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### **An IMF Staff Team Visits Honduras**

Mr. Mario Garza, the International Monetary Fund (IMF) resident representative in Tegucigalpa, issued the following statement today:

“The IMF mission that visited Honduras during May 13-21, 2008 discussed policy responses to the weakening external conditions in the context of the Government’s program supported by the Stand-By arrangement with the IMF. The mission held policy meetings with the economic cabinet, congress, the state electricity company (ENEE), and the private sector.

“The mission agreed that full implementation of the policies set out in the authorities’ program would be key to help the economy adjust smoothly to the emerging risks from the external shock, especially on fuel prices. The mission supported the authorities’ commitment to achieving the fiscal deficit target (1½ percent of GDP), with steps to strengthen the finances of ENEE, redirect spending to protect the poor, and improve public investment execution. The mission recommended intensifying the effort on monetary and exchange rate policies under the program to contain inflationary and balance of payments pressures from higher fuel and food prices, and protect economic growth. The mission agreed that a continued active supervision of the banking system is important to preserve its stability during this challenging period.

“The mission wishes to thank the authorities for the policy dialogue, and stands ready to help the Government achieve the macroeconomic goals of its stabilization program for 2008.”