International Monetary Fund

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**IMF Completes First Reviews Under SBA and SCF Arrangements with** **Honduras**

On December 18, 2019, the Executive Board of the International Monetary Fund (IMF) completed first reviews of Honduras’ performance under an economic program supported by a two-year Stand-By Arrangement (SBA) and a two-year arrangement under the Standby Credit Facility (SCF). This program was approved on July 15th, 2019 in the amount of about US$ 309.2 million (SDR 224.8 million), the equivalent of 90 percent of Honduras quota in the IMF (see [Press Release 19/285](https://www.imf.org/en/News/Articles/2019/07/16/pr19285-honduras-imf-executive-board-concludes-2019-article-iv-consultation)).

The completion of the reviews enables the authorities to access resources in the total amount of about US$144.7 million (SDR 105 million). The authorities have expressed their intention to continue to treat the arrangements as precautionary.

Following the Executive Board’s discussion on Honduras, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, made the following statement:

“Despite headwinds to growth and a challenging external environment, the Honduran authorities remain fully committed to the economic program supported by the IMF. They have maintained prudent macroeconomic policies—the fiscal position is in line with the Fiscal Responsibility Law, inflation is within the central bank’s target band, and the current account deficit has narrowed despite adverse terms of trade—and have taken initial steps on structural reforms to promote sustained, inclusive growth.

“The authorities have made progress on electricity sector reforms, improving the institutional framework by strengthening the regulatory agency, creating an independent system operator, and issuing regulations that will facilitate an open, transparent, and competitive electricity market. They have also taken important steps to improve operations and governance in the public electricity company, and to implement the plan to reduce electricity losses, notably by creating a task force to address the issue.

“Important measures to strengthen the governance and anti-corruption frameworks have been incorporated into the program, adding to the ongoing efforts to strengthen the institutional framework in the central bank and in public finances, and to improve the business environment. The measures focus on reforms in the framework to manage public-private partnerships, the registry of beneficial ownership, the public officials’ asset declaration system, and public procurement.

“The authorities will protect the revenue mobilization efforts made over the past years in order to reduce the infrastructure gap and increase social spending. These efforts will be critical to reduce poverty and inequality, while maintaining a prudent fiscal position that secures debt sustainability over the medium term.

“These policies and reforms should help improve the medium-term outlook, paving the way to gradually boost productivity, growth and employment, and ultimately foster inclusive growth.”