

Technical Assistance Facility for Latin America and the Caribbean

SIMPLIFYING MUNICIPAL BUSINESS REGULATIONS IN TEGUCIGALPA AND SAN PEDRO SULA (HONDURAS)

Project dates: August 2005 – September 2006

Country: Honduras

Partners: Municipality of Tegucigalpa, Municipality of San Pedro Sula, CSAE (Honduras Business Simplification Committee), FIDE (Foundation for Investment and Export Development)

Sponsors: Swiss Secretariat for Economic Affairs (seco)

Context

Honduras has, with World Bank Group support, placed business simplification at the top of its agenda for improving the investment climate. Institutional support for business simplification initiatives has thus far been provided by the national government (including the President, Vice-President, and two Ministries) and the principal business chambers. The Presidential Competitiveness Commission has formed a National Commission for Administrative Simplification whose initial goals include simplifying municipal administrative procedures along with those for Environmental Licenses and Social Security.

Project

In coordination with the World Bank Group and the Presidential Competitiveness Commission, the IFC Technical Assistance Facility for Latin America and the Caribbean (LAC Facility) has launched simplification projects in Tegucigalpa and San Pedro Sula, Honduras' most important economic and population centers. Building on the LAC Facility's experience with regulatory simplification in other countries, the projects focus on those procedures related to general business activity (e.g., registering a new business and obtaining operating permits) and are being conducted in unison so that the results may be easily transferred to additional municipalities.

The project is being carried out in three phases:

Phase I. Preparation and Diagnostics including

- Revision of the Municipal Toolkit elaborated by the IFC
- Diagnosis of selected procedures related to the registration and operation of enterprises
- Creation of base line performance dataset

Phase II. Proposal Development and Implementation

- Design and validation of a process simplification proposal including a technical and legal proposal for simplification of all procedures (including inspections) to obtain operating licenses.
- Implementation of the simplification proposal, including an operations manual and amendments to the municipal regulations.
- Design and installation of a monitoring and evaluation system that includes process tracking software (including technical support manuals, training package, etc) for the new procedures in each municipality to be used as a management monitoring tool for continuous improvement but will also be open to external stakeholders

Phase III: Capacity Building and Sustainability

- Capacity building of the Business Simplification Committee and its Technical Secretariat as the technical platform for the diffusion of technical assistance in municipal simplification.
- Capacity building of the local advisory councils in each of the municipalities to oversee the reforms, monitor and evaluate performance and assure sustainability.

Once the project has been completed, the facility will perform two evaluations to measure the project's results and impact.