quoted at noon each day in the London market.