

3. Honduras - Third and Fourth Reviews Under the Stand-By Arrangement

1. Honduras has consulted with the Fund in accordance with paragraph 3(c) of the Stand-By Arrangement for Honduras (EBS/14/132, the “Stand-By Arrangement”) in order to review program implementation.
2. The letter dated October 13, 2016 from the Chief of the Economic Cabinet and Minister of Finance, and the President of the Central Bank of Honduras (the “October 2016 Letter”) together with its attached Memorandum of Economic and Financial Policies (the “October 2016 MEFP”) and Technical Memorandum of Understanding (the “October 2016 TMU”), shall be attached to the Stand-By Arrangement and the letter dated November 19, 2014, together with its attachments, shall be read as supplemented and modified by the October 2016 Letter and its attachments.
3. Accordingly, the Stand-By Arrangement shall be amended as follows:
 - a. Paragraph 2(a) of the Stand-By Arrangement shall be replaced with the following: “Purchases under this Arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 62.45 million until October 26, 2016, the equivalent of SDR 70.075 million until April 15, 2017 and the equivalent of SDR 73.8875 million until October 15, 2017.”;
 - b. In paragraphs 3(a)(i)-(iii) of the Stand-By Arrangement, the word “floor” shall be replaced with the word “ceiling”;
 - c. By replacing the words “the ceiling on the contacting and guaranteeing of new non-concessional debt” in paragraph 3(b)(i) of the Stand-By Arrangement with “the ceiling on the present value of new external debt contracted”;
 - d. By replacing paragraph 3(c) of the Stand-By Arrangement with the following “after October 25, 2016, April 14, 2017 and October 14, 2017 respectively, until the reviews contemplated in paragraph 34 of the October 2016 MEFP are completed.”;
 - e. The ceilings and floors for the quantitative performance criteria for December 31, 2016 and June 31, 2017 set forth in paragraphs 3(a)(i)–(vi) of the Stand-By Arrangement shall be as specified in Table 1 of the October 2016 MEFP and as further specified in the October 2016 TMU; and
 - f. The continuous performance criteria referred to in paragraphs 3(b)(i-iii) of the Stand-By Arrangement shall be as specified in Table 1 of the October 2016 MEFP and as further specified in the October 2016 TMU.

4. The Fund decides that the third and fourth reviews contemplated in paragraph 3(c) of the Stand-By Arrangement are completed and that Honduras may make purchases in accordance with the terms of the Stand-By Arrangement, notwithstanding the non-observance of the end-June 2016 performance criterion on the ceiling on the lending of the combined public sector specified in paragraph 3(a)(vi) of the Stand-By Arrangement, and the continuous performance criterion on the ceiling of the accumulation of new arrears by ENEE specified in paragraph 3(b)(ii) of the Stand-By Arrangement, on the condition that the information provided by Honduras on the performance under these criteria is accurate, and on the further condition that the information provided by Honduras on the implementation of the measure specified as a prior action in Table 3 to the October 2016 MEFP is accurate.

5. This Decision shall become effective only upon the adoption of Decision 3 by the Executive Board. (EBS/16/98, Sup. 2, 10/19/16)

Decision No. 16065-(16/94), adopted
October 26, 2016