



**Honduras Threshold Program
Post-Program Monitoring & Evaluation Plan**

**INVEST-Honduras
Reporting to
Millennium Challenge Corporation**

August 2019 – March 2023



Table of Contents

1	List of Acronyms	4
2	Overview	6
3	Threshold Program Overview and Logics	6
3.1	Overview	6
3.2	Project Logics	7
4	Project Descriptions	10
4.1	Project 1: Improving Public Financial Management	10
4.1.1	Public Financial Management (PFM) Project (\$11.2M)	10
	Activity 1.1: Budget and Treasury Management (\$5M)	11
	Activity 1.2: Improving Procurement Capacity, Planning and Controls (\$3.5M)	12
	Activity 1.3: Improving Capacity of Tribunal Superior de Cuentas (TSC) (\$730K)	13
	Activity 1.4: Grant Facility for Social Accountability (\$2M)	14
4.1.2	Expected Outcomes at PFM Project Inception	14
4.1.3	PFM Project Evolution as of Program Closeout (May 2019)	15
4.2	Project 2: Improving the Efficiency and Transparency of PPPs (\$2.6M)	16
4.2.1	PPP Project Activities	16
	Activity 2.1: Develop Core PPP Capacity	17
	Activity 2.2: Implementation of PPPs	18
4.2.2	Expected Outcomes at PPP Project Inception	19
4.2.3	PPP Project Evolution by Program Closeout (May 2019)	19
4.3	Beneficiaries and Project Participants	20
4.3.1	Public Financial Management Project	20
4.3.2	PPP Project	21
5	Post-Program Monitoring	21
5.1	Overview	21
5.2	Monitoring Indicators and Data Collection	21
5.3	Setting Baseline and Target Values	22
5.4	Post-Program Reporting Requirements and Schedule	22
6	Evaluation	23
6.1	Overview	23
6.2	Evaluation Questions	23



6.2.1	Threshold Program Evaluation Questions	24
6.2.2	Public Financial Management Evaluation Questions	24
6.2.3	PPPs Project Evaluation Questions	24
6.3	Evaluation Data Collection and Reports	25
7	Implementation of post-program M&E Plan.....	26
7.1	Responsibilities for Point of Contact	26
7.2	Responsibilities for MCC	27
7.3	Reporting/Data flow.....	29
7.4	Budget	29
	Annex I – Post Program Indicator List	30
	Annex II –Narrative Questions Accompanying Indicator Reporting	31

1 LIST OF ACRONYMS

Acronym	Definition (Spanish Translation)
ASJ	Association for a Just Society (Asociación para una Sociedad más Justa)
CBC	Congressional Budget Committee
CCR	Country Completion Report
COALIANZA	Commission for the Promotion of Public-Private Partnerships (Comisión para la Promoción de la Alianza Público-Privada)
CoST	Construction Sector Transparency Initiative
CP3P	Certified PPP Professional
CSO	Civil Society Organization
ENEE	National Electric Energy Company (Empresa Nacional de Energía Eléctrica)
PEFA	Public Expenditure and Financial Accountability
FCU	Fiscal Contingency Unit
FDsF	Fundación Democracia sin Fronteras
FIA	Fiscal Impact Analysis
FIDE	Fundación para la Inversión y Desarrollo de Exportaciones
FOPRIDEH	Federation of Non-Governmental Organizations for the Development of Honduras (Federación de Organizaciones No Gubernamentales para el Desarrollo de Honduras)
GoH	Government of Honduras
INSEP	Secretariat of Infrastructure and Public Services (Secretaría de Infraestructura y Servicios Públicos)
INVEST-H	INVEST-Honduras (Former MCA from the first Compact)
M&E	Monitoring and Evaluation
MCA- Honduras	Millennium Challenge Account- Honduras
MCC	Millennium Challenge Corporation
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
ONADICI	National Office for the Integral Development of Internal Control (Oficina Nacional de Desarrollo Integral de Control Interno)
ONCAE	Regulatory Office of Contracting and Acquisitions of Honduras (Oficina Normativa de Contratación y Adquisiciones del Estado)
OTA	Office of Transition Assistance
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-Private Partnership
SAPP	Superintendent of Public-Private Partnerships (Superintendencia de Alianza Público Privada)
SEFIN	Secretariat of Finance (Secretaría de Finanzas)



SIAFI	Financial Management System (Sistema de Administración Financiera Integrada)
SIREP	Public Servants Registration and Control System (Sistema de Registro y Control de Servidores Públicos)
TCP	Threshold Country Program
TSC	Supreme Audit Tribunal (Tribunal Superior de Cuentas)



2 OVERVIEW

The Monitoring and Evaluation (M&E) Plan is a tool to manage the process of monitoring, evaluating and reporting progress toward Threshold Country Program (TCP) results. It is used in conjunction with other tools such as work plans, procurement plans, and financial plans. The M&E Plan explains in detail *how* and *what* the Millennium Challenge Corporation (MCC) and Millennium Challenge Account- Honduras (MCA-Honduras) will a) monitor to understand project implementation and how it evolves over time to achieve intended (and unintended) outcomes; and b) how MCC and MCA will evaluate the Program in order to unpack why projects achieved what they did, shed light on key learning questions, and estimate, to the extent possible, the impact of Program interventions. The M&E plan outlines:

- Strategies to monitor and evaluate the Program that are appropriate for promoting MCC and MCA's learning goals;
- All indicators that must be reported to MCC on a regular basis;
- Complementary data to be collected by MCA for monitoring and evaluation of programs, but not reported to MCC on a regular basis, including qualitative studies;
- Any M&E requirements that the MCA must meet in order to receive disbursements;¹ and
- The objectives and targets that the MCA and Program seek to achieve.

MCC and MCA may make adjustments to the M&E Plan as needed, provided such adjustments are approved by MCC in writing and are consistent with the requirements of the Program and any relevant Supplemental Agreement between the Parties and have been approved by MCC.

3 TRESHOLD PROGRAM OVERVIEW AND LOGICS

3.1 Overview

Since MCC took over the management and implementation of the Threshold Program from USAID in 2011, the Program was re-focused to assist countries to become compact eligible by offering them the opportunity to demonstrate their commitment to just and democratic governance, economic freedom, and investments in their people.

The development of the Program started with a Constraints to Growth analysis (CA) conducted in 2012, which identified two binding constraints to economic growth: i) crime and security, and ii) the efficiency and transparency of the government. The Honduras Threshold Program focuses on the second constraint, specifically, public financial management (PFM) and public private partnerships (PPPs). Firms in Honduras rank corruption and inefficient government bureaucracy as the second and third most problematic factors for doing business.² The Program is expected to result in cost savings to the Government of Honduras (GoH) in providing public services, improve public service delivery, and fewer opportunities for corruption. The Program performance will also allow MCC to observe if the GoH has the political will and capacity to carry out important but difficult reforms that are critical for economic growth, which in turn will provide important information for any future consideration of Honduras's compact eligibility. The Threshold Agreement was signed on August 28th, 2013 for USD 15.6 million and is expected to close May 31, 2019.

¹ Compliance with the M&E Plan is a condition for approval of each quarterly disbursement request by the country.

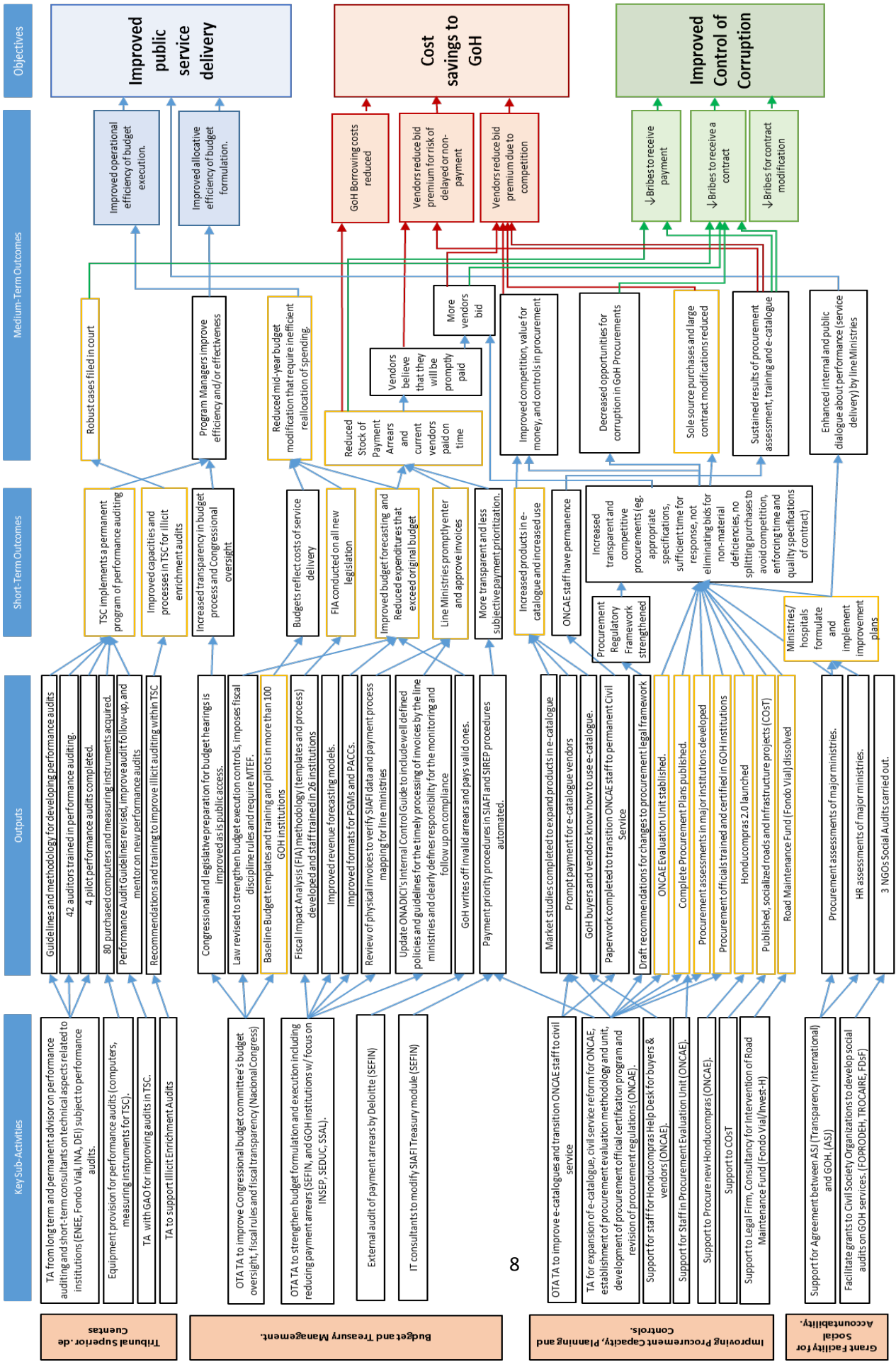
² MCC-GoH, "Honduras Constraints to Growth Analysis," January 2013.



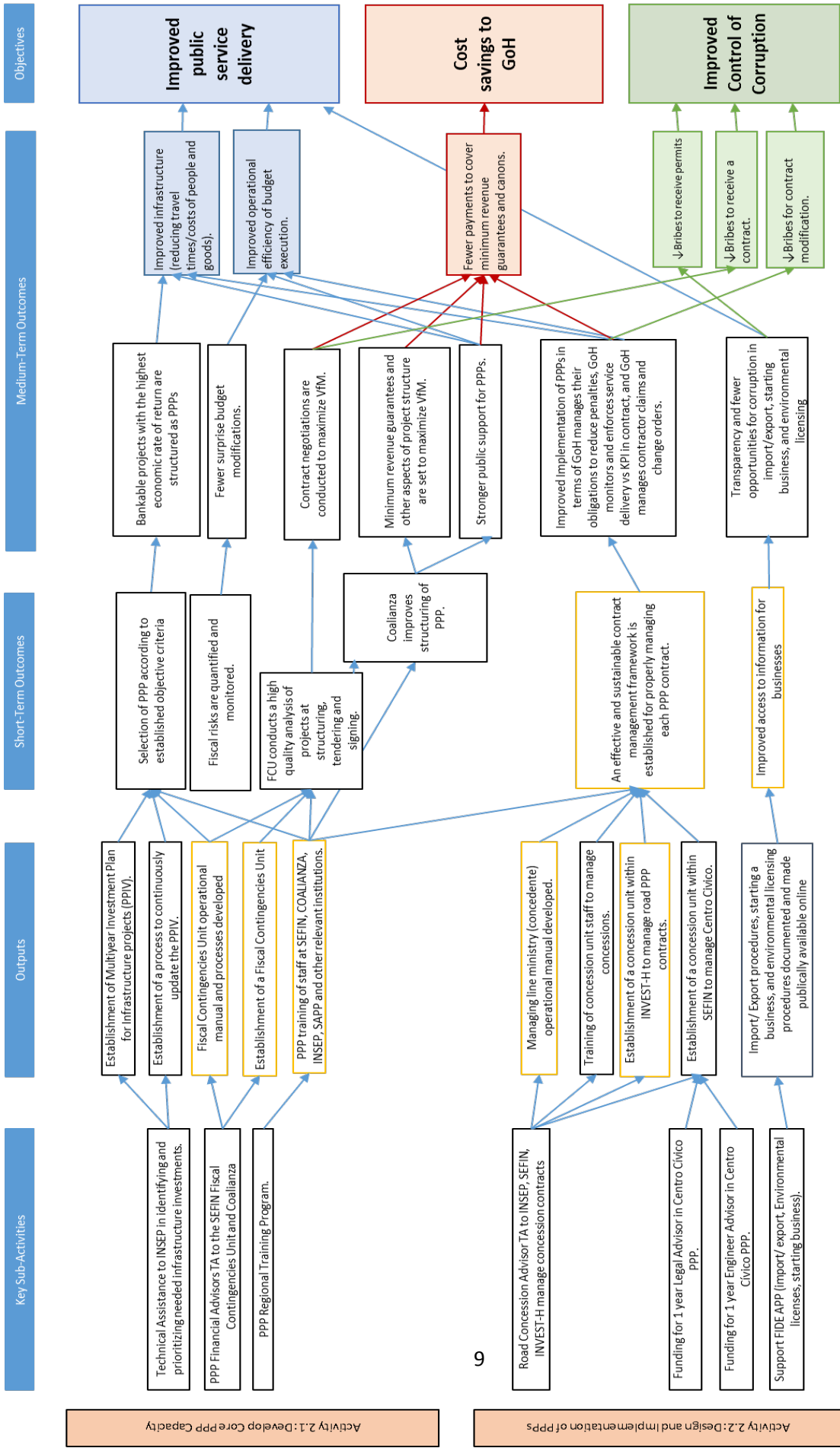
3.2 Project Logics

The overall Program will focus on improving public service delivery, cost savings to the GoH, and improved control of corruption. The Program seeks to improve the transparency and effectiveness of the GoH by strengthening budget and procurement processes, enhancing transparency and quality of controls through improved auditing capacity, and improving the functioning of PPPs and regulatory processes to enable greater private investment in Honduras and reduce financial risks to the GoH.

The Project Logics shown in this section were developed during year 4 of the Threshold Program and it was not possible to identify measureable indicators for all results (outputs and outcomes). The TCP chose to focus on a small number of indicators due to the time intensive nature of newly established data reporting and quality control procedures. Additional indicators are expected to be identified for the Post-Threshold M&E Plan. Results that are linked to measureable indicators (listed in Annex I and II) have a yellow outline in the Project Logics.



Outcomes in this color are aligned to indicators in Annex I (Results Framework)



4 PROJECT DESCRIPTIONS

4.1 Project 1: Improving Public Financial Management

Although the GoH has made important improvements in public financial management in the last few years, the 2012 Public Expenditure and Financial Accountability (PEFA) assessment identified a number of areas of weakness that are priorities for improvement, most importantly weak formulation and execution of the budget and limited enforcement of procurement norms.

Weak budget formulation and control of government budgets is one of the key contributors to the GoH's inability to pay vendors promptly, which has resulted in much higher costs for goods and services supplied to the government as vendors respond to the payment delays by increasing their prices. In addition, payment arrears increase opportunities for corruption by creating incentives for bribery to receive payments earlier.

While the GoH has established an entity, a Regulatory Office of Contracting and Acquisitions of Honduras (*Oficina Normativa de Contratación y Adquisiciones del Estado*, ONCAE), which is responsible for setting procurement norms and monitoring their implementation, this entity faces serious challenges in operating effectively, including lack of a permanent staff. As a result, Honduras has poor oversight of procurement, improper electronic disclosure of contract awards and extensions/modifications, and an overuse of emergency contracting. Consequently, the government receives less value for money to undertake its core functions in providing the infrastructure and other services necessary for growth.

4.1.1 Public Financial Management (PFM) Project (\$11.2M)

The Public Financial Management (PFM) Project will address key weaknesses in budget planning, execution and analysis, treasury management, procurement process, and audits in order to reduce inefficiency and corruption in management of public resources and delivery of services.

The design of the technical assistance within the PFM Project aligns with the principals of establishing a Medium Term Expenditure Framework (MTEF). The MTEF is intended to effectively link poverty alleviation objectives to projects and activities in the annual budget through a set of institutional arrangements for prioritizing, presenting, and managing revenue and expenditure from a multi-year perspective. The MTEF is not the same as a multiannual budget, in which appropriations are authorized for a period longer than one year. The time horizon for the legislative appropriation of expenditures in an MTEF remains annual. It contains the following core pillars

- **Pillar 1.** A clearly set top-down medium-term macro-fiscal framework, which should be prepared by the Ministry of Finance, with medium-term fiscal targets and aggregate expenditure ceilings (resource envelope).
- **Pillar 2.** Bottom-up multi-year cost estimate of expenditures (what has to be financed) presented by the Institutions (line ministries), if possible on the basis of budget programs and with a focus on program performance.
- **Pillar 3.** An institutional decision-making (reconciliation) process, integrating the other two elements and making the necessary trade-offs.

Resulting from Pillar 3 negotiations, a set of medium-term budget allocations per institution should be agreed upon. The negotiations would capture the annual budget, agreed aggregate estimates of revenues, and institution expenditure estimates for the forward-looking years. They both represent government



expenditure on a “current policy basis” (often referred to as *baseline expenditures*), including any expenditure implications of “known” changes in government policy, and are consistent with its mid-term fiscal policy.

The Program will provide technical assistance to (1) the Ministry of Finance (Secretaría de Finanzas or SEFIN); (2) the Congressional Budget Committee (CBC); (3) Regulatory Office of Contracting and Acquisitions of Honduras (ONCAE); and (4) Supreme Audit Court (*Tribunal Superior de Cuentas* or TSC) as part of the following activities.

Activity 1.1: Budget and Treasury Management (\$5M):

This Activity will address public financial management in both the executive and the legislative branches of the GoH. Within the executive branches (SEFIN and line ministries), this Activity will build capacity to improve budget analysis, budget execution, and treasury management. On the legislative side, this Activity will build congressional capacity for budget oversight and discipline. This Activity is designed to be implemented primarily by the Office of Technical Assistance of the Office of the United States Department of the Treasury (OTA). As of October 2017, OTA has implemented the project with the support of different specialized consultants and will continue their work through August, 2018. Details of sub-activities within each component are given below.

- a) **Ministry of Finance and line ministries:** OTA provided technical assistance and training to improve budget analysis and treasury management, including providing budget forecasting, establishing adequate controls, strengthening the Treasury Single Account and payment prioritization.
 - **Budget Formulation (Baseline Budgeting):** The purpose of developing baseline budgets is to project resource requirements for current service levels into future years. This strengthens the MTEF by providing an estimate of the requirements to cover total current services from available revenue before making important decisions regarding resource allocation. This activity will expand the baseline process that is incorporated into the budget formulation and MTEF processes by developing an instruction manual, guidelines, a baseline template and training to more than 100 GOH institutions.
 - **Revenue Forecasting:** Technical assistance for revenue forecasting was provided to SEFIN in three areas: (1) macro-fiscal forecasts at SEFIN that draw on data from the financial management system (Sistema de Administración Financiera Integrada - SIAFI), (2) a microsimulation model that looks at how changes in policies affect revenues, and (3) improved intragovernmental coordination around the consensus forecast.
 - **Treasury Management:** Linked efforts towards treasury management are described below:
 - **Improve Timeliness of Payments to Vendors:** Another aspect of the PFM project is to improve Treasury’s ability to forecast cash needs and ensure the availability of funds to meet expenditure needs in a timely manner. In addition to improvements in Treasury, this component of the project is designed to improve the payment processes in GoH institutions to ensure that properly approved payment requests are submitted to Treasury in a timely manner. This will be done by working with the National Office of Development of Internal Controls (Oficina Nacional de Desarrollo Integral de Control Interno or ONADICI).



- **Improving cash management:** To improve the terms and conditions of banking agreements and maximize the return on funds that are idle.
 - **Transparent Payment Process:** MCC is providing funding for a consultant to automate the selection of expenditure forms (called F-01's) to be paid in SIAFI, based upon a set of objective criteria. In addition to the automation, the system will provide reporting capabilities that allow for the transparent disclosure and statistics on exceptions to the process.
 - **Reduction of arrears:** In order to determine the validity of older pending payment requests, the program is conducting an audit of a portion of these F-01's. The result of this review will be to pay those F-01's that have been determined to be valid and to eliminate from the financial records those invalid pending F-01's.
- b) **National Congress and Congressional Budget Committee (CBC):** Technical assistance and training was provided to the Congressional Budget Committee to improve congressional budget oversight capacity; improve congressional budget discipline by developing safeguards to ensure that planned deficit targets are not breached; and provide better analysis and transparency regarding the cost implications of congressional mandates.
- **Budget reporting and oversight:** Consultants worked with the Congressional Budget Commission (Comisión del Presupuesto del Congreso) and SEFIN to strengthen budget execution controls that included activities of reviewing reporting and issuing recommendations. Efforts also intended to improve congressional budget oversight capacity, improve congressional budget discipline by developing safeguards to ensure planned deficit targets are not breached, and provide better analysis and transparency regarding the cost implications of congressional mandates.
 - **Fiscal Impact Analysis (FIA):** FIA is the capacity of the government to estimate the fiscal impact of revenue and expenditure-related new executive and legislative proposals. FIAs can be used as a tool for the National Congress and Council of Ministers in their decision making processes and can also be an input to the baseline process. FIA's will include a help desk, template, instructions manual and training to more than 25 GOH institutions.

Activity 1.2: Improving Procurement Capacity, Planning and Controls (\$3.5M)

The Threshold Program aims to improve procurement transparency and controls (in particular on sole source contracting and contract modification), update the e-procurement system, and improve procurement capacity of road investments through the Construction Sector Transparency Initiative (CoST) initiative and Fondo Vial. It will first support this objective by assessing ONCAE's organizational structure and capacity, and recommend changes in structure, staffing, and job descriptions as appropriate. Trainings will be provided to procurement staff in line ministries in order to ensure knowledge of existing procedures and new policies for sole source and contract amendments. The Program will also help to expand the online supply catalogue to include more products, so that more ministries can benefit from bulk pricing. In addition, this support aims to reduce the administrative burden and fiduciary risks of thousands of small procurements. Specific sub-activities are described below.

- **Resident procurement technical assistance:** Supporting technical assistance for ONCAE and other Government entities to improve procurement transparency and controls by promoting compliance with existing national law and international agreements. This work includes building



capacity to undertake procurement assessments, reducing sole source procurements and contract modifications, and providing procurement training for members of the GoH. The members that complete these training will become Certified Public Procurement Officers.

- **Establishment of Civil Service Positions in ONCAE:** The Program will provide technical assistance to transition core ONCAE staff from consultancy contracts to permanent civil service positions.
- **Expansion of existing e-procurement systems:** Supporting the expansion of ONCAE's online supply catalog (an application within Honduras's e-procurement system, *HonduCompras*) to enable ministries to purchase goods and services at lower prices and with reduced administrative burden and fiduciary risk. The Program is also funding helpdesk staff to improve e-procurement use.
- **New e-procurement system:** Supporting the acquisition, development and implementation of the new transactional *HonduCompras* 2.0. This new system will replace the current multiple non-integrated *HonduCompras* systems and manual processes to improve the efficiency and effectiveness of the Honduras procurement system. The Program will also provide support to ONCAE through contracting of an international expert to integrate the system with institutional processes.
- **Social accountability through CoST:** Supporting an NGO that is acting as a host for CoST to increase social oversight of procurement process in road construction; and
- **Road Maintenance through Fondo Vial:** Providing support for a legal firm that is contracted by INVEST-H in the liquidation of Fondo Vial (Road Maintenance Fund). Former responsibilities for road maintenance will be taken over by INVEST-H.
- **Procurement Statistics and Evaluation Unit:** The GoH intends to establish a Procurement Evaluation unit within ONCAE that will monitor the compliance with procurement norms (including sole source, splitting and contract modifications) and the efficiency of the outcomes. To help accomplish this, the program is funding 10 staff positions that will be absorbed onto the GoH payroll after the Program concludes.

Activity 1.3: Improving Capacity of Tribunal Superior de Cuentas (TSC) (\$730K) :

The Program supports the TSC to strengthen their capacity in two primary areas (i) performance auditing, and (ii) in strengthening the Illicit Enrichment Investigation Unit.

Technical assistance for performance auditing under the TSC will support audits of select new controls introduced under the Public Financial Management Project. Specific interventions include support for specialized audit training, including training in management audits, forensic audits (in coordination with the Public Ministry) and procurement audits, as well as the potential provision of associated equipment. Additionally, support is provided for specific audits of new controls introduced, either under the Program or by the Government, in procurement, budget commitments, payments or other areas of public financial management.



The Program is also supporting the contracting of an external adviser to provide technical assistance to the TSC on assessment and the research process on indications of illicit enrichment within the government through the Unit of Illicit Enrichment of the TSC.

Activity 1.4: Grant Facility for Social Accountability (\$2M):

This Activity was designed to increase demand for greater accountability and responsiveness from Honduran public officials and service providers with the ultimate objective of improving national and/or municipal government efficiency and/or effectiveness. To do so, the Activity has supported grants to Honduran Civil Society Organizations (CSOs) to undertake social accountability projects that assess the quality of spending and service delivery in order to increase government accountability. Social accountability refers to the demand by citizens for greater responsiveness from public officials and service providers; this is accomplished by coalescing stakeholders to monitor and evaluate government performance. It is expected that this type of social pressure can reduce corruption, increase efficiency, and focus attention on service quality and results.

This Activity has resulted in four grants being awarded: (1) ASJ (Asociación para una Sociedad más Justa, which is the national chapter of Transparency International); (2) TROCAIRE; (3) FOPRIDEH (Federación de Organizaciones No Gubernamentales para el Desarrollo de Honduras); and (4) FDsF (Fundación Democracia sin Fronteras). Each grant was awarded to further the general objective of social accountability within Public Health Services, Education, Security, Tax Administration and quality Infrastructure. The specific objectives and expected outcomes for each grant are listed below.

1. ASJ

ASJ aims to help Honduras establish Health Services, Education, Public Security, Tax Administration and quality Infrastructure that respond to the needs of its citizens.

2. TROCAIRE:

TROCAIRE aims to contribute to the improvement of the quality of primary health care services for women and adolescents, developing action plans in 6 municipalities in the departments of La Paz, Copán, Ocotepeque and Choluteca, and validating the system's quality of service established in the national health model.

3. FOPRIDEH:

FOPRIDEH aims to contribute to the improvement of the quality of care of health services in the *Hospital General del Sur* by incorporating social audit processes with civil society organizations in the area.

4. FDsF:

FDsF aims to contribute to the implementation of road infrastructure projects in the Program municipalities with quality, efficiency and effectiveness through the involvement of local partners in the monitoring of projects using computerized transparency tools.

4.1.2 Expected Outcomes at PFM Project Inception

The outcomes listed below were defined at the inception of the TCP in 2013, when the specific project activities were expected to evolve to emphasize reform that gained traction with the GoH. These

outcomes are still relevant in 2018 but it has become clear through implementation and evaluation activities that they are ambitious for the scope of this TCP.

- *More transparent and less subjective payment prioritization.* Create, implement, and publicize transparent non-discretionary procedures for payment prioritization when the treasury has insufficient cash to pay all due obligations.
- *Reduced expenditures that exceed the original budget.* The Program will seek to reduce budget modifications (increases) that typically happen after the budget has been approved and contribute to payment arrears and the budget deficit.
- *Reduced payment arrears.* The Program will seek to reduce payment arrears both from current expenditures and historical arrears in order to restore public confidence in the GoH's commitment to prompt payment and to reduce premiums charged by vendors and vendor interest in government contracting.
- *Sole source purchases, emergency procurements and large contract modifications reduced.* Sole source contracts, emergency procurements, and large contract modifications generally cost more than using proper competitive procurement procedures, sometimes because of corruption but also due to poor planning or lack of controls.
- *Increased use of online catalogue.* The pilot of the catalogue has shown cost savings of 10-50% on supply purchases. By expanding bulk pricing, the online catalogue can also reduce the administrative burden and fiduciary risks associated with thousands of small procurements.
- *Enhanced internal and public dialogue about performance (service delivery) by line Ministries and citizens.* Public service delivery can be improved by finding cost savings and reducing opportunities for corruption.

4.1.3 PFM Project Evolution as of Program Closeout (May 2019)

The Budget and Treasury Management Activity has not had major changes in objectives, but has added a few actions to improve the impact and sustainability of the Activity including:

- An audit of payment arrears from previous administrations was contracted to determine the validity of these obligations and provide SEFIN support to pay the obligations or write them off.
- OTA found the line ministries were not accurately entering invoice receipt dates to SIAFI and as such payments were more delayed than SIAFI revealed. To make the SIAFI data more reliable and to prevent line ministries from delaying the input of valid invoices or altering their date of receipt, OTA is working with the Internal Auditor regulator (ONADICI) to clearly assign responsibility for the monitoring of prompt payments to internal auditors.
- To reduce the potential for subjectivity in payment prioritization, the Program funded IT consultants to add a module to SIAFI to produce a daily list of payments to be made according to the SEFIN treasury norms.

The Improving Procurement Capacity, Planning and Controls Activity has undergone two significant changes:

- The original design did not include support to improve the e-procurement platform (HonduCompras) as this was to be funded under a World Bank Loan. The GOH was able to use the WB funding to conduct market research, complete a needs assessment and draft technical specifications; however, they were not able to complete the purchase of a new e-procurement system as planned. At the end of 2017, MCC and MCA-Honduras decided to change the scope of

this Procurement Activity. The improvement of the e-procurement system will advance the objective of the improving Procurement Capacity, Planning and Controls Activity, which is to increase the transparency, accountability and quality of public procurement and service delivery. MCA Honduras contracted a consultant that had already begun the e-procurement design work with World Bank funding to update the market analysis for e-procurement platforms, present the business case for an e-procurement system to senior GOH officials, and draft the procurement documents. This consultant will also act as the Project Manager for the deployment of the e-procurement system. In addition to some training support from the e-procurement vendor, the program will all fund several individual consultants to support line ministries in the deployment of the new e-procurement system. MCA Honduras reallocated funding from the Public Private Partnerships Program. This was possible due to the fact that several activities under the Public Private Partnerships Program would no longer be carried out due to a change in strategy of the project.

- Following revelations from the procurement assessment and performance audit (also with program support to the Supreme Audit Institution) of severe procurement and management problems in the Road Maintenance Fund (*Fondo Vial*), the President assigned INVEST-H the responsibly to liquidate the Road Maintenance Fund and assume responsibility for road maintenance. The Program supported a legal firm to assist INVEST-H with the closing of Fondo Vial.

The Improving Capacity of the Tribunal Superior de Cuentas Activity was designed to strengthen the capacity of the TSC in specialized auditing and to support audits of the new controls introduced under the Public Financial Management Project. Originally the specialized audit training was envisioned to include training in management audits, forensic audits and procurement audits. In consultation with the TSC, the focus of the specialized audit training focused on performance audits rather than management audits and illicit enrichment auditing rather forensic auditing.

4.2 Project 2: Improving the Efficiency and Transparency of PPPs (\$2.6M)

Given tight public finances, there is currently limited scope for public investments to improve the provision of the public infrastructure. Consequently, the GoH planned to use PPPs for many new capital projects and for other public services. Planning and executing this strategy effectively will be important for the efficient and transparent provision of these services. Poorly structured PPPs can result in poor value for money and long-term contingent liabilities for the GoH.

The GoH has taken initial steps to put an effective institutional structure in place. In January 2011, the GoH passed a law creating the Commission for the Promotion of Public Private Partnerships (COALIANZA), which is empowered to negotiate a wide range of PPPs. Although COALIANZA has developed and executed several major PPPs, it has limited technical capacity, as do the line ministries and regulators responsible for managing these and future PPPs. As a result, these initial PPPs are at risk of not achieving the best value and optimal risk allocation for the GoH. For example, without support, the Ministry of Transportation may not be able to properly oversee road concessions to ensure full compliance by the concessionaire to the terms and conditions of the concession. In this case, inadequate oversight could hamper the maintenance of the logistical corridor that was improved in the first compact and which links El Salvador, Honduras, and Nicaragua to their main Atlantic port.

4.2.1 PPP Project Activities



The project will build capacity in COALIANZA, the Ministry of Roads, and the SEFIN in order to improve the effectiveness of PPPs. This will include support for the following activities:

Activity 2.1: Develop Core PPP Capacity (\$1.2M)

The program will provide support to improve the capacity and procedures of government agencies with key PPP responsibilities to develop and implement PPPs effectively. This Activity is designed to improve the capacity and procedures within GoH agencies with key PPP responsibilities to develop and implement PPPs in accordance with best practices.

Key recipients of technical assistance include COALIANZA and SEFIN. Support to COALIANZA will include developing manuals and internal procedures needed to properly: (i) select, prioritize, structure and award PPP projects, and (ii) disseminate information about PPP projects in order to sustain public support and investor interest in PPPs. Support to SEFIN will include identification and management of fiscal risks in its PPP portfolio, including the development of internal procedures and manuals and implementation of related training. Technical assistance is intended to cover the following areas.

- i. PPP Framework: Develop regulations, procedures, and guidance needed to properly identify, develop, and manage PPP projects.
- ii. PPP Pipeline Development: Strengthen the capacity of relevant government institutions (e.g., COALIANZA, SEFIN, INSEP and perhaps other line ministries) to properly screen, prioritize, and select potential PPP projects based on a set of clearly defined criteria.
- iii. PPP Development: Specialized PPP expertise to strengthen the capacity of relevant government institutions (e.g., COALIANZA, SEFIN, INSEP and perhaps other line ministries), each from its own unique perspective, to analyze, structure and negotiate specific PPP transactions according to international best practice, including properly identifying, analyzing and managing direct and contingent liabilities that arise in PPP projects.

Description of sub-activities to achieve the vision outlined in this section are described below.

Northern Triangle PPP Training Program

Honduras, El Salvador, and Guatemala have developed a joint PPP training that is based on the CP3P (Certified PPP Professional) certification program to ensure the quality and consistency of the general PPP training. This training has been developed by the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Islamic Development Bank, the Multilateral Investment Fund, and the World Bank Group (WBG), and is funded by the Public-Private Infrastructure Advisory Facility (PPIAF). It is taught by a pool of 4 PPP specialists who were procured jointly by the three countries.

PPP Coaches

- Financial Coaches: MCA-Honduras has contracted PPP financial specialists to help the Ministry of Finance to create and operationalize a legislatively-mandated Fiscal Contingency Unit (FCU) to identify, analyze and manage direct and contingent liabilities arising under PPPs. This support includes analyzing several recent concession agreements (e.g., Civic Center buildings, CA-4 Highway), which has helped reduce direct and contingent liabilities in these contracts. These



coaches also work with COALIANZA and MCA-Honduras to help them evaluate promising PPP projects within their pipeline (e.g., rehabilitation of the CA-4 Highway; maintenance of the CA-2 “Pacific Corridor” Highway; and construction of the El Tablón hydroelectric plant).

- **Implementation Coach:** MCA-Honduras has contracted a PPP implementation specialist to help INSEP to create and operationalize a concessions unit to properly manage concessions agreements that INSEP has signed (e.g., Tourism Corridor Highway, Logistical Corridor Highway, Lenca Corridor Highway, Century XXI Highway), which has helped ensure performance of the obligations that INSEP and the concessionaires each have in these contracts. This PPP implementation coach also is helping (i) the SEFIN to create and operationalize a similar concessions unit to properly manage the Civic Center concession agreement, (ii) Superintendencia de Alianza Publico Privado SAPP in strengthening its capacity to effectively regulate signed concessions agreements, and (iii) COALIANZA and MCA-Honduras in evaluating promising PPP projects.

Activity 2.2: Implementation of PPPs (\$1.4M)

In order to institutionalize good practices, the Program is supporting specific current and potential PPPs, including:

- i. **PPP Management:** PPP experts to strengthen the capacity of relevant government institutions (e.g., INSEP and perhaps other line ministries, SAPP, SEFIN), each from its own unique perspective, to properly manage and regulate specific PPP transactions, including the Logistical Corridor and Tourist Corridor concessions. This expert guidance will help sustain MCC’s work under the Honduras Compact to improve and maintain the CA-5 Highway (which is part of the Logistical Corridor).
- ii. A study to analyze options for structuring a new PPP to improve the efficiency and reduce the fiscal burden of the electricity sector. The Program may also assist the GoH in the design of a PPP in this sector
- iii. Assisting in the implementation of a more effective PPP between a Honduran NGO, Fundación para la Inversión y Desarrollo de Exportaciones (FIDE), and the GoH. FIDE will develop and manage a single window for exports and will expand the current efforts to use the global eregulations.org web-based e-Government platform to make the regulatory process transparent, consistent, and efficient.

The sub- activities supported by the program are:

The PPP coaches that MCC has funded have serve to help: INSEP and the SEFIN to manage, and SAPP to regulate, several road concessions that INSEP has signed (i.e., Tourism Corridor Highway, Logistical Corridor Highway, Lenca Corridor Highway, Century XXI Highway); and COALIANZA and the SEFIN to evaluate promising PPP projects within their pipeline.

PPP consultants develop assessments and institutionalize the capacity to adequately assess PPP at inception, publication of tender and contract signing as required by the 2014 revision to the law.

- Training program for the first cohort.
- Support the establishment of a strong management unit in the Ministry of Finance for the Civic Center.
- Potentially establish a concession unit in the Ministry of Infrastructure.

4.2.2 Expected Outcomes at PPP Project Inception

The outcomes listed below were defined at the inception of the TCP in 2013, when the specific project activities were expected to evolve to emphasize reform that gained traction with the GoH. Based on preliminary evaluation findings in 2018, these outcomes will likely not be achieved due to the lack of engagement by COALIANZA in adopting reform activities sponsored by the TCP. Additional detail about PPP Project evolution is listed in section 4.2.3.

- *Increased value for money of PPPs.* Strengthen the capacity of relevant government organizations to develop a strong PPP pipeline and to develop, manage and regulate specific PPP transactions according to international best practice.
- *Improved transparency and accountability of PPPs.* COALIANZA, other GoH entities, and non-governmental organizations such as FIDE will increase the amount of disclosure and socialization of projects both in design and implementation.
- *Additional benefits from advancing specific PPPs may include:* lower losses to GoH from ENEE (national electricity company), and more efficient regulatory processes.

4.2.3 PPP Project Evolution by Program Closeout (May 2019)

There have been two overarching changes to the PPP Project that have underpinned several of the subsequent reallocations described below.

- Within Activity 2.1 (Develop Core PPP Capacity), MCC originally intended to help the Commission for the Promotion of Public Private Partnerships (Coalianza) to develop manuals and internal procedures needed to properly identify, prioritize, and structure PPP projects. Following an unexpected change in all three commissioners for Coalianza prior to the end of their seven year terms³, Coalianza decided that it was not interested in a review of manuals and requested that the program fund PPP training. Consequently, MCC provided training through the CP3 course and intensified efforts on helping SEFIN to properly identify, analyze and manage fiscal risks in the PPP projects that Coalianza developed and submitted to SEFIN for approval in order to help the GoH to develop bankable projects with the highest economic rate of return possible. For example, when Coalianza submitted to SEFIN a poorly structured PPP project to rehabilitate and maintain the CA-4 highway, MCC support helped SEFIN to analyze and significantly improve the structure of this project.
- Within Activity 2.2 (Design and Implementation of PPPs), MCC originally intended to help INSEP establish and staff a concessions unit to properly manage the implementation of several road concessions that INSEP had signed, but after signing a formal memorandum of understanding with INSEP to help the ministry to establish and staff this concessions unit, it became apparent that INSEP had little interest in establishing the unit, staffing it with competent professionals, or managing the implementation of the road concessions according to international best practice. Consequently, MCC focused its efforts on helping SEFIN to establish and staff a

³ One resigned to become Minister of Finance, one resigned to be a commissioner of SAPP and one was arrested for casting a vote on behalf of a congressman away from his seat in a vote to approve a PPP project (captured on live TV).



concessions unit to properly manage the implementation of the Civic Center PPP while still providing periodic support to INSEP in managing its road concessions. In addition, the GoH has transferred responsibility for management of all road concessions to INVEST-H and the Program is supporting INVEST-H to establish a unit to manage these concessions.

Activity 2.2 of the PPP Project also originally envisioned that MCC would fund a study of PPP options in the electricity sector and assist the Government in developing the selected PPP. As the GoH elected to engage the IFC via the Electricity Distribution Trust fund in Banco Ficosa, funding for a transaction advisor for a PPP in electricity distribution was not required. MCC, MCA-Honduras and INSEP agreed that it would be preferable to modify this activity to replace support of a PPP in the electricity sector with a new PPP for road maintenance. However, after signing a formal memorandum of understanding with Coalianza to develop PPPs to maintain the CA-2 “Pacific Corridor” Highway, rehabilitate the CA-4 highway, and improve municipal water and sanitation systems, Coalianza showed little real interest in developing these projects (and other projects in its portfolio) according to international best practice. As a result, much of this \$2.6 of the \$4 million for this Activity was reallocated.

4.3 Beneficiaries and Project Participants

The Honduras Threshold Program challenges the country to implement key policy and institutional reforms to enable improve Public Financial Management (PFM) and the efficiency and transparency of Public Private Partnerships (PPPs). Given the attenuated causal relationship between specific policy and institutional reform interventions and economic growth impacts, the Threshold Program does not require cost-benefit analysis to calculate the economic rate of return for these interventions. Although we do not estimate quantitative impacts of the Honduras Threshold Program interventions, we can assess the intervention design, logic, and baseline evaluation results to describe the expected benefit streams and beneficiaries.

4.3.1 Public Financial Management Project

Budget and Treasury Management Activity will improve budget analysis, treasury management, and congressional budget oversight capacity. Improving Procurement Capacity Planning, and Controls Activity promotes procurement transparency and coordination for Regulatory Office of Contracting and Acquisitions of Honduras (ONCAE) and Tribunal Superior de Cuentas (TSC). These activities facilitate governmental business processes to standardize payment prioritization, reduce budget modifications and payment arrears, reduce procurement anomalies, and increase online e-catalogue use. A normalized government procurement and payment environment will reduce government procurement costs. Reduced government procurement costs will finance increased operational expenses incurred through service delivery. Improving the capacity of the TSC will help to improve performance audits. The beneficiaries of these activities are the citizens of Honduras who will experience improved or increased service delivery as a result of reduced procurement costs. Participants are ONCAE, TSC, and the Ministry of Finance’s Budget Office, Treasury, Modernization Unit, and Planning and Evaluation Unit.

The Grant Facility for Social Accountability supports civil society organizations’ social audits to improve public service delivery and transparency. Grantee organizations provide independent institutional



performance monitoring to public agencies including Education, Health, Security, Tax Administration. The beneficiaries of this activity are the citizens of Honduras, the consumers of public goods and services. Specific beneficiary groups include patrons of the Hospital General del Sur and patrons of health centers in La Paz, Copan, Ocotepeque, and Choluteca. Line ministries and public health institutions will also benefit. Project participant organizations are the Asociación para una Sociedad más Justa (ASJ), TROCAIRE, Fundación sin Fronteras (FDsF), and FOPRIDEH.

4.3.2 PPP Project

The Core PPP Capacity Development Activity will strengthen Honduran PPP-implicated institutional capacity and procedural efficiency in PPP development and implementation to generate more predictable, bankable PPPs that maximize value for money. The beneficiaries of improved national infrastructure stock, institutional operational efficiency, and reduced minimum revenue guarantee pay-outs are the consumers of PPP goods and services and the citizens of Honduras. PPP consumers will benefit from reduced costs/time through the provision of improved public infrastructure through PPPs. The citizens of Honduras, consumers of the broader basket of public goods and services, will benefit from improved public service delivery as PPP-institutional operational efficiency improves and the incidence of budget modifications decrease. Finally, direct MCC support for the FIDE PPP will benefit all firms operating in Honduras who will experience cost savings through reduced opportunity for corruption/bribery due to public access to business regulations, procedures, and licensing requirements. Project participants are Coalianza, Superintendencia de Alianza Público-Privada (SAPP), Ministerio de Finanzas, FIDE, Empresa Nacional de Energía Eléctrica, and Secretaria de Infraestructura y Servicios Públicos.

5 POST-PROGRAM MONITORING

5.1 Overview

Monitoring is defined by MCC as “a continuous function that uses the systematic collection of data on specified indicators to gauge progress toward final program objectives and achievement of intermediate results along the way”. Effective project monitoring enables tracking of process indicators (financial and in-kind inputs) and of the generated outputs.

A comprehensive system of monitoring requires: (1) defining the expected processes and outputs that the project aims to achieve; (2) identifying monitoring indicators, primarily for processes and outputs, and collecting the appropriate quantitative and qualitative information for these indicators; and (3) taking stock at regular intervals to reflect on this monitoring information and to determine any changes in implementation that need to be pursued.

The monitoring indicators and narrative questions defined in this post-program M&E Plan are a subset of the indicators used during the life of the Threshold Program. The following sections describe the mechanisms of reporting for the 5 year post-program period from June 2019 - 2024.

5.2 Monitoring Indicators and Data Collection

Monitoring indicators are used to measure progress toward the expected results throughout the design and implementation period. Different types of indicators are needed at different points in time to trace each point along the relevant Project Logic. All indicators in the M&E plan should have a specified unit of



measurement, which must align with MCC's approved list of units of measurement. Units may be added to this list at the request of an MCA if necessary, but they will be subject to MCC approval.

Process, output, and (possibly) some outcome indicators are relevant for the purposes of monitoring. MCC defines these indicators as:

- **Process Indicator:** An indicator that measures progress toward the completion of a Project Activity, a step toward achievement of Project Outputs and a way to ensure the work plan is proceeding on time.
- **Output Indicator:** An indicator that directly measures Project Activities. It describes and quantifies the goods and services produced directly by the implementation of an Activity.
- **Outcome Indicator:** An indicator that measures the intermediate effects of an Activity or set of Activities and is directly related to the Output Indicators.

The monitoring indicators for this Program are summarized in Annexes I, including the definition, unit, and data source. Narrative questions that will comprise the Annual Summary Report are included in Annex II. The information collected for these indicators and the responded to the narrative questions shall be submitted to MCC according to the schedule outlined in section 5.4.

5.3 Setting Baseline and Target Values

Every indicator selected must have a baseline value, each of which will be set as soon as possible according to project/data collection timelines and data availability. The MCA M&E unit is responsible for documenting the actual start date of each sub-project in order to distinguish between pre-intervention trends and post-intervention trends. Any analysis will consider the actual start date of each activity.

Indicators in the M&E plan also include annual and Program targets, whenever possible and appropriate. The reporting institutions are encouraged to set voluntary annual targets for reporting to MCC.

5.4 Post-Program Reporting Requirements and Schedule

In accordance with MCC's M&E Policy and as laid out in this Post-Program M&E Plan, INVEST-H is responsible for submitting a Post program ITT based off the indicators in Annex I of this document. Unless otherwise agreed with MCC, INVEST-H will also develop and submit an Annual Summary Report (ASR) using narrative questions in Annex II to MCC, as per the reporting scheduled noted at the end of the section. This report will be submitted on or before March 31st of each year, starting from 2019 through 2024. MCC specifically, as a key stakeholder, will receive the ASR via an email to the Vice President of the Department of Policy and Evaluation with the subject line "Honduras Post-Program Reporting" and the dates of report coverage.

The post-program ITT will have the same format as the Threshold Program ITT only with additional years added to it. MCC will provide the template for reporting by January 31st of each year in which an ASR is due; the template will be developed with INVEST-H M&E Point of Contact input and will be consistent to the extent possible over the years until the end of post-program reporting.

INVEST-H will make public the final version of the ASR, less the ITT, by posting it on INVEST-H's website along with other related reports, particularly on indicators' progress towards targets.

Report	Due Date
Post program ITT Q2 and Qualitative Forms (Data from April-June 2019)	10 st September 2019
Post program ITT Q3 and Qualitative Forms (Data from July-September 2019)	10 th December 2019
Post program ITT Q4 and Qualitative Forms (Data from October-December 2019) Annual Summary Report Year 1 for year 2019	10 st March 2020
Post program Annual ITT Year 2 and Qualitative Forms Annual Summary Report Year 2 for year 2020	10 st March 2021
Post program Annual ITT Year 3 and Qualitative Forms Annual Summary Report Year 3 for year 2021	10 st March 2022
Post program Annual ITT Year 4 and Qualitative Forms Annual Summary Report Year 4 for year 2022	10 st March 2023

6 EVALUATION

6.1 Overview

In order to determine the extent to which the Program has contributed to economic growth and poverty reduction, a performance evaluations of activities is being out by an independent evaluator (Social Impact). The independent evaluation is managed and funded by the MCC staff in the Washington DC headquarters.

MCC's performance evaluations also address questions of program impact and cost-effectiveness. However, a performance evaluation typically lacks the ability to statistically estimate the *causal impacts* on outcomes that are attributable to the project.

6.2 Evaluation Questions

The Program Objective is to increase the efficiency and transparency of the Government of Honduras, and the overarching evaluation question is the extent to which the GoH met this objective and how the Program contributed to meeting this objective. A major update to both project logics was undertaken in year 4, after the independent evaluator had collected baseline data for the performance evaluation. Evaluation questions by project used by the independent evaluator are listed below.

6.2.1 Threshold Program Evaluation Questions

Question 1: Were the Threshold Country Program Goals and Outcomes, as outlined in the Threshold Country Program document and M&E Plan, achieved? Why or why not?

Question 2: What were the results of the interventions – intended and unintended, positive or negative?

Question 3: What are the lessons learned and are they applicable to other similar projects?

Question 4: What is the likelihood that the results of the Project will be sustained over time?

Question 5: Does the Program result in an increase in public sector cost savings, without resulting in deterioration in the quality or value of public expenditure?

Question 6: Does the Program result in an improvement in the quality of public service provision

6.2.2 Public Financial Management Evaluation Questions

Question 7: Do partner institutions realize improvement in the effectiveness and efficiency in the processing of invoices and cash management? Why or why not?

Question 8: Does the accuracy of REVENUE forecasting increase? Why or why not?

Question 9: Does the accuracy of budgeting increase in partner institutions? Why or why not?

Question 10: Does the budget reporting and reporting of budget challenges improve in partner institutions? Why or why not?

Question 11: Do procurement assessment recommendations lead to changes in practices?

Question 12: Does business confidence in public procurements and participation in procurements increase? Why or why not? What explains variation in perceptions of fairness of the procurement process?

Question 13: Do changes to systems and processes reduce opportunities for corruption and/or improve perceptions of corruption in PFM?

Question 14: Do performance audit recommendations lead to changes in practices?

Question 15: Does civil society oversight and recommendations lead to changes in targeted institutions?

Question 16: Are there improvements in public employees' perceptions of human resources practices and procurement practices in targeted institutions?

6.2.3 PPPs Project Evaluation Questions

Question 18: Are there improvements in the efficiency and effectiveness of the process for developing and structuring PPPs?

Question 17: Does the PPP procurement process adhere to best practice?

Question 19: Are there improvements in the efficiency and effectiveness of the process for managing PPP?

Question 20: To what extent does the project facilitate greater capacity and coordination for PPPs within GoH?

Question 21: Do the systems put in place by the project reduce opportunities for corruption or improve perceptions regarding corruption?

Question 22: Does the project result in greater transparency and awareness of PPP procedures for government, private sector and civil society groups?



6.3 Evaluation Data Collection and Reports

The evaluation design report, baseline report, and interim report are complete and are publically available on MCC's [evaluation catalog](#). The endline data is being collected during 2019 and the final report is expected to ready and on the public website by 2020.

Projects	Evaluation Type	Evaluator	Evaluation Report Dates			
			Design	Baseline	Interim	Final
Public Financial Management, and PPP Project	Performance Evaluation	Social Impact	2015	2016	2019	2020



7 IMPLEMENTATION OF POST-PROGRAM M&E PLAN

The post-program performance will be monitored systematically and progress will be reported regularly through a small set of indicators listed in the indicator tracking table (listed in Annex I) and broader updates in the Annual Summary Report (ASR, Annex II). The analysis will allow the Government of Honduras and MCC to track the sustainability of Threshold Program investments. MCC M&E worked with MCA-Honduras along with the MCC sector experts to select the Post Program indicators.

- INVEST-H (Post-Program Point of Contact, and implementation efforts)
- Ministry of Finance (SEFIN)
- ONCAE
- TSC
- ASJ
- Ministerio Publico

7.1 Responsibilities for Point of Contact

The Monitoring and Evaluation Director within INVEST-H, with support and input from MCC, is responsible for the management of the Post-Program M&E Plan as the MCC Point-of-Contact (PoC). The PoC is primarily responsible for coordinating and ensuring quality and accuracy in data collection and reporting on the indicators in this Plan. In addition, the PoC provides in-country facilitation of the work of all relevant consultants involved in data quality assessments, survey work, evaluations, and other M&E-related activities. MCC will fund and exercise oversight over evaluations that run into the post-program period.

Successful monitoring and evaluation depends on the effective involvement of other INVEST-H staff, other Honduran ministries and agencies providing data for program monitoring, contractors and other key stakeholders. The PoC will work closely with sector teams to track results and seek input on evaluations and other activities, with its public outreach team to communicate results to key stakeholders, and with relevant government ministries and other stakeholders to support their data collection and reporting efforts and to ensure data quality and accuracy. As part of its overall role as focal point for post program M&E, the PoC will provide technical support to assist these stakeholders in their data collection activities, coach teams as necessary, and issue relevant guidance.

The specific post program responsibilities of the POC specified in the Memorandum of Understanding (MoU) between MCC and INVEST-H include:

- Serve as the primary Government point of contact related to the Compact Monitoring and Evaluation (M&E) activities after Threshold Program close in May 2019;
- Complete the monitoring and reporting functions outlined in Annex I and II according to the

schedule outlined in Section 5.4.

- If needed, align post program M&E tasks into the overall set-up for national M&E management, including monitoring databases, reporting systems, surveys and other evaluation data, GIS information, and any other data sources and systems used for the national M&E function;
- Liaise with Implementing Entities to collect required annual performance data and related documentation and ensure that it is submitted to MCC on time and to appropriate standards of quality, and that they are receiving adequate support to perform their M&E functions;
- Directly participate in the monitoring of individual Compact components through site visits, review of project reports and primary data, and review of secondary data as described in the Post program Monitoring & Evaluation Plan;
- If needed, participate in and/or oversee the work of data quality reviewers, assess data quality review results and serve as primary point of contact to implement any recommended changes or corrections, and conduct intermittent data quality checks to provide additional data quality oversight as described in the Post program Monitoring & Evaluation Plan;

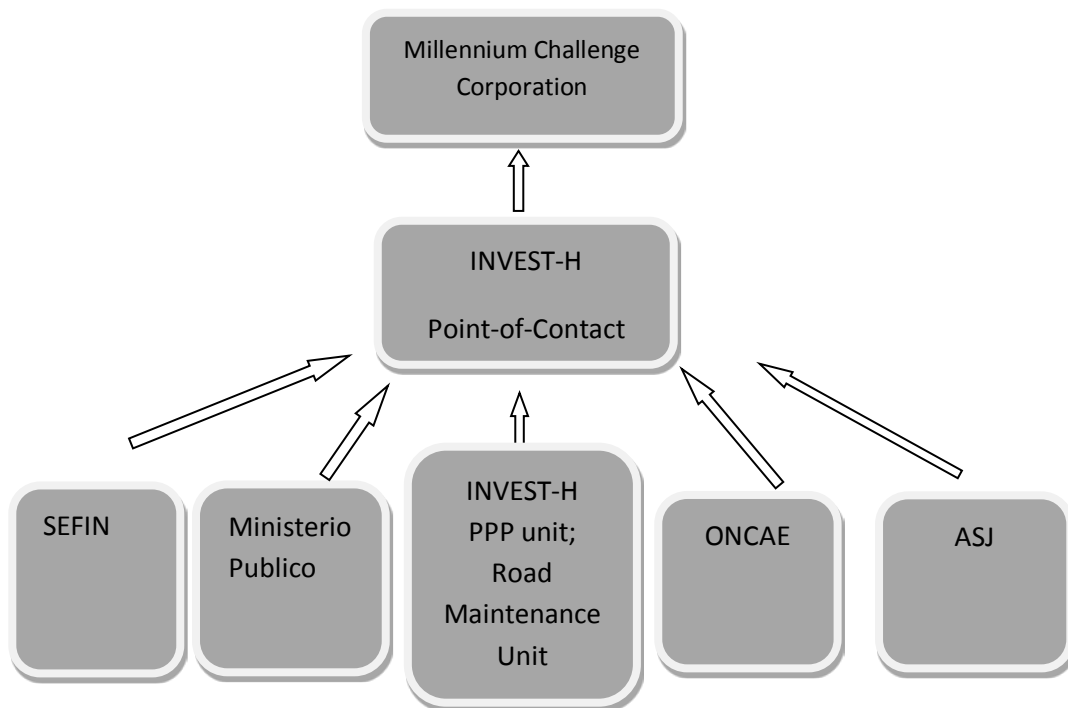
- Support the following evaluation, dissemination, coordination, and learning synthesis functions:
 - Conduct synthesis of monitoring and other data to assess Threshold Program effectiveness and whether objectives were met as described in this plan;
 - Conduct technical reviews (and coordinate same by other relevant Government agencies) of all evaluation and survey deliverables, and key project performance deliverables;
 - Facilitate input on evaluation deliverables, and provide official Government responses on evaluations final reports;
 - Facilitate in-country evaluation activities (e.g., writing letters informing Honduran stakeholders of upcoming data collection activities and, where relevant, encouraging cooperation) and in-country dissemination of evaluation findings;
 - Coordinate in-country evaluation results dissemination activities including but not limited to stakeholder workshops and individual meetings.
 - Identify opportunities to apply the learning from evaluations to future Government and Compact design and implementation; and
 - Liaise with INVEST-H and other Government public outreach staff to incorporate Program results and monitoring data and information into external communication products and to ensure that performance results are communicated to the public (this includes dissemination of evaluation results and facilitation of related in-country presentations and posting reports and public-use data on the INVEST-H's website
 - Provide an official government response regarding evaluation findings.

7.2 Responsibilities for MCC

Responsibilities for MCC include:

- Contract and manage independent evaluators and data collectors whose activities extend into the post program period;
- Ensure evaluators conduct stakeholder review of evaluation reports; and
- Provide guidance and training to the country on the detailed requirements for preparing the Annual Summary Report.

7.3 Reporting/Data flow



7.4 Budget

The Honduras-funded component of the budget for post program M&E activities is yet to be developed but will consist of funding for the dissemination of evaluation findings via presentations and other modalities through which Threshold Program results will be reported (e.g., brochures) as well as any data quality reviews that Honduran Government decides to undertake. MCC will pay for the Threshold Program-related independent evaluation and related data collection activities that fall into the post program period.



ANNEX I – POST-PROGRAM INDICATOR LIST

Annex I											
Indicator Code (PP: Post Program)	Indicator Level	Indicator Name	Indicator Definition	Unit of Measure	Primary Data Source	Frequency of Reporting	Classification	Baseline	Closeout Value	End of Monitoring Period Target (Dec 2022)	Additional Information
PROJECT 1: PUBLIC FINANCIAL MANAGEMENT											
ACTIVITY 1.1: Budget and Treasury Management Activity											
REPORTING INSTITUTION: Ministry of Finance - Treasury (SEFIN - Tesoreria)											
PP 1	Outcome	Value of payments delinquent (past 1 day or more)	Value of payments to non-government vendors within the institutions that operate in SIAFI that are delinquent (45 past from the date of signature or fecha de firmado), disaggregated by duration of delinquency (1 day or more, 30 days or more, 90 days or more, 180 days or more, 365 days or more)	Honduran Lempiras	UDEM/SEFIN F01 Report	Quarterly	Level	10,516 million	19,918,269,942	No target	Baseline calculated with data from Q11 (FY17 Q2), but represents value from 2014 and is reported as 10516485853 Lempiras. Baseline calculated with data from Q11 (FY17 Q2), but represents value from 2014.
PP 1.1	Outcome	Value of payments delinquent past 30 days	Value of payments to non-government vendors within the institutions that operate in SIAFI that are delinquent (45 past from the date of signature or fecha de firmado), disaggregated by duration of delinquency (1 day or more, 30 days or more, 90 days or more, 180 days or more, 365 days or more)	Honduran Lempiras	UDEM/SEFIN F01 Report	Quarterly	Level		15,629,540,040	No target	
PP 1.2	Outcome	Value of payments delinquent past 90 days	Value of payments to non-government vendors within the institutions that operate in SIAFI that are delinquent (45 past from the date of signature or fecha de firmado), disaggregated by duration of delinquency (1 day or more, 30 days or more, 90 days or more, 180 days or more, 365 days or more)	Honduran Lempiras	UDEM/SEFIN F01 Report	Quarterly	Level		8,565,348,630	No target	
PP 1.3	Outcome	Value of payments delinquent past 180 days	Value of payments to non-government vendors within the institutions that operate in SIAFI that are delinquent (45 past from the date of signature or fecha de firmado), disaggregated by duration of delinquency (1 day or more, 30 days or more, 90 days or more, 180 days or more, 365 days or more)	Honduran Lempiras	UDEM/SEFIN F01 Report	Quarterly	Level		3,604,775,649	No target	
PP 1.4	Outcome	Value of payments delinquent past 365 days	Value of payments to non-government vendors within the institutions that operate in SIAFI that are delinquent (45 past from the date of signature or fecha de firmado), disaggregated by duration of delinquency (1 day or more, 30 days or more, 90 days or more, 180 days or more, 365 days or more)	Honduran Lempiras	UDEM/SEFIN F01 Report	Quarterly	Level		2,341,760,310	No target	
PP 2	Outcome	Prompt payment of invoices (F01s) by all government treasuries	Percentage of invoices (F01s) that were paid by all government GoH treasuries within 15 days from the date of processing (fecha de firma) by the line ministries	Percentage	UDEM/SEFIN F01 Archive	Quarterly	Level	67.2	71.91%	100%	Baseline values calculated from cumulative invoices (F-01) data from 2013. Treasury paid 202,772 of the total 301,798 invoices (F-01) within 15 days of the date the F-01 was approved by the line ministry or 67.19% of the time.
PP 3	Outcome	Prompt payment of invoices (F01s) by line ministries	Percentage of invoices (F01s) that were processed (fecha de firma) in a timely manner by line ministries within 30 days from the date of reception (fecha de recepcion)	Percentage	UDEM/SEFIN F01 Archive	Quarterly	Level	79.1	89.87%	100%	Baseline values calculated from cumulative invoices (F-01) data from 2013. Line ministries Institutions approved invoices (F-01) within 30 days of the date of reception of the goods and services 238,640 times of the total 301,798
PP 4	Outcome	Percentage of number of manual payments made within 30 days of date of reception of invoice from non-government vendors	Number of payments made manually within 30 days of date of reception of invoice from non-government vendors entered into SIAFI, divided by the total number of payments to non-government vendors	Percentage	UDEM/SEFIN F01 Archive	Quarterly	Level	TBD	New indicator	No target	

Annex I											
Indicator Code (PP: Post Program)	Indicator Level	Indicator Name	Indicator Definition	Unit of Measure	Primary Data Source	Frequency of Reporting	Classification	Baseline	Closeout Value	End of Monitoring Period Target (Dec 2022)	Additional Information
PP 5	Outcome	Percentage of value of manual payments made within 30 days of date of reception of invoice from non-government vendors	The value of payments made manually within 30 days of date of reception of invoice from non-government vendors entered into SIAFI, divided by the total value of payments to non-government vendors	Percentage	UDEM/SEFIN F01 Archive	Quarterly	Level	TBD	New indicator	No target	
PP 6	Outcome	Percentage of the value of invoices (F01s) paid automatically to non-government vendors	The total value of non-government vendor invoices (F01s) paid through the automatic prioritization system divided by the total value of all non-government vendor invoices (F01s) paid.	Percentage	UDEM/SEFIN F01 Archive	Quarterly	Level	TBD	New indicator	No target	
REPORTING INSTITUTION: Ministry of Finance - Budget (SEFIN - Direccion General de Propuesto)											
PP 7	Outcome	Percentage of executive decrees that have been received and analyzed by SEFIN - DGP applying the FIA methodology	Number of executive decrees that have been analyzed by SEFIN - DGP applying FIA methodology according to the Circular No. DGP-008-2017, divided by the total number of executive decrees received by SEFIN - DGP from the Secretariat of General Coordination	Percentage	Report from SEFIN - DGP	Quarterly	Level	0%	50%	100%	Executive decrees is one of two mechanisms for introducing new laws.
PP 8	Outcome	Process for ensuring that draft legislation is in compliance with Fiscal Impact Analysis (FIA) requirements	Whether or not fiscal impact analysis is required for draft legislation before the Congress through modification of organic budget law or through new general budget provision.	Yes/No	Draft Legislation Report	Other	Level	No	No	Yes	The FIA process did not exist before the Threshold Program, hence baseline is 0. Legislation passed by Congress is one of two mechanisms for introducing new laws.
PP 9	Outcome	Percentage of draft legislation packages that have been received and analyzed by SEFIN - DGP applying FIA methodology	Number of draft legislation packages that SEFIN - DGP has received and analyzed applying FIA methodology according to Circular No. DGP-008-2017, divided by the total number of draft legislation packages received by SEFIN - DGP from Congress	Percentage	Draft Legislation Report	Quarterly	Level	0%	New indicator	No target	Legislation passed by Congress is one of two mechanisms for introducing new laws.
PP 10	Outcome	Percentage of budget modification	The percentage of change, in absolute terms, between original Approved Budget and final Year-End Modified Budget for National Funds for Central Administration	Percentage	Budget Modification Summary Table	Annual	Level	17.6%	5.5%	5%	
ACTIVITY 1.2: Procurement Activity											
REPORTING INSTITUTION: ONCAE											
PP 11	Output	Number of staff working in the ONCAE Evaluation Unit	Number of permanent civil service employees hired to staff and operationalize the ONCAE Evaluation Unit	Number	Oficio ONCAE-AE-465-2018	Quarterly	Cumulative	0	1	5	5 staff members are expected for a functional unit This new unit directly established by the Threshold Program undertakes procurement assessments across GoH to raise the bar on transparency
PP 12	Output	Number of institutions evaluated by ONCAE	Number of institutions evaluated by ONCAE regarding implementation of lawful operative procedures	Number	Oficio ONCAE-AE-465-2018	Quarterly	Cumulative	0	19	31	Agreed upon target is 4 evaluations per year starting in 2020
PP 13	Outcome	Value of purchases through bulk purchase agreements	Value of total issued purchase orders through bulk purchase agreements (including joint purchasing and purchasing through e-catalogue)	Lempiras	Honducompras	Quarterly	Level	0	143,403,316	218,098,518	Data quality note: data in Honducompras 1.0 is generally underreported Target is 15% increase annually from closeout value. Assuming closeout value is the same at December 2019. Target is defined as closeout value (1+0.15)^3years

Annex I

Indicator Code (PP: Post Program)	Indicator Level	Indicator Name	Indicator Definition	Unit of Measure	Primary Data Source	Frequency of Reporting	Classification	Baseline	Closeout Value	End of Monitoring Period Target (Dec 2022)	Additional Information
PP 14	Output	Number of contracts awarded through Honducompras 2.0	Total number of contracts awarded across all government of Honduras ministries through the new e-procurement system Honducompras 2.0 (once operational) over the course of one year	Lempiras	Honducompras 2.0	Quarterly	Cumulative	0	0	No target	
PP 15	Output	Value of contracts awarded through Honducompras 2.0	Total value of contracts awarded across all government of Honduras ministries through the new e-procurement system Honducompras 2.0 (once operational) over the course of one year	Lempiras	Honducompras 2.0	Quarterly	Cumulative	0	0	No target	
PP 16	Output	Number of state entities registered in Honducompras 2.0	Total number of state entities registered in Honducompras 2.0 and using it as their primary procurement system.	Number	Honducompras 2.0	Quarterly	Cumulative	0	0	No target	

ACTIVITY 1.3: Tribunal Superior de Cuentas (TSC) Activity

REPORTING UNIT: Illicit Enrichment Unit within the TSC

PP 17	Outcome	Number of illicit enrichment investigative cases initiated	Number of investigative cases initiated by Illicit enrichment Unit within TSC (including through allegations or through net worth monitoring of public officials)	Number	TSC Dispatch Memo	Annual	Level	0	12	No target	The Illicit Enrichment Unit was created through the Threshold Program. This indicator measures the first step in prosecuting cases of illicit enrichment.
PP 18	Outcome	Productivity of Auditors within the TSC Illicit Enrichment Unit	Average number of cases completed by auditors each year employed by the Illicit Enrichment Unit	Number	TSC Dispatch Memo	Annual	Level	0	0.2	2	The Illicit Enrichment Unit was created through the Threshold Program. In 2013, there was no unit and no audits. This indicator measured the productivity of each auditor
PP 19	Outcome	Percentage of active cases at risk of being dismissed	Percentage of total active cases under investigation that are over 7 years old from the time of initiation within the Illicit Enrichment Unit	Percentage	TSC Dispatch Memo	Annual	Level	0	42%	No target	The Illicit Enrichment Unit was created through the Threshold Program. In 2013, there was no unit and no audits. Cases that are older than 10 years are dismissed. Cases older than 7 years would be at risk of being dismissed and should be monitored
PP 20	Outcome	Total number of cases that are actively under investigation by the illicit enrichment unit	Total number of cases that are actively under investigation within the illicit enrichment unit within a year including any cases that may have returned back from TSC for additional investigation.	Number	TSC Dispatch Memo	Annual	Level	New indicator	New indicator	No target	
PP 21	Outcome	Total number of cases that have left the illicit enrichment unit	Total number of cases that left the illicit enrichment unit within a year to other departments within the TSC for additional investigation. The pathway for these cases are monitored as disaggregations with in a year.	Number	TSC Dispatch Memo	Annual	Level	New indicator	New indicator	No target	
PP 21.1	Outcome	Total number of cases that have left the illicit enrichment unit - closed without suspicion	Total number of cases that left (dismissed) the illicit enrichment unit within a year that were closed by the unit due to lack of suspicion.	Number	TSC Dispatch Memo	Annual	Level	New indicator	New indicator	No target	

Annex I											
Indicator Code (PP: Post Program)	Indicator Level	Indicator Name	Indicator Definition	Unit of Measure	Primary Data Source	Frequency of Reporting	Classification	Baseline	Closeout Value	End of Monitoring Period Target (Dec 2022)	Additional Information
PP 21.2	Outcome	Total number of cases that have left the illicit enrichment unit - closed with suspicion	Total number of cases that left the illicit enrichment unit within a year to other departments within the TSC for additional investigation. This category of cases may return to the unit at a later date for additional investigation and would be counted as an active case but not a new case. (See PP 17 and PP 19)	Number	TSC Dispatch Memo	Annual	Level	New indicator	New indicator	No target	
PP 21.3	Outcome	Total number of cases that have left the illicit enrichment unit - dismissed due to lack of time	Total number of cases that left (dismissed) the illicit enrichment unit within a year due to insufficient processing time.	Number	TSC Dispatch Memo	Annual	Level	New indicator	New indicator	No target	
REPORTING UNIT: Ministerio Publico											
PP 22	Outcome	Number of Illicit enrichment cases presented to the Ministerio Publico for prosecution	Number of investigative cases finished by Illicit Enrichment Unit of TSC (including through allegations or through net worth monitoring of public officials) and filed in court and accepted by prosecutors	Number	TSC Dispatch Memo	Annual	Level	0	15	No target	Threshold Program. In 2013, there was no unit and no audits. There are two mechanisms for the Illicit Enrichment Unit to initiate cases: through allegations by another entity or through net worth monitoring of public officials
PP 23	Outcome	Number of illicit enrichment cases presented to the court that ruled in favor of prosecution (won)	Number of illicit enrichment cases presented to the court that ruled in favor of prosecution within a year resulting in a consequence against the accused individual	Number	Ministerio Publico Records	Annual	Level	New indicator	New indicator	No target	
PP 24	Outcome	Number of illicit enrichment cases that ruled against the prosecution (lost)	Number of illicit enrichment cases that ruled against the prosecution within a year resulting in no consequence for the accused individual	Number	Ministerio Publico Records	Annual	Level	New indicator	New indicator	No target	
REPORTING UNIT: Performance Audits within TSC											
PP 25	Outcome	Performance audits completed	Number of performance audits completed by TSC staff	Number	Performance Audit Report	Annual	Level	0	1	No target	
PP 26	Outcome	Number of recommendations made by TSC within performance audits	Total number of recommended actions presented to audited institutions in performance audits, broken down by institution	Number	Performance Audit Report	Annual	Level	New indicator	New indicator	No target	
PP 27	Outcome	Percentage of audit recommendations complied with by institutions	Total number of recommended actions implemented by audited institutions, divided by total number of recommended actions presented to the audited institutions in performance audits	Percentage	Performance Audit Report	Annual	Level	New indicator	New indicator	No target	
ACTIVITY 1.4: Grant Facility for Social Accountability Activity											
REPORTING INSTITUTION: Association for a More Just Society (ASJ)											
PP 28	Outcome	Percentage of recommended actions implemented in procurement/ contracts in SEDUC	Percentage of recommended actions implemented based on ASJ's assessment (compras/ contrataciones, SEDUC)	Percentage	ASJ Indicator Matrix	Other	Level	0	37%	No target	SEDUC is the Ministry of Education

Annex I

Indicator Code (PP: Post Program)	Indicator Level	Indicator Name	Indicator Definition	Unit of Measure	Primary Data Source	Frequency of Reporting	Classification	Baseline	Closeout Value	End of Monitoring Period Target (Dec 2022)	Additional Information
PP 29	Outcome	Percentage of recommended actions implemented in procurement/ contracts in SESAL	Percentage of recommended actions implemented based on ASJ's assessment (compras/ contrataciones, SESAL)	Percentage	ASJ Indicator Matrix	Other	Level	0	40%	No target	SESAL is the Ministry of Health
PP 30	Outcome	Percentage of recommended actions implemented in procurement/ contracts in Secretaría de Seguridad	Percentage of recommended actions implemented based on ASJ's assessment (compras/ contrataciones, Seguridad)	Percentage	ASJ Indicator Matrix	Other	Level	0	52%	No target	
PROJECT 2: PUBLIC PRIVATE PARTNERSHIPS PROJECT											
REPORTING INSTITUTION: INVEST-H											
PP 31	Output	Number of staff hired working in PPP Unit established within INVEST-H	Number of employees hired to staff and operationalize the PPP Unit within INVEST-H	Number	INVEST-H Hiring Logs	Once	Number	Cumulative	0	7	6 staff members are required to have a fully functional unit New unit established by Threshold Program.
PP 32	Outcome	Percent compliance with performance standards of the concession contracts (Corredor Logistico)	Compliance with the O&M stage of the PPP contract "informe de explotacion" as described in the PPP contract clause 8.5 (a) based on the criteria in annex I of the contract section 3 Corredor Logistico	Percentage	Concession Report	Annual	Level	New indicator	New indicator	No target	



ANNEX II –NARRATIVE QUESTIONS ACCOMPANYING INDICATOR REPORTING

Data Collection Form: Honduras Threshold Post Program SEFIN

Qualitative Monitoring form

This form is to be completed during the reporting period to accompany quantitative data submission for completion of the Indicator Tracking Table on a quarterly or annual basis

Reporting Period: Year _____ Quarter _____

Name of Respondent: _____ Designation _____

Question	Answer
What steps will be taken over the next year to reduce payment arrears in the line ministries? (PP 1- 6)	
What steps will be taken over the next year to reduce payment arrears within the treasury? (PP 1- 6)	
Does the Baseline budgeting reconcile changes in service levels after political level cuts are made? If the full baseline budget is not funded, are the implied changes in service levels explicitly considered?	
If the baseline budget is not fully funded, explain the process which service level provisions are reconciled with the budget cuts.	

Data Collection Form: Honduras Threshold Post Program PPP

Qualitative Monitoring form for INVEST-H

This form is to be completed during the reporting period to accompany quantitative data submission for completion of the Indicator Tracking Table on a quarterly or annual basis

Reporting Period: Year _____ Quarter _____

Name of Respondent: _____ Designation _____

Question	Answer
Describe the how the budget for road maintenance is prioritized to maximize the social and economic benefit of the road investment?	
What is the updated status on concession management unit (road maintenance) in INVEST-H?	
Provide any other comments you would like to share about the PPP unit (PP 31-32)	

Data Collection Form: Honduras Threshold Post Program ASJ

Qualitative Monitoring form

This form is to be completed during the reporting period to accompany quantitative data submission for completion of the Indicator Tracking Table on a quarterly or annual basis

Reporting Period: Year _____ Quarter _____

Name of Respondent: _____ Designation _____

Question	Answer
What is ASJ's overall assessment of Corruption regarding the government institutions under review?	
What is ASJ's overall assessment of public service delivery by government institutions under review?	
What is ASJ's overall assessment of cost savings by government institutions under review?	
What actions have been taken to address findings/ recommendations outlined in the ASJ procurement assessment reports? (PP 28-30)	

Data Collection Form: Honduras Threshold Post Program TSC

Qualitative Monitoring form

This form is to be completed during the reporting period to accompany quantitative data submission for completion of the Indicator Tracking Table on a quarterly or annual basis

Reporting Period: Year _____ Quarter _____

Name of Respondent: _____ Designation _____

Question	Answer
What performance audits are you planning to do in the coming year? (PP 25-27)	
How were those institutions to be performance audited selected? (PP 25-27)	
Has TSC verified that the findings of the previous performance audits have been implemented? Please highlight a few examples of implemented findings that have improved public service delivery.	
Regarding illicit enrichment: How does the TSC coordinate with the public ministry to ensure that lessons are learned from the cases that were sent to the public ministry? (PP 17-21)	
Regarding illicit enrichment: What has been done to improve the efficiency of the financial disclosure process to limit to those individuals who are at highest risk of enriching themselves illicitly? What steps have been taken to improve the quality and efficiency of illicit enrichment? (PP 17-21)	

Data Collection Form: Honduras Threshold Post Program ONCAE

Qualitative Monitoring form

This form is to be completed during the reporting period to accompany quantitative data submission for completion of the Indicator Tracking Table on a quarterly or annual basis

Reporting Period: Year _____ Quarter _____

Name of Respondent: _____ Designation _____

Question	Answer
What is the plan for the phase-in of the requirement for all procurement processes to be managed by Certified Procurement Professionals? What is the status of implementation of that plan to date? (PP 11 - 16)	
What actions have been taken to address findings/ recommendations outlined in the ONCAE procurement assessment reports?	