

I. COUNTRY REFORM PROGRESS

The Honduran government aims to increase public investment spending to contribute to economic and social development. One key reform needed to achieve this is to strengthen budget execution, as public investment spending executed is systematically inferior to amounts budgeted. The project financed a mission that assessed budget execution controls and presented an action plan on how to improve these, thus contributing to the project outcome 1.2. (better budget execution). Authorities are expected to use this capacity development (CD) mission to improve operational budget execution procedures, and notably formalize them in guidance notes and manuals.

II. PROJECT DELIVERY HIGHLIGHTS

SM II: Spending Module II – Managing Public Finance
Key Progress in FY25: The programming of budget execution processes in Honduras needs strengthening to increase its efficiency and timelines, while avoiding erroneous registers on budget execution data. To that effect, the project supported a joint mission with the IMF's Regional Technical Assistance Center for Central America and the Dominican Republic (CAPTAC-DR) that assessed budget execution controls and presented an action plan on how to improve these, thus contributing to the project outcome on budget execution and control processes. Next Steps: Authorities are expected to draw on recommendations from the last technical assistance mission on budget execution to improve operational budget execution procedures, and notably formalize them in guidance notes and manuals. In the coming months, the project is expected to turn to the more upstream process of strengthening budget formulation.

III. LOGICAL FRAMEWORK

Country – Honduras		
SM II: Objective - Strengthened Budget Management - PBM		Rating - 2
Outcome	Rating	Narrative
Strengthened budget execution and control processes	2 Partially Achieved	Activities carried out with the support of CD supported developing a methodological and practical manual for budget execution programming that will be expected to contribute to the institutionalizing budget execution programming and improve budget execution processes.
Strengthened annual budget process, and effective allocation	2 Partially Achieved	Comprehensive assessment to be made after a mission.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External climate/conditions		
SM II: Natural disasters and other external shocks could hinder CD delivery in the field.	Low	Remote CD when necessary.
Political Support		
N/A	N/A	N/A
Management and Technical Staff Support and Commitment		
SM II: Continuous rotation and lack of preparation of managers undermine the absorptive capacity.	Medium	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring.
Resource Adequacy		
SM II: Availability of funding and staff for CD.	High	Plan CD well in advance to secure resources.
Other Risks		
N/A	N/A	N/A

V. PROJECT MANAGERS CONTACT INFORMATION

Project Managers	Module PM	E-mail
Laura A. Gores (FADM2)	Laura A. Gores (FADM2)	LGores@imf.org