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Central America Workshop on Medium-Term Expenditure Frameworks

Mr. Mario Garza, Resident Representative of the International Monetary Fund (IMF) in Tegucigalpa, issued the following statement on October 11, 2007:

“An IMF team and the Honduran authorities held a regional workshop on medium-term expenditure frameworks (MTEF) during October 8-9. Participants included budget officials from Central America, the Dominican Republic, and Panama; and speakers from the IMF, the World Bank, Inter-American Development Bank, Colombia, and Spain.

“Participants discussed the benefits of MTEF, reviewed the experience of countries that have shifted to MTEF, and examined how MTEF could help the region strengthen the formulation of fiscal policy. They concluded that the use of multi-year budgets could help remove fiscal rigidities, reallocate spending towards investment and social priorities, and consolidate fiscal sustainability, thus supporting high growth and poverty reduction. Looking ahead, officials agreed to work together on a regional roadmap to adopt key principles of MTEF.

“The mission also met with members of the Honduran congress on October 10 to review the benefits of MTEF. Since Honduras already has the required legal framework, legislators of the different political parties agreed that strengthening multi-year budgeting in the country would help set conditions to address present fiscal challenges over the medium-term, with the aim of revitalizing the poverty reduction strategy and supporting key infrastructure projects, while ensuring fiscal stability.

“The IMF team is thankful to the authorities for their warm hospitality and looks forward to supporting the region in the effort to strengthen multi-year budgeting practices.”