

HONDURAS

ASSISTANCE AND COOPERATION FROM THE INTERNATIONAL COMMUNITY DURING 1998 - 1999

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I. INTRODUCTION

This document provides a summary of the foreign aid received by the Government of Honduras from 1995 through 1998, as well as projected 1999 financial inflows, which is based on financial assistance agreements formalized up to the end of the first quarter of 1999.

The present Honduran Administration implemented a set of policies that provided a sound macroeconomic framework for private sector growth during the first semester of 1998. Late in October 1988, the authorities were negotiating an Enhanced Structural Adjustment Facility with the IMF. That process was to have been completed early in November and was expected to pave the way for the fourth Paris Club debt rescheduling arrangement for Honduras. The arrival of Hurricane Mitch on October 26 changed the economic perspective as the extensive damage produced major challenges for the Government and threatened the social and economic stability.

The Stockholm Consultative Group for the Reconstruction and Transformation of Central America will be an opportunity for Donors to discuss Honduras' strategy for economic recovery and to review the levels and purpose of the financial aid already committed. It will also provide the opportunity to pledge additional assistance to the Reconstruction Plan.

Section II of this document reviews the external financial assistance provided during the 1995-1997 period, including loan disbursements and grants, as accounted for in the balance of payments official estimates. Section III examines external financial assistance for 1998-1999, based on Central Bank preliminary estimates for 1998 and projections for 1999 based on formal agreements signed by the end of March, 1999. Section IV profiles the activities in Honduras of the main donors, as well as the U.N. Agencies. All the information used in this paper is official and was provided by the Central Bank of Honduras and confirmed with the foreign governments' representations and agencies operating in Honduras.

However, bilateral financial assistance described in this paper does not include debt rescheduling provided by the Paris Club countries to Honduras.

II. SUMMARY OF EXTERNAL ASSISTANCE IN 1995 – 1997

During the 1995–1997 period, the Government of Honduras received aid amounting to US\$ 1,318.1 million, of which US\$ 880 million or two thirds were loans, while the remaining third, US\$ 437.5, were grants or donations to support the execution of specific projects.

Most disbursements were associated with the execution of structural adjustment loan agreements in the agriculture and energy sectors or in support of the reform program

for the modernization of the state. Also, disbursements were associated with balance of payments support programs as well as investment projects in infrastructure.

Balance of payments support has been granted in relation to economic policy reform programs, including the adoption of fiscal and monetary measures aimed at obtaining macroeconomic stability.

In terms of bilateral assistance the U.S.A. and Japan are the most important donors, together providing nearly 55% of the total bilateral funds received by Honduras from 1995 – 1997. Japanese assistance is directed mainly to infrastructure projects and social programs financed either with the local currency generated by the sale of donated fertilizer or by direct transfers. U.S. assistance, through the USAID and Peace Corps agencies, finances the strengthening of democratic institutions, health and education programs, technical assistance, micro-credit and agricultural policy formulation.

Other bilateral financing to the Honduran Government often comes from local currency generated from debt relief provided by the donor countries, which is channeled to "Contravalor Funds". Such is the case of aid from Switzerland, where the funds are directed to sectors such as water and sanitation, environment, education and micro-enterprise financing.

Most of the foreign governments working in the country have established executing offices for the provision of technical assistance to several social aid programs through non-governmental organizations (NGOs). Resources so allocated are not included in the official statistics system due to the lack of appropriate record mechanisms. Those assistance programs are not accounted for in this paper. NGOs receive financial support from foreign governments or institutions such as USAID, Canada International Development Agency, the European Community, the Swiss and Swedish Governments and also from United Nations Agencies, such as UNDP and FAO.

Table I show the financial resources received by the Government of Honduras during the 1995 - 1997 period by source of aid and by nature of financial assistance:

Table 1. Sources of Aid. Loan disbursements and Grants. 1995-1997
(millions of US\$)

Bilaterals (Incl. Non official)	Amount	Multilaterals	Amount
1. Canada	36.3	1. UN Institutions	44.0
2. U.S.A.	115.7	2. CABI	150.6
3. Japan	123.1	3. IDB	268.1
4. Germany	22.8	4. IBRD/IDA	228.7
5. Switzerland	20.4	5. CDC	0.5
6. Italy	24.4	6. OPEC	11.9
7. Spain	58.3	7. IMF	30.1
8. Taiwan	55.0		
9. Venezuela	2.4		
10. Kuwait	33.5		
11. Other donors	92.3		
TOTAL BILATERALS	584.2	TOTAL MULTILATERALS	733.9
TOTAL BILATERAL + MULTILATERAL		1,318.1	

Table 1 shows that multilateral agencies account for almost 56% of total financing received by Honduras in the aforementioned period. The IDB, IDA/IBRD and CABI provided 88% of the multilateral financial assistance.

Table 2 describes the distribution of financial assistance by sector, including the relative share of total financing received by each sector.

Table 2. Distribution of Financial Assistance by Sector, 1995 – 1997 (In millions of US\$)				
Economic Sector	Grants	Loans	Total	%
1. Housing	20.3	7.9	28.2	2.1
2. Education	23.0	4.3	27.3	2.1
3. Telecommunications	0	7.8	7.8	0.6
4. Agriculture and Forestry	111.4	74.1	173.5	13.2
5. Health	44.1	53.2	97.3	7.4
6. Other social programs	5.8	130.8	136.6	10.4
7. Balance of Payments support	31.1	145.2	176.3	13.4
8. Structural adjustment loans	0	123.6	123.6	9.4
9. Electricity	1.8	199.3	201.1	15.3
10. Infrastructure projects	123.1	134.4	257.5	19.5
11. Environment	14.2	0	14.2	1.1
12. Municipal Development	62.7	0	28.2	4.8
Total	437.5	880.6	1,318.1	100.0

The figures in Table 2 show that infrastructure, the energy sector, balance of payments support and agriculture have received the largest proportions of international financial resources, amounting to a combined 61.3% of the total. Education, Housing and Health programs have received, as a whole, 11.6% of the total financial assistance.

Of the US\$ 1,318.1 million of financial assistance provided by the international donor community from 1995 – 1997, 33.2% was in the form of grants and 66.8% were loan disbursements. Grants to the Government of Honduras are distributed across almost all sectors of the economy while loans are generally directed towards the productive sectors where they can more readily generate repayment capacity in the medium term.

III. EXTERNAL ASSISTANCE DURING 1998 – 1999

Figures in this section are preliminary estimates of the Central Bank of Honduras for 1998 and projections for 1999, based on formal agreements signed by the end of March, 1999. According to these figures, financial aid received by Honduras in 1998 and received or projected to be received during 1999 is as follows:

Table 3. Financial Assistance for Honduras during 1998 – 1999 (In millions of US\$)				
	Grants	Loans	Total	%
I. Multilaterals	32.2	725.9	758.1	58%
1. CABI	0	43.9	43.9	5.79
2. IDB	0	214.5	214.5	28.29
3. IBRD/IDA	0	286.2	286.2	37.76
4. CDC	0	0	0	0
5. UN AGENCIES	32.2	7.7	39.9	5.27
6. OPEC	0	4.0	4.0	0.52
7. IMF	0	169.6	169.6	22.37
II. Bilaterals	435.6	119.9	555.5	42%
1. Canada	25.4	0	25.4	4.57
2. U.S.A.	96.2	0	96.2	17.32
3. Germany	13.7	2.8	16.5	2.98
4. Japan	77.0	0	77.0	13.86
5. Switzerland	15.7	0	15.7	2.83
6. Italy	2.6	13.9	16.5	2.97
7. Spain	0	61.5	61.5	11.07
8. Taiwan	0	16.1	16.1	2.90
9. Venezuela	0	0.8	0.8	0.14
10. Norway	0	2.7	2.7	0.48
11. France	0	1.6	1.6	0.28
12. Kuwait	0	20.5	20.5	3.69
13. Other donors	81.9	0	81.9	14.75
14. Official extraordinary aid	123.1	0	123.1	22.16
Total	467.8	845.4	1,313.2	100%
Relative Participation	35.6%	64.4%	100.0%	

Figures for 1998 include the emergency aid provided by external donors during the last two months of the year for the relief and urgent reconstruction of key infrastructure works, following Hurricane Mitch. Figures for 1999 are preliminary estimates based on formal financial assistance agreements reached by the Honduran authorities with bilateral and multilateral sources.

The figures included in Table 3 show that Honduras continues to receive the largest share of its international assistance in the form of loans, which represent 64.4% of the total.

Grants amount to US\$ 467.8 million, or 35.6% of the total assistance received. These transfers include US\$ 123.1 million of extraordinary official aid, both financial and in kind, that the Government of Honduras received since Hurricane Mitch in 1998 and the first quarter of 1999. The US\$ 123.1 million also include the projected use of US\$ 37.5 million from the Central American Emergency Trust Fund established by the World Bank and funded by donors to help service the debt with multilateral agencies.

Again, the largest multilateral providers of financial assistance are the IDB and the World Bank/IDA and Japan and the United States are the largest bilateral donors.

Table 4 shows the sectors where the financial assistance is directed:

Table 4: Distribution of Financial Assistance by Sector, 1998 – 1999 (In millions of US\$)						
Sector of Activity	Grants	%	Loans	%	Total	%
1. Housing	7.4	1.6	6.0	0.7	13.4	1.0
2. Education	37.0	7.9	5.6	0.6	42.6	3.3
3. Telecommunications	1.8	0.3	15.0	1.7	16.8	1.3
4. Agriculture and Forestry Dev.	62.0	13.2	63.0	7.4	125.0	9.5
5. Health	44.9	9.6	8.6	1.0	53.5	4.1
6. Other social programs	34.5	7.4	70.0	8.4	104.5	7.9
7. Emergency Aid	152.1	32.5	287.0	33.9	439.1	33.5
8. Balance of Payments support	0	0	169.6	20.1	169.6	12.9
9. Structural Adjustment	0	0	68.5	8.2	68.5	5.2
10. Electricity	12.1	2.6	97.8	11.6	109.9	8.4
11. Infrastructure and Transportation	77.0	16.6	54.2	6.4	131.2	10.0
12. Environment	9.4	2.0	0	0	9.4	0.7
13. Municipal Development	29.6	6.3	0	0	29.6	2.2
Total	467.8	100.0	845.4	100.0	1,313.2	100.0

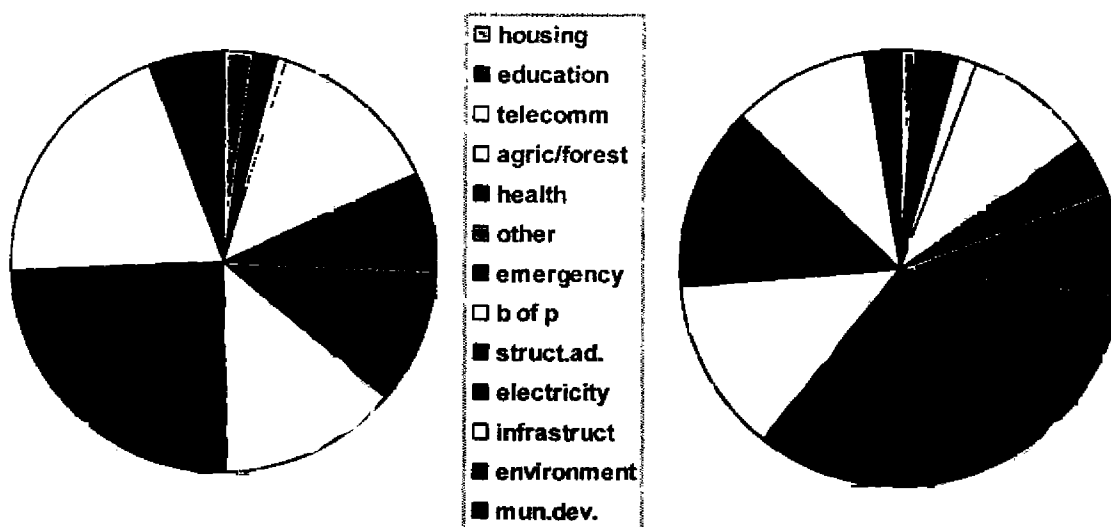
The table above shows that 32.5% of total transfers were dedicated to emergency aid in 1998 or are expected to be dedicated to human relief and urgent replacement of infrastructure during 1999 (see item 7 in the table).

A third of estimated loans in 1998-99 are dedicated to relief aid and activities related to emergency reconstruction. Balance of payments support, which comprises 20 per cent of total loans, is intended to replace lost export capacity due to damages caused by the hurricane to the agricultural sector. The hurricane's negative impact on production and exports is expected to peak in 1999.

COMPARATIVE CHARTS OF FINANCIAL ASSISTANCE RECEIVED BY THE GOVERNMENT OF HONDURAS, DISTRIBUTED BY SECTOR OF ALLOCATION, 1995 – 1999

1995 – 1997
(Percentages of total)

1998 - 1999
(Percentages of total)



Source: Central Bank of Honduras

IV. SOURCES OF AID

This section provides a brief profile of the development assistance activities of the main bilateral donors and the United Nations Agencies and other multilaterals. In addition, a general description of their planned areas of future involvement is provided without mention of specific amounts to be allocated for 1999 aid programs, except where the donors have explicitly allowed disclosure.

1. CANADA

In response to Hurricane Mitch, the Canadian Government allocated approximately US\$ 75 million to its Central American programs. Of that amount, approximately 50% will be allocated to Honduras, in effect doubling the size of the program in Honduras over the next 4 years. Some of these funds are being used to mitigate some of the damages caused by the hurricane. The specific projects include helping rehabilitate water distribution systems in 38 municipalities, supporting housing construction, and funding agricultural rehabilitation and providing food for displaced people living in temporary shelters.

Canadian development assistance programs have focused on the sustainable exploitation of natural resources, basic municipal water and sanitation infrastructure and agriculture.

With the joint assistance of CARE and the Government of Canada, more than 150 small rural communities have built their own water distribution systems, benefiting approximately 30,000 inhabitants. These projects also have specific environmental, health care and hygiene initiatives.

The Guayape Valley project introduced innovations in irrigation and water distribution systems, thus improving resources utilization and helped form rural micro enterprises and credit services improvement.

For the last 25 years, Canada has been providing technical and financial assistance for the rain forest communities on the Northern Coast of Honduras in an integrated manner, including rural employment generation. Activities in this program are dedicated to improve production, management and trade in forestry byproducts for the local population so as to improve living standards while managing resources in a sustainable way.

The Government of Canada is sponsoring a technical assistance program with COHDEFOR, the Honduran public institution in charge of forestry development and management of forestry resources, in order to build up local capacity for policy formulation as well as management and supervision of the forestry resources. The PAGS (Programa de Apoyo a Gestión Sostenible de Recursos Naturales) project, supports the implementation of the Agricultural Modernization Law in the forestry area, thus making an important contribution to the improvement of local human resources capabilities in policy implementation.

Canada established a debt conversion fund for the management of the environment, dedicated to reinforce government institutions and NGO's capabilities to carry out education projects in the area of sustainable exploitation of natural resources. These small programs help rural schools and farmers to adopt environmentally friendly agricultural techniques.

2. EUROPEAN COMMISSION

The European Commission will provide US\$ 270 million over four years for a Community action plan for the reconstruction of Central America. The vast majority of this money will be directed towards Nicaragua and Honduras. These funds are provided in addition to the European Union's routine annual support of US\$190 million.

The key component of the Community Action Plan will be the Regional Programme for the Reconstruction of Central America (RPCRA) which will be overwhelmingly used to support social policies, in particular public health and education. Funds will also provide support for debt relief initiatives, maintaining democratic initiatives enforcement, protecting human rights and fostering economic integration. The aid program also includes extension of benefits under the Generalized Preferences Regime for agricultural and industrial Central American exports to Europe.

3. ITALY

Following Hurricane Mitch, Italy donated 2,500 metric tons of rice, which was delivered to the 'Instituto Hondureño de la Niñez y la Familia', an organization headed by the First Lady of Honduras.

The Government of Italy also provides regular aid through the Italian Cooperation Agency, which has both a cultural program and a community development program. The latter invests approximately \$500,000 annually through an NGO, the Italian Brigade, and provides aqueducts, wells and basic sanitation infrastructure to small rural communities in six departments of Honduras: Cortés, Atlántida, Colón, Francisco Morazán, Choluteca and Valle.

The Government of Italy has also announced that it will grant Honduras debt relief of approximately US\$ 37 million through the Paris Club.

4. JAPAN

Immediately after Hurricane Mitch, Japan provided emergency aid in three areas:

1. Japanese Army specialists, assisted in the medical treatment of hurricane victims and undertook an extensive fumigation program to eradicate the risk of epidemics.
2. Donated equipment for water purification and electricity production to COPECO.
3. Donated US\$ 180,000 for emergency needs.

In response to the special needs generated by Hurricane Mitch, the Japanese Government has identified five priorities in its aid program to Honduras:

- Basic infrastructure
- Health, including water supply and basic sanitation
- Agriculture
- Balance of Payments Support; and
- Housing.

Previously, the Japanese aid program has benefited the Honduran population primarily through education projects, especially the construction and equipping of INICE, a center dedicated to teachers' formation, as well as the scholarship program that has benefited more than 718 Hondurans in the last five years. The scholarships granted in the areas of telecommunications, electricity, mining, health, education and agriculture have significantly improved Honduras' professional capacity.

The Choluteca River Bridge, constructed with Japanese assistance, represents an important addition to the infrastructure of the country. In San Pedro Sula, in cooperation with DIMA (División Municipal de Aguas), the Japanese cooperation program established two plants for water treatment. In Tegucigalpa, Japanese financing contributed to the establishment of a new center in Hospital San Felipe for the treatment of poor mothers and children, in addition to four health centers (CESAMOS) in the Tegucigalpa metropolitan area.

The Japanese government plans to assist in the national reconstruction by building or repairing 7 bridges: 2 in Tegucigalpa (Juan Ramón Molina and El Chile), and 5 on main roads (Choluteca river, Iztoca, Democracia, Río Hondo and Ilima).

Also, the Japanese Government will assist in the rehabilitation of the water distribution system in Tegucigalpa and will provide SOPTRAVI with machinery and equipment and with zinc roofing material for housing projects.

Since 1969 the Government of Japan provided annual donations of fertilizer and agricultural machinery to the Government of Honduras, in order to assist local agricultural production. The donated goods are sold to local producers and the resources generated are utilized to finance a program that constructed a research center in the Comayagua Valley, dedicated to new irrigation techniques, drainage systems and the introduction of innovative agricultural practices. During the fiscal year 1998–1999, the annual fertilizer donation will be doubled in order to generate additional funding for social aid programs. Through this program and others, more than 334 Japanese technicians have visited Honduras to provide assistance in technical fields selected by the Government.

5. TAIPEI, CHINA

Following Hurricane Mitch, Taipei donated US\$ 1.3 million to the Honduran Government and also US\$ 12 million to help with the basic reconstruction works through the Presidency of the Republic. These funds are to be invested in the reconstruction of school facilities, small bridges and basic housing.

Taipei provides an extensive concessional aid program to Honduras. The main projects being executed under this program include \$6 million for basic housing financing, a project for the development of the Quimistán Valley which includes an irrigation project as well as assistance to small and medium-sized enterprises, which provides financing and basic entrepreneurial skills training.

Taipei is currently revising its aid program to Honduras to adapt its project portfolio to Honduran Government needs, specifically to increase its participation in infrastructure financing, donations of computer equipment for public schools and to execute the Hospital del Niño project.

Other sponsored programs include a regional program which is devoted mainly to literacy, the prevention and control of 'Mal de Chagas' disease and to improving Central American products' competitiveness. A training program grants approximately 20 scholarships per year for Honduran professionals to undertake short-term training programs in Taipei. An agricultural assistance program provides Honduran farmers with approximately 46% of their total improved rice seed needs.

A technical assistance cooperation program to transfer productive technologies also exists, specifically through three technical missions:

The first is an agricultural mission which works with farmers in Comayagua to introduce oriental vegetable crops for export. The second a fishing mission which has an experimental lab in San Lorenzo and a field demonstration project in the Lake of Yojoa

for Tilapia by-products generation. The third mission is an electricity mission with the National Electricity Enterprise (ENEE).

6. UNITED STATES OF AMERICA

Immediately following Hurricane Mitch, U.S. humanitarian assistance (through U.S. military emergency response) helped rescue people and endeavored to provide survivors with food and essential relief supplies. In the first 30 days after the storm, the Dept. of Defense drew US\$ 55 million to provide ongoing airlift capability and troops that rescued 1345 people and delivered over 2 million pounds of food, over 115,000 pounds of medicines, 97,000 gallons of water and 600,000 pounds of other supplies. Military personnel also provided medical assistance to over 3,400 people in 23 communities. The US Army also cooperated in clean-up operations in the main cities, providing temporary repairs to roads and bridges, and installing temporary bridges.

USAID provided US\$ 30 million in emergency relief and recovery assistance, disaster assistance and funds for immediate repair of damaged water and sanitation systems as well as to support public health efforts to prevent the spread of diseases. Assistance also has been provided to help municipalities deal with housing and shelter needs. A network of non-governmental organizations was mobilized to address immediate food, housing, infrastructure and economic needs. USAID utilized all available liquidity to help USAID-financed micro-finance institutions to quickly refinance and restructure clients' loans to help many microenterprises get re-established quickly.

USAID Strategic Framework for Honduras is based on four areas of cooperation:

- Expanded & Equitable Access to Productive Resources and Markets
- Sustainable Management of Selected Natural Resources & Biodiversity
- Sustainable Improvements in Family Health
- More Responsive Democratic Processes with Greater Citizen Participation

The objectives of the cooperation program for the country are to obtain an increased economic growth and to reduce poverty levels through sustainable practices for natural resources exploitation, significant improvements in family health and more responsive democratic processes.

In that respect, during recent years the USAID mission in Honduras, with the partnership of the Ministry of Agriculture, Ministry of Trade and Commerce, COHEP, the Central Bank, FIDE and other private institutions, has pursued the aforementioned objectives through the implementation of important projects. One such example is PROPEP (Productivity & Policy Enhancement Project), which promotes policy and regulatory reforms to alleviate poverty, expand the culture of open markets and entrepreneurship and to provide expanded business services to small and micro producers.

In the aftermath of Hurricane Mitch, USAID's strategy for Honduras is being revised to respond directly to hurricane reconstruction needs and to focus largely on public health, economic reactivation, education, shelter, environmental management, disaster mitigation and accountability. The focus of the strategy will be on delivering aid through the municipalities, because of their proven responsiveness to citizen needs and ability

to address critical reconstruction issues. USAID's mission to Honduras has requested a total of US\$ 291.5 million to expand its aid program in the above mentioned areas.

Other projects geared towards the attainment of the USAID's objectives have been those implemented in the education field, with the collaboration of the Ministry of Education and CADERH. Worthy of mention is the Basic Education & Skills Training Project (BEST), which includes the programs EDUCATODOS (alternative basic education program), the CADERH program (a vocational education center) and recent initiatives to reduce repetition rates in 1st and 2nd grades.

In the health area, USAID is promoting an increased use of reproductive health services. Also, the health program promotes sector reforms in order to increase the use of child survival services, the use of AIDS prevention practices, and to increase prevention and control services for malaria and dengue. Specific activities such as vaccination programs and safe water systems for rural communities have also received support from USAID.

The USAID program has also contributed to better practices in natural resources exploitation. The Forestry Development project (FDP), executed in cooperation with COHDEFOR, has promoted management plans for commercial pine forests, activities of forest regeneration and forest fire prevention and management policies.

USAID has established the Honduran Environmental Protection Fund (HEPF) with the VIDA Foundation, in order to build ties between U.S. and Honduran environmental organizations and strengthen Honduran private environmental organizations.

Local currency proceeds from the food aid is being used to support land titling activities and improvement of farm-to-market roads.

USAID programs have also supported improvements in democratic participation and justice administration, with the cooperation of the Honduran Supreme Court. Projects undertaken include support for implementation of a new Criminal Procedures Code, improving court administration, support for the prosecutorial function, civil society strengthening and more responsive and effective municipal governments.

7. OTHER BILATERAL DONORS

Sweden pledged US\$ 100 million over the next three years to be invested primarily in twelve permanent primary bridges, rural water and municipal development.

Spain is working on bridge construction, education, and on judicial and legislation systems. The Spanish cooperation program includes support for the Comptroller General Office, Public Ministry, forensic medicine and techniques for investigation of crime and citizen security. Spain's cooperation program pursues improvement of the technical and scientific skill level, conservation of the national heritage and social development of the Honduran people.

France is cooperating in education, culture and linguistics. France also contributed with emergency humanitarian aid after Hurricane Mitch and pledged external debt relief through the Paris Club forum.

Germany provides financial assistance to economic and social infrastructure development, culture, linguistics and education opportunities for technical and vocational fields.

Important emergency contributions were received from **Mexico, Colombia and Cuba**, providing medicines, water, emergency supplies, assistance to reestablish telephone communications, technical assistance with clean-up projects, especially in Tegucigalpa and Choluteca, and medical personnel to Tegucigalpa and several rural communities.

8. UNITED NATIONS DEVELOPMENT PROGRAM

Immediately after Hurricane Mitch, UNDP assisted the Honduran Government's disaster management institutions, such as COPECO and its local branches, in gathering information on damages, both economic and human.

UNDP provided institutional support for the emergency network's well functioning and provided operational support in the distribution of medicines, water and food. It also cooperated in the sewerage system rehabilitation in Choluteca, dredging of rivers and cleaning works in the cities of Lima, Progreso, Cortés, La Mosquitia, Choluteca and Guanaja. They also assisted the population of Guanaja with a program of wood and fallen tree recovery and reforestation of the damaged land.

The post-Mitch strategy will emphasize support to institutional capabilities on disaster management, including assistance to displaced people and basins management. UNDP also plans to cooperate directly with the recovery of lost infrastructure in secondary and rural roads, basic housing, water systems' improvement and municipal development, with approximately US\$ 50.0 million in financial resources.

UNDP's mission in Honduras allocates resources from two main sources: External resources, donated by bilateral parties, and its own ordinary resources.

The program's priority is poverty alleviation, focusing on rural population needs and the policy framework for democratic participation and protection of civil rights.

UNDP activities provide an enabling environment for poverty alleviation, working on women's social related issues, natural resources utilization, human rights, modernization of the state, decentralization and strengthening of municipal governments, justice administration and the organizations of civil society.

The participation of the UNDP mission is decisive in the efforts to obtain a better legal framework for the protection of women's rights, provide fora for the promotion of civil society leaders participation and decentralization of fiscal resources to help municipalities become an effective development agent in their communities.

The UNDP's environmental program is very important at the rural communities' level, where an extensive project portfolio represents a significant effort to improve natural resource exploitation practices.

Other United Nations Agencies have been actively involved in other social issues, cooperating with governmental institutions in specific fields.

UNICEF is promoting community development and enhancing children's rights compliance, providing direct aid to children in social danger.

The **UN Population Fund** is providing assistance in reproductive health activities, including programs to prevent related diseases.

The **Pan-American Health Organization** is cooperating actively with vaccination programs, disease prevention and eradication, mental health programs and information generation, in order to reinforce decision-making processes to allocate resources in the health budget.

9. INTERNATIONAL MONETARY FUND

The IMF approved a \$66 million emergency loan for balance of payments in December 1998.

The Enhanced Structural Adjustment Facility (ESAF), which was approved in March, will provide US\$ 160 million over three years on the basis of an agreement for maintaining a stable macroeconomic environment and structural reforms in the energy, telecommunications and banking sectors and the continuation of the state reform process.

10. WORLD BANK / IDA

The World Bank approved a US\$ 200 million emergency loan for balance of payments support in January 1999. This loan is expected to be fully disbursed by June 30, 2000.

A US\$ 20 million loan for reconstruction and rehabilitation of public infrastructure (mostly for primary roads) was approved and made available to the Ministry of Public Works (SOPTRAVI) for emergency repairs.

A US\$ 10.4 million IDA loan to conclude ongoing health and nutrition projects was also approved. The World Bank has disbursed approximately US\$ 11 million for clean-up and immediate infrastructure repair through the Honduran Social Investment Fund (FHIS) and hopes to add another US\$ 45 million in the near future. In coordination with the IDB, early in November 1988, the World Bank released the second tranche (and associated IDA reflows) of the Public Sector Modernization and Structural Adjustment Credit, in the amount of SDR 27.3 million, to facilitate relief and reconstruction efforts.

11. INTER-AMERICAN DEVELOPMENT BANK

In December 1998, the IDB disbursed a US\$25 million second tranche of the Modernization of the State program, in coordination with IBRD, in order to facilitate the Government relief and reconstruction efforts.

The IDB has already approved operations for a combined total of US\$ 216 million between January 1998 and April 1999. Additional approvals could raise IDB's financing to US\$ 311 million by the end of 1999. As of April of this year, the following loans have been approved: US\$18.8 million for emergency reconstruction of Tegucigalpa water systems and primary roads and bridges; US\$ 50 million for the Honduran Social Investment Fund reconstruction projects; US\$ 45.2 million for the Family Assistance Program; US\$ 36 million for health; US\$63 million for the two major municipalities (San Pedro Sula and Tegucigalpa); and US\$ 3.5 million for the Internal Revenue & Customs Service (DEI). In an advanced state of processing for consideration this year, are: US\$55 million for Water and Sanitation works in mid sized towns; US\$30 million for Social Spending Protection; and US\$10 million for Housing emergency investment.

The Inter-American Investment Corporation approved a US\$7 million loan to finance small and medium enterprises. This operation is part of the regional recovery fund for micro-lending institutions.