Republic of Honduras
Country Financial Accountability Assessment

January 3, 2004

Operations Support Unit
Latin America and the Caribbean Region

Document of the World Bank and Inter-American Development Bank
**REPUBLIC OF HONDURAS: FISCAL YEAR**

January 1 – December 31

**CURRENCY EQUIVALENTS**
(as of January 3, 2004)
Currency Unit = (HSU) Lempiras
US$1 = 17.80

**WEIGHTS AND MEASURES**
Metric System

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<th>World Bank</th>
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<td>Vice-President</td>
<td>David De Ferranti</td>
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<td>Country Director</td>
<td>Jane Armitage</td>
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<td>Sector Manager</td>
<td>Roberto Tarallo</td>
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<td>Rajeev Swami</td>
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<td>Regional Manager</td>
<td>Miguel Martínez</td>
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<td>Sector Chief</td>
<td>Jorge Sapornikow</td>
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<td>Co-Task Manager</td>
<td>Stephen Doberty</td>
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## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AECI</td>
<td>Spanish Agency for International Cooperation</td>
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<td>BCH</td>
<td>Central Bank of Honduras</td>
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<td>CAS</td>
<td>Country Assistance Strategy</td>
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<td>CFAA</td>
<td>Country Financial Accountability Assessment</td>
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<td>CGR</td>
<td>Controller General of the Republic</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CNA</td>
<td>National Commission for Anti-corruption</td>
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<td>CPAR</td>
<td>Country Procurement Assessment Report</td>
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<td>DEI</td>
<td>Revenue Office</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>DGID</td>
<td>Office of Decentralized Agencies</td>
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<td>DGCP</td>
<td>Office of Public Debt</td>
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<td>DGP</td>
<td>Office of the Budget</td>
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<td>DIP</td>
<td>Office of Public Investment</td>
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<td>DMFAS</td>
<td>Debt Management System</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EU</td>
<td>European Union</td>
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<td>ERP</td>
<td>Poverty Reduction Strategy</td>
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<td>FHIS</td>
<td>Honduran Social Investment Fund</td>
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<td>GA</td>
<td>Administrative Unit</td>
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<td>GAO</td>
<td>General Accounting Office</td>
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<td>GOH</td>
<td>Government of Honduras</td>
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<td>GTI</td>
<td>Inter-institutional Technical Group</td>
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<td>HIPC</td>
<td>Highly Indebted Poor Country</td>
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<td>HNL</td>
<td>Honduras Lempira</td>
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<td>IAU</td>
<td>Internal Audit Unit</td>
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<td>IDB</td>
<td>Inter-American Development Bank</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INTOSAI</td>
<td>Institute of Supreme Audit Institutions</td>
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<td>JICA</td>
<td>Japanese International Cooperation Agency</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NORAD</td>
<td>Norway Agency for Development</td>
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<td>POA</td>
<td>Annual Operation Plan</td>
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<td>PER</td>
<td>Public Expenditure Review</td>
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<td>PFM</td>
<td>Public Financial Management</td>
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<td>PG</td>
<td>Government Plan</td>
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<td>PRAF</td>
<td>Programa de Asignación Familiar</td>
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<td>PRSC</td>
<td>Poverty Reduction Support Credit</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>SEFIN</td>
<td>Ministry of Finance</td>
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<td>SETCO</td>
<td>Ministry of Technical Cooperation</td>
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<td>SIAFI</td>
<td>Integrated Financial Management System</td>
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<td>SIDA</td>
<td>Swedish International Development Agency</td>
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<td>SIERP</td>
<td>Integrated Poverty Reduction Tracking System</td>
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<td>SIGADE</td>
<td>Integrated External Debt Management and Administration System</td>
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<td>SISPU</td>
<td>Integrated System of Public Investment</td>
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<td>SWAp</td>
<td>Sector-Wide Approach</td>
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<td>TGR</td>
<td>Treasury of the Republic</td>
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<td>TSC</td>
<td>Supreme Audit Court</td>
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<td>UNAH</td>
<td>The Autonomous National University of Honduras</td>
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<td>UNAT</td>
<td>National Technical Assistance Unit</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UPEG</td>
<td>Planning and Evaluation Group</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WFP</td>
<td>World Food Program</td>
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ACKNOWLEDGMENTS

This Country Financial Accountability Assessment (CFAA) was prepared by Rajeev Swami (Task Team Leader, World Bank) and Stephen Doherty and Susana Sitja Rubio (Inter-American Development Bank, IDB). The CFAA team made an introductory visit to Honduras from January 13 to 17, 2003. The main fieldwork was conducted from February 24 to March 7, 2003. Eduardo Zapico and Manuel Vargas (WB), Hernan Pfluecker, Enrique Cosio-Pascal, Francisco Bosch, and Silvia Biglino (Consultants) joined for part of the main field Mission. Ralph Oberholzer (Vice Minister, Ministry of Finance) coordinated the CFAA on behalf of the Government of Honduras. Gilma Unda (WB) and Karla Lopez Flores (WB Honduras Office) provided administrative assistance.

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HONDURAS

COUNTRY FINANCIAL ACCOUNTABILITY ASSESSMENT

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EXECUTIVE SUMMARY

Summary of Observations

1. The CFAA's primary goal is to assist the Government to implement effective measures to strengthen public financial management, which would result in more effective economic development and poverty reduction programs.

2. The principal findings of this CFAA are:

- A multi-annual budget was delivered to Congress before the beginning of the past fiscal year, a significant improvement from the recent practice of late budget submissions. Also, the budget proposals for decentralized agencies were submitted at the same time as those for the central Government, so that this budget is more comprehensive than previous ones. Even so, there remain systemic deficiencies relating to budget preparation: (i) a significant amount of donor grant and in-kind assistance is still omitted from the budget; (ii) budget allocations are based on incrementalism.

- Even though the Government has increased the budget planning cycle, planning capacity in the sectors is still weak. Since the budget is presented according to expenditure categories rather than programmatic classifications, the budget does not enable monitoring and evaluation of Government expenditures in relation to agreed priorities for economic growth and poverty reduction.

- Even though the total number of amendments has decreased, a significant number of budget amendments are still passed throughout the year, which weakens overall budget realism.

- While the implementation of the integrated financial management system has improved the Government’s ability to control and manage expenditure, weak internal controls and internal audit capacity in spending agencies hinder the assurance of efficiency and certification of expenditures.

- Fiscal management responsibilities are not managed by the Treasury but rather by Office of Public Credit and the Central Bank. The dispersion of the responsibility for the management of public funds has resulted in functional gaps that directly affect the security and the control of the Government funds.

- While tax administration is improving, the procedures governing tax collections are still weak, and consequently, there is not a proper reconciliation between the funds paid by the taxpayers with the funds declared by the banks as collected, and there is no reconciliation between the funds received by the banks and the funds transferred to the treasury accounts.
The Government has invested in building debt management capacity, which is a clear strength in the public financial management system. Debt management can be further improved with the inclusion of contingent liabilities, which are not reported in the Government’s annual financial statements; consequently, these liabilities are often not included in debt analysis. Debt servicing provisions are also not included in the final budget estimates.

The limited coverage of the integrated financial management system prevents implementation of a single, consistent methodology across the Government agencies and limits the reliability of the Government’s financial information. In turn, the lack of adequate Government financial statements and the transactional focus of the Government accounting function affects the capacity both (i) for the people and/or their representatives to conduct oversight of public finances, and (ii) for the Government to make decisions based on timely and reliable information.

The external audit function is still evolving following the creation of the new Audit Court, for which the Government has been supporting a capacity-building program. However, the lack of external audits of the Government’s financial statements (the annual reports for fiscal years 2001 and 2002 have not yet been finalized) represents a weakness in the transparency of public finances.

3. The donor community has been supporting improvements in public sector financial management since at least 1996. While IDA and the IDB have clearly indicated their intention to continue supporting initiatives, through the restructuring of existing IDA credits and the inclusion of significant portions of the proposed CFAA recommendations into a new project currently under preparation by IDB, efforts of a primarily systemic nature cannot yield positive improvement unless there is significant support to strengthen incentives for good governance.

4. Consequently, a critical subset of the CFAA’s full recommendations is derived from a set of principles for governance. The policy decisions to implement these principles are those actions in the CFAA Action Plan that would establish broader transparency and comprehensiveness for the budget, an Ethics Code for the public sector, broad public access to information, transparency and oversight of public financial management, a comprehensive debt management framework, and improved internal controls for public financial management. Both the principles for governance and the policy decisions would be agreed upon by the Government in the context of the Poverty Reduction Support Credit.

**Framework for CFAA Recommendations**

5. The most urgent need is to upgrade the quality of human resources in the public sector. In particular, efforts need to focus on strengthening of the legal and accountability framework for public financial management, upgrading and modernizing Government financial management and administration systems,
streamlining processes and procedures, and rationalizing and strengthening institutions responsible for ensuring accountability. Government will receive support for systems upgrading and institution building from the WB and IDB. In line with the WB’s country strategy, WB assistance would focus on governance-related areas within the scope of the PRSC, along with capacity building for the Audit Court and the continued development of the integrated financial management system. IDB would focus its support on the development of a modern Ministry of Finance (mainly those aspects that deal with planning and results-based management), programmatic budgeting capacity at the Budget Office; an effective Treasury system, and redistribution of cash management responsibilities among Public Credit, Central Bank and Treasury; and institutional strengthening of the Revenue Office.

In addition to providing a comprehensive diagnosis of issues related to public financial management (PFM), the CFAA sets out a series of recommendations for improvements in this area that would further the government’s development strategy. In turn, the government used these recommendations as the basis of an action plan of its own, which it has already begun implementing. The CFAA recommendations and the government’s action plan are both presented in Chapter 4.

Programs for Improved Financial Management

7. In order to establish a modern and efficient public financial management system, a full range of systematic activities in the areas of budgeting, budget execution, accounting, Treasury, revenues, and external audit. There is clear indication that the Government is taking action, particularly to strengthen the legal framework and to initiate a complete reorganization of the Ministry of Finance, in order to clarify the allocation of roles, responsibilities and functions of several agencies. The CFAA supports Government action in these areas, while also emphasizing the need for both the Government and donors to address the urgent issue of capacity development.

Budgeting

8. Given the efforts of the Government to shift donor assistance to programmatic lending, one of the critical recommendations of this CFAA is the transformation of the budget to one that is based on programmatic classifications; in addition, it is essential that all external assistance be included in the budget. These changes will entail a modernization of the Chart of Accounts in the integrated financial management system, as well as a need for training and capacity building among the planning groups throughout the Government. The programmatic budget should be based on Government spending priorities as articulated in the Poverty Reduction Strategy Paper, and the Annual Operating Plans and other planning documents should follow clearly established guidelines for programmatic budgeting.

9. The Government’s ability to accelerate this particular reform will enable it to implement a medium-term expenditure framework and to manage the new Sector-Wide Approaches (SWAp) arrangements for donor assistance. To accomplish this,
the Government needs to implement and regularize a programmatic budget classification system. There are examples of this in some sectors, specifically in the Ministry of Education. This initiative could also be piloted in the Health and Agriculture sectors, since these are the two sectors most likely to implement a sector-wide approach in the next two to three years.

Budget Execution and Reporting

10. The quality of budget reporting can improve through the production of interim reports, and through the inclusion of information about executed budget in state-owned enterprises and decentralized agencies. Quarterly budget reports should be produced and published, along programmatic lines, once the shift in budget classification is completed. These reports will enable a much broader participation in budget monitoring and evaluation, and will also enable more effective tracking of poverty reduction efforts. Thus, the medium-term plan for capacity building and institutional strengthening should include significant actions not only to modify budget classifications but also to strengthen the monitoring and evaluation capacity within the ministerial units.

Accounting and Financial Reporting

11. In parallel to the expansion of the integrated financial management system, the central Government accounting function should gradually move from being only a record of transactions to becoming an analytical activity aimed at producing meaningful Government financial statements consistent with international practice. In the meantime, three actions are needed: (i) ensure that all global allocations/transfers to decentralized entities are properly recorded in reports on the use of funds; (ii) reconcile budget execution and cash flow statements, and properly identify any inconsistencies or leakages; (iii) complement these statements with historical information to evaluate trends, and meaningful notes to enable interpretation and analysis.

Treasury

12. Any reform to redistribute fiscal functions currently being managed by either Public Credit or Central Bank must first address the problem of the lack of capacity, knowledge and experience in the Treasury. Simply re-assigning fiscal functions to the Treasury will not result in efficiency gains. The CFAA supports a modest technical assistance program to create the rules, regulations and procedures to govern Treasury fiscal operations, and also supports the development of a plan for the gradual transfer of responsibility from Public Credit and Central Bank to Treasury.

13. Given that efficient and effective management of the Treasury will depend on fund transfers and related information from other agencies, it will be necessary to coordinate the capacity-building efforts at Treasury with parallel efforts to strengthen the spending agencies and to upgrade the integrated financial management system. A
failure to recognize these interlinkages will undermine the extent of improvement that can be realized at Treasury.

Revenues

14. The system of tax collections is in serious need of upgrading and must be subject to a strong and effective regulatory system. Upgrading of tax administration should include measures to improve the timeliness of revenue reporting, as well as procedures to ensure that revenue projections and collections are included in periodic budget reports. The responsibility for revenue and cash management should clearly be vested in the Treasury; however, any reform that would involve the transfer of responsibility to the Treasury must take account of the urgent need to build capacity within Treasury.

External Audit

15. The Audit Court urgently needs a set of regulations governing its operations. The Audit Court also needs to continue its efforts, in coordination with international donors, to build the technical capacity of its staff. Despite its broader mandate, the Audit Court's first priority should be to develop a staff fully capable of carrying out the financial audit of the public accounts of the Government. This will not require additional staff; but it does require a cadre of fully qualified staff, with sufficient knowledge of internationally accepted standards and audit methodologies.

16. Understanding its own limitations and empowered by a new Audit Court law, the Audit Court has plans to review and approve the eligibility of private auditing firms hired by public sector entities and to monitor the work of those firms, while it builds the capacity of its own staff. The IDB has already completed a review of the private sector auditing firms in Honduras and it is recommended that the results of the review be shared with the Audit Court and among donors who are financing operations in Honduras. This is a satisfactory approach for the medium term. The Audit Court's long-term sustainability depends on the quality of its human resources and a capacity building program which focuses on upgrading skills is by far its highest priority.
1. BACKGROUND AND CONTEXT

1.1 The CFAA is a diagnostic tool designed to enhance the World Bank (WB) and Inter-American Development Bank’s (IDB’s) knowledge of public financial management (PFM) and accountability arrangements in client countries. The reports supports both the WB’s fiduciary responsibilities by identifying the strengths and weaknesses of PFM arrangements so that the potential risks to the use of Bank funds can be assessed and managed. Additionally, the CFAA supports Bank’s development objectives by facilitating a common understanding of the country’s financial management systems, practices and accountability arrangements and leads to the design and implementation of capacity-building programs to improve the country’s PFM and to eliminate impediments to growth and poverty reduction.

1.2 The CFAA is prepared jointly by the two banks, who will use its findings to design programs geared towards improving the country’s fiscal management, and to more effectively coordinate with other development partners in the identification and prioritization of activities in public sector reform. The CFAA is not an audit, but rather a joint exercise from which explicit conclusions can be formulated and recommendations derived, in respect of the adequacy of the country PFM systems; and appropriate, agreed-upon remedial actions to the observed deficiencies can be fed into the country program.1

Country Background

1.3 The Republic of Honduras ranks as the third poorest country in the Latin America and Caribbean Region with a GNP per capita of US $890 (2001) and a high incidence of extreme poverty, particularly in rural areas. The immediate economic effect of Hurricane Mitch in 1998 was a sharp drop of GDP growth from an estimated annual rise of 5 to 6 percent to a contraction of the economy by 3 percent. Although the country has now substantially recovered from the effects of Hurricane Mitch, the Government still faces numerous challenges to sustainable economic growth and poverty reduction.

1.4 Honduras reached the Highly Indebted Poor Country (HIPC) decision point in July 2000, and the Government has prepared the Poverty Reduction Strategy Paper (PRSP), which, along with the Joint Staff (Bank/IMF) Assessment of the PRSP, was discussed by the WB and IMF Boards in October 2001. The PRSP represents an analysis of the causes of poverty and a comprehensive strategy to reduce the number of households below the poverty threshold. Besides reaching an agreement with Paris Club creditors, the pending conditions for reaching the HIPC completion point were modernizing the public sector, rationalizing its activities, and improving its ability to deliver key services that are prerequisites for Honduras’ development. The objectives of the reforms, through the strengthening of key public sector entities, are to increase public savings, improve efficiency in the delivery of public services, particularly in the social sectors, and facilitate greater private sector development.

1 CFAA Guidelines to Staff (Discussion Draft), September 2002.
1.5 The most recent WB Country Assistance Strategy (CAS) was discussed at the Board December 14, 1999, in the aftermath of Hurricane Mitch. The Bank’s assistance objectives in Honduras have focused on: (i) poverty reduction and human resources development through increased access to social services; (ii) increasing public sector efficiency and creating a favorable environment for private sector development; and (iii) support for environmental protection and sustainable development.

1.6 A new WB CAS is currently under preparation and Board presentation is expected this calendar year (2003). The new CAS reflects the WB’s and Government’s priorities, along with the results of a consultation process with civil society organizations, and is in harmony with the objectives and goals of the Government of Honduras’ PRSP. The PRSP presents 11 specific poverty reduction targets to be reached by 2015, through the implementation of policies, programs and projects. These policies, programs and projects are structured around six programmatic areas: (i) accelerating economic growth; (ii) reducing poverty in rural areas; (iii) reducing urban poverty; (iv) investing in human capital; (v) strengthening social protection for specific groups; and (vi) ensuring the sustainability of the strategy.

1.7 The country strategy of the Inter-American Development Bank (IDB) focuses on the following main objectives: (a) increase competitiveness in productive areas, (b) increase the development of human capital, and (c) consolidate measures to improve governance.

Objectives

1.8 The overall development objective of the CFAA is to provide relevant information to the Government and the two Banks on the public sector financial accountability arrangements in Honduras, including a Public Financial Management (PFM) risk assessment, and to develop joint plans for addressing significant issues identified, as well as appropriate capacity-building programs. The CFAA seeks to address PFM systems, practices and accountability arrangements that inhibit Government efficiency and may thus lead to distortions having an adverse impact on economic growth. Where analytical work was already available, the CFAA did not duplicate, but rather update that knowledge.

1.9 In addition to its inherent value as a public financial management diagnostic tool, the CFAA has special relevance by virtue of its relationship to the WB CAS/IDB Country Strategy and policy dialogue with the country. The CFAA linkages are particularly strong in four areas: good governance and institutional development, decentralization, realization of priorities articulated through the budget, and oversight of public sector management.

1.10 Good governance and institutional development. Clearly, transparent and accountable public financial management and efficient spending of public funds are critical elements of good governance. The CFAA team focused on the appropriateness of institutional arrangements for budget execution and oversight/accountability, resulting in specific recommendations to strengthen the entities with clearly defined roles.
1.11 **Decentralization.** The CFAA team considered whether Government actions to address rural poverty were being limited by the PFM systems and practices in place, assessed main risks to the funds flowing to the service-delivery points through decentralized Government entities and offices, and developed proposals for institutional strengthening. The CFAA focus was on the decentralization arrangements in the central Government institutions. Due to the relatively minor participation of municipalities in overall management of public funds, this CFAA did not consider PFM at the subnational level.

1.12 **Realization of priorities articulated through the budget.** The current presentation of the budget does not currently enable an outside reader to determine the Government’s stated priorities regarding economic growth or poverty reduction. The CFAA team focused on the reclassification of budget objects (expenditure classification) to facilitate an explicit link to the priority programs and activities articulated in the Government’s strategy, and to reclassify the budget into a programmatic budget. This would also facilitate the Government’s desire to implement a Sector Wide Approach (SWA) in the Education and Health sectors in the next one to two years.

1.13 **Oversight of Public Sector Management.** The CFAA team closely examined the mechanisms, including controls for budget execution and legislative measures for broad oversight of the budget, and the overall accountability framework for the public sector. In areas where current oversight is weak or lacking, the CFAA recommended key proposals to strengthen the overall legislative and accountability framework.

**Relationship to the WB Lending Program**

1.14 **Poverty Reduction Support Credits (PRSC).** The draft WB CFAA Guidelines, dated September 5, 2002, recognize that “adjustment lending may be appropriate in a weak PFM environment where there is a strong and realistic program for PFM improvement, which is fully owned and implemented by the Government. Thus an adequate PFM system may be an outcome of adjustment lending rather than a precondition.” In this respect, the WB is preparing three International Development Association (IDA) PRSCs to assist the Government in the implementation of its PRSP. It is envisioned that the first PRSC will place particular emphasis on strengthening public sector institutions. Three specific areas supported under the first PRSC are: the implementation of civil service reform; strengthening Government’s integrated financial management system (SIAFI); and strengthening the Supreme Audit Court (Tribunal Superior de Cuentas, TSC).

1.15 Following its dual developmental-fiduciary role, the CFAA implications are two-fold:

(i) The CFAA action plan has been organized and prioritized, in close consultation with the Government, to assist with the attainment of progress indicators in the PRSC policy matrix, specifically in the areas of public financial management; and
The interim guidelines for PRSCs require an ex-ante fiduciary assessment of the country's financial management systems, including the adequacy and transparency of systems for monitoring, reporting on, and auditing public financial flows. Such an assessment is part of this CFAA. Where the CFAA identifies significant weaknesses in the PFM system, the PRSC program would incorporate specific measures to address such weaknesses, including where appropriate, prior conditions for subsequent PRSCs in the series.

1.16 **Investment lending.** The CFAA team has provided technical inputs to the ongoing WB Economic and Financial Management Credit and IDB's Strengthening of Fiscal Management loan, both of which are currently in preparation. Similarly, both operations, along with the WB's proposed technical assistance credit for the PRSC, are some of the key channels to deliver the technical assistance and capacity-building programs to support execution of the CFAA action plan. Other donors may also participate.

### 3.47 Relationship with Other Sector Work

1.17 Other WB analytical products address other aspects of PFM arrangements from those addressed by the CFAA. The Public Expenditure Review (PER) evaluates the country's fiscal position, its expenditure policies and public expenditure management systems, with a deeper focus on “upstream” issues of budget construction, while the CFAA looks at “downstream” issues of budget execution. The Country Procurement Assessment Review (CPAR) examines public procurement institutions and practices. The CFAA was carried out nearly in parallel with the Country Procurement Assessment Report (CPAR) for Honduras. Both reports reviewed the systems and process in place regarding overall governance and accountability in the public sector, but specifically overlapped in the development and institutional strengthening of the Supreme Audit Court (Tribunal Superior de Cuentas or TSC). Other IDB instruments specify the IDB’s auditing requirements.²

### Relationship to the IDB’s Lending Program

1.18 **Poverty Reduction Support Program.** The CFAA will be relevant to the IDB in its preparations of the Poverty Reduction Support Program, which is similar to the WB’s PRSC and has the same objective of helping to support the implementation of the PRSP. The IDB has prepared a PRSP matrix with conditions and has coordinated with the WB to review the conditions vis-à-vis the WB’s PRSC currently under preparation.

1.19 **Investment Lending.** The IDB is currently preparing a Technical Assistance Loan to strengthen fiscal management. In parallel, the IDB is identifying a Sector Loan for Fiscal Management Reform, estimated to be approved in 2004. The IDB is also

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² Inter-American Development Bank, “Bank Policy On The Audit Of Projects And Entities (AF-100).”
funding operations to improve the efficiency and transparency of public procurement and operations in the Judicial Branch.

Scope of Coverage of the CFAA

1.20 The scope of this CFAA was limited to public sector financial management at the national level, including the Ministry of Finance (SEFIN), the decentralized agencies and state-owned enterprises. The CFAA did not cover sub-national or municipal Government, Non-Governmental Organizations (NGOs), autonomous entities (e.g., public universities) or the private sector, to avoid duplication of current or planned diagnostic work in these areas.

1.21 Public sector budget preparation and planning. The CFAA team updated information on (i) capacity of the budget system to allocate resources in a way that takes into account service delivery needs and external aid, including the extent of participatory approaches; (ii) mechanisms for analyzing and prioritizing spending; and (iii) arrangements for programmatic budgeting and expenditure classification. Improvements based on this updated information would enable the budget to be used as the primary tool for the clear articulation of the Government's stated priorities for economic growth and poverty reduction through the transparent allocation of financial resources.

1.22 Budget execution, monitoring, internal controls and internal audit, and cash management. The CFAA team reviewed the appropriateness of the internal control framework and the extent to which the internal control and accountability systems in place at the spending entities adequately support data and actions entered to the information system, the arrangements for overseeing execution of aggregate budget transfers (for example, to decentralized Government entities), the effectiveness of the single treasury account for all Government finances and overall cash management, the managerial use of financial information, records management, and internal audit capacity.

1.23 Revenue Office. The CFAA team reviewed the adequacy of revenue estimation procedures, comprehensiveness of the revenue estimates, effectiveness of collection practices, and the arrangements for monitoring revenue (as part of overall budget monitoring and cash management). This assessment did not cover issues of efficient, efficacy, or equity in tax policy which are being addressed in a study being undertaken by the IDB, as part of a Regional Program of Technical Cooperation supported by the Swedish International Development Agency (SIDA) and the Norwegian Agency for Development (NORAD).3

1.24 Accounting and financial reporting. The CFAA team reviewed the relative strengths and weaknesses of the adopted accounting standards, procedures and institutional arrangements, the comprehensiveness and quality of available financial information, the controls on commitments (particularly in capital spending), the existence of accounting reconciliation and subsidiary records, and the effectiveness of the framework and systems for access by the public and media to information on the

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management of public funds. Improvements in accounting standards, procedures and financial reporting, to be centered around the General Accounting Office (GAO), and the SIAFI and Budget Directorates, all within the Ministry of Finance, would strengthen the overall accountability of public financial management by enabling the timely and accurate generation of reports on budget execution and the disclosure of financial statements of the Government. Improved reporting would lead also enable the disclosure and presentation of Government financial information to a broader audience, including civil society and the international community.

1.25 Debt and cash management The CFAA team reviewed (i) the adequacy of institutional arrangements for debt management, (ii) the use of information systems for recording public debt and the incorporation of debt service into the budget, and (iii) the strategy for interfacing the Debt Management System (DMFAS) and the SIAFI. The team also reviewed the extent to which contingent liabilities are monitored, evaluated and taken into consideration for budget strategies, as well as possible reporting procedures. The analysis was complemented by a recent study on debt sustainability in Honduras, completed in December 2002 by the IDB.4 The CFAA’s work supported the Government’s priority that would modernize key public institutions through reforms to make debt and cash management more efficient and effective. The CFAA team focused on the DGCP, the Central Bank of Honduras and the Treasury.

1.26 External auditing. The CFAA team updated the main findings of the institutional assessment of the new Supreme Audit Court (TSC), conducted in 2000 as part of the preparation of the WB’s Economic and Financial Management Project, and also updated the status and continued investment of the strategic plan for institutional strengthening and development. The CFAA team identified additional actions for strengthening the public audit system, reinforcing its independence and capacity for retention and upgrading of human resources, improving coordination of its work with internal audits, and modernizing the quality of audit methodology and reporting, in line with international standards established by the Institute of Supreme Audit Institutions (INTOSAI).

1.27 Institutional and legal framework. Given that the institutional and legal framework is well documented, the CFAA team worked with the TSC and meeting with the Comisión de Finanzas (Congress) to identify the major gaps with respect to actual practice, reviewing the levels of discretion, and evaluating mechanisms for enforcement and incentives. Where laws or regulations were deemed to be absent, obsolete or un-enforced, the CFAA team proposed solutions to strengthen the legal framework. Lastly, the CFAA team reviewed laws that have been drafted but not yet been approved, including the draft SIAFI Law.

1.28 Human resources for public financial management. Although highly qualified individuals can be found at certain managerial levels, the overall quality of human

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4 Edwards, Sebastian and Vergara, Rodrigo (December 2002) “Fiscal Sustainability, Debt Dynamics and Debt Relief: The cases of Nicaragua and Honduras. Economic and Sector Study Series. IDB, Washington DC.
resources in the civil service is poor. The public sector is not a competitive field for new graduates (accounting and auditing students), and regulations for practicing accountants and auditors are not widely observed. The current civil service system lacks clear procedures for making appointments of staff. Recruitment is neither competitive nor merit based, and there is no administrative career system. The term of employment with the Government is unrestricted but also underpaid to an extent that affects the Government’s ability to retain highly qualified staff.

1.29 The CFAA concentrated on reviewing the adequacy (both quantity and quality) of professional financial management staff in the central and spending agencies, the major barriers to meeting staffing needs, and the role of the professional accounting bodies in maintaining a sound supply of trained and qualified accountants and auditors. The CFAA also reviewed the experiences of the Revenue and Customs Directorate (DEI) in the preparation of a Code of Conduct, and the possibility of replicating the idea in other institutions (the development of the code was supported by the IDB’s Multilateral Investment Fund).

Methodology

1.30 The CFAA team’s main sources of information include: (a) data existing at SEFIN and at selected spending ministries, state-owned enterprises, and decentralized institutions; (b) existing reports, studies, analyses of the accounting and reporting systems (SIAFI); (c) interviews with key people in the government agencies covered, as well as respected business persons and leaders of professional associations and of civil society; and (d) other reports available in the Government, the Bank, the IDB, or other international agencies, including:

- Honduras Public Expenditure Review (WB, 2001)
- Honduras Country Assistance Strategy (WB, 2000)
- Honduras Fiscal Transparency ROSC (IMF, 2002)
- Honduras Poverty Reduction Strategy Paper (GOH, 2001)
- Honduras: Plan del Gobierno 2002-2006 (GOH)
- Economic and Financial Management Project Appraisal Document (WB)
- HIPC Tracking Assessment (2002)
- Honduras: Hacia un Sistema Tributario más Transparente y Diversificado (IDB, 2002)
- Fiscal Sustainability, Debt Dynamics and Debt Relief: the cases of Nicaragua and Honduras (IDB, 2002)

1.31 Questionnaires. In advance of the main field mission, the CFAA team and SEFIN asked a sample of Government agencies and state-owned enterprises participating in the assessment to complete a questionnaire soliciting their views of the current public financial management environment, their own practices and their capacity. The model questionnaire is presented in Annex 2.
1.32 **Consultation with other Donors.** In preparation for the main mission, the CFAA team consulted with the leading donors in Honduras (the Group of 15, G-15), including the United Nation Development Program (UNDP), Canadian International Development Agency (CIDA), United States Agency for International Development (USAID), European Union (EU), Department for International Development of the United Kingdom (DFID), Japanese International Cooperation Agency (JICA), Spanish Agency for International Cooperation (AECI), Swedish International Development Agency (SIDA). Given the ongoing efforts to promote harmonization and donor coordination, further consultations will be essential to ensure that the recommendations of this CFAA are fully reflected in follow-up programs financed by the donor community.

1.33 **Analysis and recommendations.** The analysis of information gathered during the preparation and main field mission is presented in Chapter 2 of this report. The summarized findings of the analysis and recommendations are presented in Chapter 3, accompanied by an Action Plan presented in matrix form. The plan includes endorsement of interventions already underway as well as supplementary actions agreed with the Government. The action plan was prepared in consultation with staff preparing the CAS and PRSC, and is consistent with other Bank activity currently in progress in Honduras.
2. CFAA ANALYSIS AND MAJOR ISSUES

Legal Framework

2.1 The laws and regulations governing public expenditure are generally sound. However, there is a need for consolidation and modernization. For example, responsibilities for public borrowing are assigned to both the Central Bank and DGCP. Responsibility for internal control is shared by the Ministry of Finance (SEFIN), the spending entities and the TSC, a potentially unmanageable structure of control which is in need of clarification. In addition, the Honduran Integrated Financial Administration System (SIAFI) has recently undergone changes that affect the legal framework that defines its structure. The new SIAFI Law, currently being discussed in the General Assembly, recognizes the deficiencies of the existing legal framework, and although still in need of revisions, it would establish a much clearer framework for accountability within the system.

2.2 There are two main problems that can be identified when discussing the current legal framework. These are: (i) legislative discretion in terms of determining budget spending, both prior and after approval of the budget law through decrees; (ii) a need to better define organic relationships between and within institutions involved in budget formulation, execution, and monitoring.

2.3 Legislative discretion takes the form of decrees, voted into law by the Assembly, and which any member of Congress can request. While this a commonly accepted practice in most countries, in Honduras, deputies can also modify spending through these decrees after budget approval, without a request from the Executive, which is the branch of government in charge of overseeing budget execution. Congress is the only body that can approve increases in the budget and the internal debt, and this remains in effect in the new SIAFI Law in its current format (Article 38). Restricting control over budget adjustments to the legislative branch distorts the budget execution and monitoring process, and fails to take into account strategic planning, or Annual Operations Plans (POAs).

2.4 One of the primary reasons that this mechanism is likely to be used quite often is that Congress is lacking a well-structured office for economic and fiscal analysis. The Congress does have a Center for Information and Legislative Studies, which is intended to provide advice to Congressional Committees on the Budget Law and its modifications, but only when there is a request from Congress. This implies that most analysis of the budget law is done by advisors to the deputies, which does not ensure an impartial or apolitical review of the Executive Branch proposal.

2.5 Any policy reform program should take into account the need to reduce the use of discretionary authority outside of the budget formulation and execution process. This discretion severely dilutes accountability within the Executive for the successful execution of the budget. As well, there is a need to improve the capacity of Congress to effectively provide oversight of budget execution.
2.6 Regarding the need to better define the relationships and responsibilities amongst entities responsible for public fiscal management, the lack of clarity in procedures and institutional responsibility greatly dilute accountability within the administration. The lack of clear organic relationships also damages the Government’s capacity to clearly formulate a budget that is based on reliable information, planning and financial programming.

2.7 In response to these problems in the legal framework, passage of the new SIAFI Law is essential to improve the normative structure of the public financial management system, and to provide a general framework for defining relationships and simplifying procedures. This new law is not without weaknesses that are currently being debated in Congress, some of which are related to clarity in the definition of functions within the system.

2.8 An important case in point is the divided system of management of Public Debt and External Aid. Public Debt is the responsibility of SEFIN, through the DGCP, while External Aid is managed by the Technical Secretariat for International Cooperation (SETCO), including all donor grants, non-reimbursable technical assistance (TA), and in-kind aid contributions. The result is that external aid financing is not included in the budget formulation process. Under the new SIAFI Law, non-reimbursable technical assistance is included under the Public Debt section, but it is not included in the general norms of the law. Furthermore, the new law does not establish the requirement of informing Congress of external debt refinancing, and it sets very strict requirements on the issuance of new debt, requesting that amortization period and interest rates be included in any presentation to Congress for approval, variables which are difficult to define ex ante.

2.9 Another important case involves the internal control function. The draft SIAFI law establishes the responsibilities and functions of the internal control system, but not the institutional or structural form that the system should take. Currently, internal ex-ante controls are in SEFIN, however the intention is for the responsibility to be discharged to an institution that will oversee internal audits and will be responsible for hiring, promoting and firing the auditors who are executing these functions. The new SIAFI Law establishes that this entity will be outside SEFIN, but it does not clearly state who will have supervisory responsibility for the auditors within each executing ministry. Temporarily, internal controls will remain in SEFIN, specifically in the Budget Office, until an appropriate institutional structure and organizational location is agreed upon. Nevertheless, the law needs to more clearly establish that this new entity will be organizationally responsible for the auditors within the executing agencies, an ideal structure to insure transparency.

2.10 The new SIAFI Law needs to clearly identify the General Accounting Office (GAO) not only as the entity responsible for establishing accounting norms, but also as the entity in charge of centralizing information and producing consolidated financial (accounting) statements. Also, the new law assigns the responsibility for executing the budget to the General Budget Office, when according to the functions assigned to each office, this role should be managed by the GAO, in coordination with the Treasury and
the Budget Office (DGP). Finally, the ex-ante control of public goods is assigned to the GAO, but the Law establishes an ex-ante internal control entity. The GAO should be in charge of management of public goods, generating accounting information to assess the inventory of goods owned by the State. Giving it responsibility also for internal control would duplicate this function, not a very efficient nor effective way to streamline the system.

2.11 It is important for the Government to continue the revisions of the draft SIAFI Law to ensure that the approved text provides a strong general framework for financial management, one that can be a basis for a profound administrative reform undertaking within SEFIN, the rest of central government, the decentralized entities, and local governments.

Budget Preparation, Execution, and Reporting

2.12 **General assessment of the Budget Process.** The central problem facing the budget preparation cycle is fragmentation in policymaking, as is evident from the practice of budget incrementalism, the effective separation of recurrent and investment budgeting, and the relatively weak correspondence of budgetary items to the development objectives and outputs expressed in sector and national plans. The underlying causes are the lack of Government capacity to formulate, coordinate, and advise on economic and social policies; the inability to coordinate foreign donors; the weakness of ministry-level planning and coordination mechanisms; and the weak tools used for budget preparation and planning.

2.13 During 2003, the Government has initiated a number of improvements in budget preparation. These changes introduced more rational tools and procedures for resource allocation and reduced incrementalism in budgeting. The framework for rationalizing budget procedures would involve, in addition to improvements already made:

- setting clear statements of Government plans and priorities,
- preparing long/medium-term budget projections for each public institution,
- introducing a joint budget process for central Administration and decentralized entities, including the presentation of a multi-annual budget 2003-2006,
- presenting austerity spending norms, and
- creating a contingency reserve.

2.14 Significant improvements were reflected in the drafting of the budget in 2003. Budget comprehensiveness and transparency has improved through measures such as the parallel submission to Congress of the budget for decentralized entities, the partial elimination of universal allocations and opaque budget categories, and the preparation of indicative multi-year budgets. A number of weaknesses remain that limit the usefulness of the budget as a tool to articulate and monitor Government priorities and programs.

- Program classification is not suitably reflected in Government plans, and instead follows a classification by entities/expenditure objects. The classification now in use is organized by ministry with no sector integration and thereby runs the risk
that the same project may appear in the budgets of different agencies, consequently leading to weaknesses in the use of the funds.

- Although goals, tasks and indicators are set in the POAs, these plans lack descriptions of the programs and definitions of budget objectives; and the description of goals and tasks has no consistent structure). Because no connection is drawn between financial budgets and Annual Operating Plans (POAs), budget documents provide no means to determine that the required financial resources meet stated objectives.

- No consolidated (planned) budget is prepared that combines central Government, SETCO and the decentralized entities, thereby giving an overall view of the public sector. SETCO manages donor grant and in-kind assistance valued at more than US$200 million per year. Projects financed from external sources often include only the portion of financing provided by the Government, and even this is reflected as a transfer to an international agency program rather than as an investment.

2.15 Annual operational planning and budget realism is reduced by SEFIN-imposed cuts and low budget ceilings that do not meet the demands made by line ministries. The CFAA team noted that budget cuts have been made by SEFIN in relative isolation, with little or no input from line ministries after submission of POAs. The lack of adjustments to the POAs following SEFIN cuts demonstrates the lack of operational programming. Traditionally there have also been significant deviations between the approved and executed budget (PER 2001), which indicates a lack of realism in the approved budget. Although the number of budget modifications is decreasing, they still number around one thousand a year for 27 budget lines.

2.16 **Budget classification.** The budget document for 2003 presents administrative, economic, functional and program classifications. Functional classifications are broad (27 categories) and program classifications are formalistic and do not correspond with POA budgets. The POAs includes information on activities and performance measurement, but in general the indicators are set at the operative level (activity and output indicators) rather than the strategic level (outcome and impact indicators), making it hard to assess if the spending achieved the desired impact.

2.17 **Planning and investment programming framework.** The Economic Cabinet, the Social Cabinet, and several departments within the Presidency of the Republic (UNAT) at the executive level; SEFIN’s Office of the Budget (DGP) and Office of Public Investment (DIP) at the Ministry of Finance (SEFIN) level, and Planning and Evaluation Units (UPEGs) in each ministry and institution at the technical level, all participate in Government planning and play a relevant role in policymaking from different perspectives and interests. However, planning, programming and multi-sector coordination capacity at the central level is weak. For instance, while the Inter-institutional Technical Group (GTI) prioritizes Poverty Reduction Strategy (ERP) projects, SEFIN has a strong influence on resource allocation, without necessarily being aware of political and planning priorities at the program level.
2.18 The UPEGs in ministries and institutions are responsible for sector programming, follow-up and evaluation. Their role and impact relies on the support of the parent ministry or institution. They are poorly equipped and work with insufficient resources. Their physical planning is not well integrated with the budgeting. Strengthening the UPEGs’ capacity will require technical assistance, training, and experience-widening secondments to other Government agencies. Capacity building has started on a pilot basis in the Ministry of Education program for Primary Education/Education For All/Fast Track Initiative, which is piloting programmatic planning and budgeting.

2.19 More preparatory time is needed for budget preparation at the institutional program planning stage. More dialogue and consensus building are recommended to improve the evaluation of budgeted programs and to improve economic efficiency in the distribution of resources. At the operative budget level, decentralization and results-based budgeting are not feasible without major improvements in planning capacity and procedures. A new and more realistic programmatic budget classification and better performance indicators program design and data collection systems are needed.

2.20 **Initiatives to improve Planning and Budgeting.** The Government Plan 2002-2006 (PG) considers it essential to link budget actions and projects with POAs for the effective implementation of the plan. Furthermore the “Plan” concept implies the need to embed the annual budget within the framework of a multi-annual program to increase the likelihood of continued funding of activities and thereby increase the sustainability of the development programs. To this end, the Government has already initiated long term budget projections.

2.21 Preparation of the 2003-2005 multi-annual budget followed these steps:

- All public institutions prepared projections and priorities for the three-year period on the basis of the criteria presented in the budget guidelines and in the PG.
- These projections were aggregated and reconciled with SEFIN estimates in a medium-term financial program.
- SEFIN prepared spending ceilings for each public institution for each of the years of the multi-annual budget.
- Revenues were estimated according to macroeconomic projections and the effects of the recently approved tax reform.
- For decentralized institutions, transfers were consolidated and revenue estimations were made according to production expectations.

2.22 The process of multi-annual budgeting is still in an initial stage of implementation and faces a number of possible difficulties. Although important efforts were made to estimate long-term revenues and expenditure, lack of information made it difficult to disaggregate projections into detailed sector programs, so there is no basis for sectoral planning. Projections do not currently follow any systematic procedures, budget projections are not based on future costs of current programs, costs of new projects are not comprehensively considered, and the multi-annual budget does not include projections of expected outcomes and outputs. These limitations arise from a lack of correspondence between financial and physical information, failure to consider the
impact of investment spending on future recurrent spending, and a lack of reconciliation of budgetary with POA projections.

2.23 **Budget execution.** Inadequacies in budget planning, due to frequent staff turnover in the budget units and to shortfalls in revenue collections, lead to the need for frequent budget amendments. Budget cuts and regulations to contain expenditures issued throughout the year with the aim of adjusting expenditures to projected revenues do not take the priority of each program into account, but rather look at the overall amounts in the budget, thereby jeopardizing the achievement of priority goals and objectives.

2.24 The following different types of amendments are permissible under current law:

- Amendments to increase resources;
- Transfers between appropriations, with Cabinet approval;
- Amendments to the budgets of the decentralized entities, with authorization from SEFIN;
- Congressional amendments

2.25 When increased resources originate from changes in the tax system, they are approved by Congress, whereas increases from external financing sources are approved by SEFIN. SEFIN also approves increases for expenditure entries triggered by improved collections under specified income headings, as set forth in Article 67 of the General Provisions on the Budget.

2.26 Although amendments are usually subjected to restrictions by SEFIN, intended to avoid the allocation of funds to non-priority activities, the current structure of the budget does not allow for adequate or appropriate control of these amendments. Furthermore, amendments to budgets are not reflected in, nor reconciled with targets presented in the POAs.

2.27 **Budget reporting and evaluation.** The budget evaluation and reporting functions are divided among a number of different units, each of which carries out a partial control and analysis of certain factors. The duties of budget control and drafting of reports in the ministries are handled by the UPEGs and Administrative Units (GA) (Art. 59 of the General Provisions of the Budget). These units perform separate and often uncoordinated functions. The GAs are assigned the control of the financial budget, whereas the UPEGs perform controls solely at the level of physical implementation. The reports issued by the two sets of units are not reconciled, and therefore do not uniformly address the effectiveness of the use of resources.

2.28 The GAs issue monthly and quarterly reports which provide very basic information that allows only the performance level of the appropriations to be analyzed, without evaluating the cost of the activities. Given their very limited use for financial

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5 Article 59 requires all public agencies (centralized and decentralized agencies) to submit monthly and quarterly reports to DGP, however the quarterly and monthly reports requested from the DGP were not provided to the CFAA team. The CFAA analysis was therefore based only on what was learned in the interviews.
management, these reports are rarely requested by sector authorities. In regard to the decentralized entities, although their accounts are now being turned over to the GAS, the GAS do not perform any control functions; they merely administer the transfers of funds. The UPEGs draft quarterly physical monitoring reports that cover both departmental units and central units, and which are generally based on documentary information supplied by the operational units. The information delivered by the operational units consists of a self-evaluation.6

2.29 These evaluation and reporting efforts are not coordinated, and the system does not allow for comprehensive overall control of all budget items. Moreover, this separation of functions prevents financial management from being evaluated from a sector perspective, and added to the absence of a sector view of the budget, derived from the programmed structure, is the separate exercise of evaluation functions by the DGP, with respect to the Central Government, and by the Directorate General of Decentralized Entities.

2.30 Budget reports exhibit the following general weaknesses:

- Revenue is not effectively managed. Monthly revenue reports include only data on actual collections, and there is little or no validation or reconciliation with revenue assessment and projections from DEI in the case of tax collections.
- No connection is made between the physical and financial indicators in the quarterly reports.
- The monthly reports refer only to the financial monitoring of the budget. Since 2003, as a result of the integration of decentralized institutions in the budget, the information on decentralized institutions is disaggregated in a similar manner to that of the ministries. Although a requirement exists to produce quarterly reports, information on decentralized agencies is not consistently included in quarterly reports.
- Reports of decentralized agencies are not consistent with general reporting requirements. In some cases, financial information was not included, while in others, only the percentage was given for the indicators, with no indication of the number of units that were either planned or achieved. In this form, they are not valid instruments for monitoring or effective financial management control of these institutions.

2.31 Interviews with the UPEGs highlighted various weaknesses, apart from those derived from the budget structure itself:

- The goals are not adjusted to reflect budget amendments, austerity decrees, or the reallocation of resources.
- The structure of reports varies. For example, when tracking goals, DEI indicates only the percentages reached without any reference to the absolute level of indicators scheduled and reached.

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6 Of the Ministries visited by the CFAA team, only the Education Ministry performed these types of checks once per annum; they were not done by either the Ministry of Health or Agriculture.
- The quarterly reports do not show the cumulative targets.
- There is no real consistency between planning and follow-up. Tasks planned in the POAs and those stated in the follow-up reports do not always match; nor do indicators in the POAs match those in the follow-up.

2.32 Issuance and use of SEFIN guidelines on methods of evaluation and on the structure and content of the reports would increase productivity and reduce duplication. The DGP has produced the “SIAFI evaluation methodology,” but so far there are no general guidelines or instructions on how to present information.\(^7\)

At the ministry level, externally financed projects are evaluated separately from projects that are financed internally, and by a different unit within the UPEGs than the one that handles the overall evaluation of the ministry (Monitoring and Evaluation Unit). A gradual disappearance of these projects from the budget has been noted. The Ministry of Education cited the example of a project to distribute snacks at schools that was financed by the World Food Programme (WFP). Previously, this project was included in full in the Ministry’s budget. Starting fiscal year 2003, the project will be executed by the WFP, which will manage both the grant as well as local counterpart funds, in cooperation with the departmental regional operating units. The reports issued by the UPEGs on these projects refer separately to the physical and the financial monitoring, without connecting them. The POA follow-up refers to the entire project, whereas the financial budget will frequently include just the local counterpart, itemized only according to the transfers made. As a result, these reports do not provide sufficient information for analyzing the overall status of the projects.

**Internal Controls and Internal Audit**

2.33 An appropriate system of budget monitoring and control requires two elements: first, a budget that reflects the actions planned at Governmental levels and that sets appropriate objectives, activities, goals and indicators; and second, information systems that report the Government’s financial position in a timely manner. The existing budget does not meet these requirements. The weaknesses observed in both the drafting of the budget and in the management of the accounting system limit the usefulness of the information derived from budget control and monitoring. It is not possible to assess, due to disparate practices and lack of flow of information, whether resources are being used for the intended ends, nor whether the resources are being used effectively.

2.34 The proliferation of information systems among the different Government institutions without common standards often results in the duplication of databases and work. In principle, the approval of the new the SIAFI Law, a well-thought-out strategy for reforming SEFIN and the processes and procedures it manages, and the subsequent drafting of rules and regulations supporting implementation of this strategy should help to overcome this situation. At the same time, the CFAA also recommends that a master

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\(^7\) Information on the SIAFI evaluation module was not supplied.
technology plan encompassing all the various government information systems, not just SIAFI, be developed to help ensure that all these systems are compatible and that information can flow freely across agencies.

2.35 Internal Controls. The Government has taken the initiative in selected areas to improve and strengthen the overall control framework for budget monitoring and control, and the CFAA team endorses Government's action in these areas. The CFAA also recommends additional measures to provide decision-makers with adequate and timely information for analyzing Government's financial performance.

2.36 The GAs in the Ministries manage duties related to financial analysis of the budget. UPEGs, in addition to preparing the POAs and evaluating the physical performance of budget execution, also monitor projects and handle activity reports, particularly on projects that rely on external financing, along with other tasks such as purchase price analysis that might be better managed by an operational research unit. Managers within the sector department units supervise budget monitoring based on their own account ledgers, since there is no access to SIAFI at the departmental level.

2.37 The Budget Office (DGP) manages supervisory functions and drafts reports on central government budgets with inputs from central ministries. The Office of Decentralized Institutions (DGID) manages budget supervision and control duties for decentralized agencies. Like the DGP, it issues regular reports drafted from information supplied by the agencies.

2.38 SEFIN also has other units with control and monitoring duties which, while not strictly budgetary, are closely related to budget control. These include the Office of Public Investment (DIP) which supervises and monitors investment projects. SETCO separately carries out controls on projects funded through grants, utilizing information managed by its own information systems. This control is very general in nature.

2.39 A number of weaknesses prevent the budget control and monitoring system from operating properly.

a) The organizational structures described in the regulations do not always match the structures found in practice. The financial budget for the Ministry of Health, for example, is not prepared by the Administrative Unit (GA), but rather by the UPEG, and follow-up of the POA is not handled by the UPEG unit set up for that purpose, but rather by another recently created UPEG unit that does not appear in the Ministry's organizational structure.

b) A consequence of separating the physical and financial monitoring of the budget is that there is a lack of coordination between the GAs and UPEGs.

c) The lack of defined responsibilities, dispersal of budget control to different SEFIN units, and insufficient cooperation among control units, leads to duplication of effort. For example, DIP handles project follow-up, while the DGP handles program follow-up. However, the two units have different conceptions of a project, so some projects are followed up and controlled by both units.
2.40 These deficiencies in the budget monitoring and control system arise from:

- Complex and ill-defined institutional arrangements, including a plethora of monitoring and control units, lack of clear definition of roles and duplicated and overlapping responsibilities, jobs that do not concur with regulatory or procedural frameworks; scarcity of resources in the follow-up units; dispersal of rules and regulations governing a single procedure in several documents, including the State Contracting Law (Ley de Contratación del Estado), General Provisions on the Budget (Disposiciones Generales del Presupuesto), and the Regulations to the General Provisions on the Budget.

- Deficiencies in the information received from SIAFI, which is neither complete (it does not integrate financial information for decentralized entities or all external funds) nor timely, and is neither fully accessible (since not all Government agencies have access) nor connected with a multiplicity of un-networked, but related, information systems in spending agencies.

- Excessive use of budget amendments during the fiscal year, due to weaknesses in budget planning cycle, and which are not adapted with the ministry POAs.

2.41 Use of SIAFI for monitoring and control. There are four kinds of problems with the Integrated Financial Management System (SIAFI) which impact negatively on the information that it supplies for budget monitoring and control. First, SIAFI has not been fully implemented in all Government agencies; only a few ministries and none of the decentralized entities are connected to SIAFI. Secondly, it currently functions mostly as an accounting registry and lacks the ability to link resource allocation and expenditure to Government’s strategic programs, which makes it ineffective as a management tool for program monitoring and analysis. Thirdly, too many other information systems also play a role in budget monitoring (SISPU, FÉNIX, SIGADE, SINACOIN). These other systems are not networked with SIAFI, although there are plans to provide interfaces in 2003. Fourthly, a significant percentage of foreign financing and some types of revenue never enter the system, to wit:

a) Externally financed expenditures, which are managed by the Office of Public Debt (DGCP) rather than the Treasury, are not recorded in SIAFI at the time of payment;

b) Expenditures for externally financed projects are not included, when the funds are managed by independent units that receive advance payments in special accounts.

c) Expenditures of the Ministries of Health and Education utilizing their own resources and revenues are entered in SIAFI only after accounts are produced before adjustments are made to the budget.

d) Expenditures for projects financed through donations are not reflected in the budget.

e) Arrears from previous years arising from the differences between quarterly obligation quotas and monthly payment quotas are paid and charged to the budget of the relevant ministry, but SIAFI has no information in regard to their total amount. Steps have been taken to avoid these arrears and starting in 2003,
obligations are entered when the balance in the obligations quota is sufficient, even though the payment balance may be insufficient (and credits for the year 2003 are estimated to be vastly insufficient).

2.42 **Monitoring and control of poverty reduction expenditures.** Because, even at the center of Government, neither the budget offices in the ministries nor the national audit institution are able to establish that funds are being used efficiently or for the purposes intended, donors often insist on controlling the administration and audit of their funds. Furthermore, because the system to monitor poverty reduction expenditures (SIERP) is not connected with SIAFI, there is no indication whether any of the expenditures recorded in SIAFI contribute to the poverty reduction strategies and priorities of the Government. Only recently did the National Technical Assistance Unit (UNAT) provide a list of projects that are linked to the Poverty Reduction Strategy (ERP), to be used in the formulation of the 2004 budget.

2.43 The system to evaluate actual expenditures and to relate them to operational plans (SISPU) seems to be functioning, and the CFAA team reviewed the effectiveness of this system and analyzed additional measures to strengthen its link to the central system of SIAFI, in particular its reporting capacity and the link of public expenditures with poverty reduction indicators. Work in this area was focused around the Directorate for SIAFI, spending entities, and state-owned enterprises.

2.44 The CFAA team has proposed that the flow of all Government funds be systematically and opportunely recorded, to help consolidate the Government’s initiative to use the single treasury account. The CFAA recommendations are directed toward consolidation of all expenditures targeted to poverty-reducing programs, the linking of these expenditures to the Government’s strategic priorities, and the enhancement of the overall control framework for the execution of resources, in order to allow for continuous monitoring and analysis of the effectiveness of public sector poverty reduction measures.

2.45 **Internal Audit.** There is inadequate separation between internal and external audits. Presently, the 74 existing Internal Audit Units (IAUs) in the ministries report to the Supreme Audit Court (TSC). The new TSC law provides that the Executive Branch shall apply internal audit systems pursuant to the rules issued by the Audit Court (TSC). Nonetheless, it also provides that until draft legislation contained in the SIAFI Law is approved, the operations of the IAUs will continue to be governed by the Public Administration Act.

2.46 It is widely understood that the responsibility to supervise internal audit functions is assigned to each Ministry. The obligation of the ministries’ IAUs is to supervise budget execution in the public sector, and each IAU is regulated by the specific organizational structure where it is placed: the configuration of this structure, the basic rules, powers, duties and requirements, are to be determined by the heads of the administrative units.

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8 Article 46 of the Organic Law of the Tribunal Superior de Cuentas.
9 Art. 131 of the draft SIAFI Law asserts that the duties performed by the Internal Audit Units will continue to be carried out as they are now, until such time as the implementing regulations to the Internal Auditing System issued by the Executive Branch shall take effect.
Internal audit reports are to include budget, economic, financial, national asset, management and evaluation audits. However, this model would appear to make the audits less independent, and it might be preferable to create a single structure that reported both operationally and organizationally to a single administrative agency (Office of the President) in order to maintain independence.

2.47 The internal audit model is divided from the start, in that full authority is being given to a new organizational and operational structure (TSC), while simultaneously maintaining the current authority given to the DGP in the area of preliminary controls. The TSC law defines Internal Auditing as “an ongoing process carried out by the office, management and other employees of public and private entities.” (Art. 2) The TSC reserves the right to “monitor and assess the effectiveness of the internal audits..., for which it shall issue (auditing) standards of a general nature.” (Art. 45.9) The TSC Law also states that

- internal auditing becomes a responsibility of the taxpayers, and must be applied in accordance with standards issued by the TSC, and its reliability must be ensured for the exercise of the TSC’s jurisdiction (a posteriori audits);
- internal auditing shall prepare a yearly work plan and submit it to the TSC, also submitting its results (Audit Reports); and
- the obligation to report irregularities to both the head of the audited body (new obligation) and the TSC is maintained, as well as the obligation to report non-compliance with proposed actions (recommendations).

2.48 This scope of duties leaves internal auditing closely linked to the TSC, since the TSC will still issue standards for performing internal auditing functions, and the same “control and monitoring” procedures of the IAUs that were in the previous law will continue, until regulations are promulgated by the Executive and approved.

2.49 Nonetheless, the Financial Administration Bill (still currently governing internal audit) appears to be contradictory when it asserts that the “preventive controls on the performance of the Revenue and Expenditure Budget of the Republic and the Decentralized Public Administration Budget should be handled by the Executive Branch through SEFIN, with the scope, mechanisms and operational levels of these preventive audits to be developed in the Internal Audit Regulations.” (Art. 118)

2.50 In addition to the audits carried out by the IAUs, a separate internal audit is also conducted in the Ministries by “preliminary” auditors delegated by the DGP. The control functions of the “preliminary” auditors apply solely to the central Government, since decentralized agencies usually have their own internal audit units that report internally to the agency. However, the CFAA team noted the following weaknesses of “preliminary” internal audits: a lack of a legal and regulatory framework to govern internal audit; training requirements/employment experience for employees working as “preliminary” auditors have not been defined; audits only review the formal and legal aspects of the operations, and do not cover issues of effectiveness or efficiency; “preliminary” internal
audits entail only a document review, since physical controls (fixed assets/inventory reviews) are conducted by the accounting office, although with little success.

2.51 The CFAA team concluded that due to the fragmentation of the internal audit function, it is essential that a comprehensive framework be established, and the passage of the SIAFI Law is essential to enact governing regulations. The CFAA team also notes that the European Commission (EC) has agreed with the Government to carry out the EC Compliance Test on internal controls (including internal audit). This test will result in the development of an action plan to strengthen the internal control framework and practice in the Government. The CFAA and EC teams have agreed to collaborate in the development of such a plan, and to present a single source of recommended actions and reforms.

**Treasury**

2.52 The CFAA’s review of key institutions for collection, administration and use of public funds found managerial, administrative, and operating weaknesses that directly affect the quality of the Government’s financial administration and its ability to finance its stated priorities for economic development and poverty reduction. In the absence of national norms, detailed laws, rules and regulations for handling funds?, the key actors in the Government have improvised their internal organization and their interactions with other Governmental bodies, as well as with the international community. The lack of clear, accepted procedures for handling funds?, as well as the inadequate definition of functions and responsibilities within and among institutions, combined with procedures based on discretion rather than rule, have generated a structure of functions and authority that does not promote the respect of rules and regulations and has unintentionally provided an incentive for fiscal evasion. The dispersion of the responsibility for the management of public funds has generated functional voids that affect directly the security and the control of the management of public funds.

2.53 The Treasury (TGR) has a secondary role in the Government financial administration. It shares its functions with the DGP, which acts as the administrator of public funds, ordering and planning all funds transactions (except external debt service); the DGCP which manages the accounts and funds from international aid or external financial sources, along with external debt service; and the Central Bank (BCH) which acts as financial agent of the Treasury and as intermediary with the banking system.

2.54 The TGR pays bonds and treasury bills in domestic currency and makes payments to domestic suppliers, also in local currency. The TGR’s main strength is its capacity to issue and distribute checks. Its main weaknesses are its lack of authority over public funds and lack of timely information regarding the use public funds. The TGR does not manage the balance of treasury accounts and does not participate in the analysis or reporting of expenditures. Although the TGR’s effectiveness depends on the quality, completeness and timely receipt of information regarding expenditures commitments and the receipt and execution of public funds, it does not receive revenue or accounting information in a timely manner, which reduces its ability to develop an efficient management system.
2.55 Because checks issued by the TGR are accepted throughout the country as commercial paper, there is no certainty that the payee is the ultimate beneficiary of the payment. This poses a significant risk to Government, since it is uncertain whether those to whom payments are intended, actually receive the payments. The TGR should issue non-negotiable checks to assure that the payee is the true recipient of payments. The TGR should also create and maintain a Registry of Suppliers that will permit the Government to identify and locate all the recipients of payments.

2.56 Because SIAFI records only payments in local currency and payments in foreign currency are maintained externally to the system, it is not possible to perform, in a timely manner, the reconciliation and programming of public funds. There is also a not direct and clear relation between payments recorded in SIAFI and actual executed payments. SIAFI should be the principle system to record the transactions of budget execution and Government payments in whatever currency the payment will be carried out, and this would require that all payments, whether authorized from TGR, DGCP or BCH, be executed via SIAFI.

2.57 The fundamental problem is that there is no adequate and specific legal framework that clearly defines the organization and functions of TGR, its authority in the management and programming of public funds, its ruling capacity in matters of public funds, or its authority in the reporting processes of the use of public funds. In fact, the TGR does not have any law, rules or regulations regarding its activity. TGR is mentioned only in Articles 37 and 40 of the Public Credit Law 111-90. Article 37 refers to the payment of treasury bonds, and gives the authorization to BCH to debit the TGR's accounts, without any order from TGR in the case of payments related to these bonds. Article 40 refers to the issuance of short-term treasury bills in order to cover any eventual TGR overdraft.

2.58 The lack of a legal framework would be remedied by passage of the SIAFI Law. The proposed SIAFI Law assigns to the TGR the position of principal entity of the SIAFI system, and establishes the functions and responsibilities of the TGR in the Governmental financial administration system. This clarification would generate a long-term vision that could be the basis for the formulation of institutional plans and strategies of development. While the signature and promulgation of the SIAFI Law is urgent, the development of governing regulations for the TGR are just as important, since the proposed law does not fully define the roles and responsibilities of the TGR with respect to other agencies of SEFIN.

2.59 In the meantime, an IDB non-reimbursable technical cooperation program is now financing the identification of current procedures within the TGR, implementation of a short-term action plan to eliminate bottlenecks and improve management of information, automation of management information systems, and updating the TGR database. This program will provide much-needed though limited improvements in the management of existing information and systems, and will identify the constraints that affect the functioning of the TGR. As a good first step, the program requires follow-up through a medium- and long-term strategy of institutional reform, integrated within a strategy for
the improvement of Fiscal Management in SEFIN, to ensure that the TGR can be the focal point of the financial administration system.

2.60 Institutionally, the TGR’s current operational capacity corresponds to its actual needs and present functions, primarily as the Government’s cashier. The assignment of new functions and responsibilities, once the SIAFI Law is passed, will mean the transformation of TGR into a modern Government agency. It will need a clear institutional long-term vision, clear institutional goals, a strategy of institutional development, plans for modernization, and a valid action plan for 2003 and beyond. Such a significant institutional strengthening process will require improvements in human capital and in operational and administrative procedures, and will ultimately empower the institution with the authority and responsibility to manage public funds.

Revenues

2.61 The Revenue Office (DEI) is a decentralized entity that reports to the Ministry of Finance (SEFIN), and is responsible for tax administration and customs. There have been a number of recent reforms, however there still remain, but a number of disparate models and systems continued to be used by central government and decentralized entities for overall revenue estimation.

2.62 Public funds are composed of two primary domestic revenue streams—tax and customs collection, and income from the Foreign Service (consulates and embassies)—plus funds originating from international financing and reimbursable aid which is managed by the DGCP. Other revenues originate from services provided by entities of the central Government, mainly in the health and education sectors. This “own revenue” is not transferred to the TGR and both its receipt and expenditure are presented as extra-budgetary line items.

2.63 Funds originating from services provided by entities not belonging to the central Government (autonomous entities and Powers of the State), remain with the entity and are not part of public funds managed by TGR. These funds are budgetary, but due to the legal autonomy of the institutions, they are not transferred to Treasury and may be managed by the internal treasury of the entity.

2.64 Decentralized entities are supervised by the DGID in SEFIN, and the Government can request a transfer of any surplus in cash to the treasury accounts, based on the technical recommendation of the DGID. These funds are not usually included in the Government budget, and trigger a process of budget modification that defines the additional revenue and its planned use.

2.65 The external funds managed by the DGCP are maintained separately in special accounts until such time as the DGCP transfers these funds to the accounts of the TGR or to the Central Bank, according to the location of the payee. These funds are considered budgetary and their use and report of expenditures should be governed by the budget rules, but this is not consistently done, since the uses of these funds are regulated by
financial agreements with donors that do not necessarily coincide with Government budget management procedures.

2.66 **Management of tax receipts.** There is no proper reconciliation between the funds paid by the taxpayers with the funds declared by the banks as collected, and because of this it cannot be determined if the banks are declaring all the funds paid by the taxpayers, nor if the taxpayers are properly fulfilling their tax obligations. There is no reconciliation of funds received by the banks with funds transferred to the treasury accounts, so it cannot be determined if the funds transferred to the Central Bank represent all the funds that should be transferred. Little security is provided for the collected funds by the banking system, whose solvency has not been certified.

2.67 Urgent remedies are needed to eliminate these weaknesses and to strengthen Government’s ability to manage revenue funds, at a minimum, embodying the following principles:

- The administration of public funds should be exclusive responsibility of the TGR, which should have an adequate operational capacity to manage and to coordinate all aspects of public funds management;

- The TGR should open accounts in the banking system designated to receive tax payments, in order to improve the control over the funds, and to assure taxpayers that payments are properly remitted to treasury accounts through receipts and external validation of collections;

- The Revenue Office (DEI) should make the daily reconciliation of the funds collected through the banking system, and notify TGR in detail and on a daily basis;

- SEFIN should request the solvency certification of the Banks that collect public funds to assure the integrity of the funds and periodically update this certification.

2.68 **Legal framework.** The legal framework for ruling, collecting, and supervising tax and custom operation functions by the Revenue Office (DEI) is complete. However, in the case of the debt collection, the legal instruments are deficient and not supportive for this process. The administrative collection processes is passive and DEI cannot apply preventive sanctions to ensure the collection. Any such confiscation or seizure must be ordered by a judge and only when it becomes "exceptional and very qualified" (Art. 97 of the Tax Code). Judicial processes are carried out in civil courts as there are no courts specialized in fiscal matters. The courts often assume a conciliatory attitude, and apply Art. 168 of the Tax Code, which defines a limited responsibility on tax infractions, in a way that results in the negotiation of the debts in a manner detrimental to the proper management of public funds.

2.69 Furthermore, the procedure governing the conduct of sales tax collection agents is unclear. If a collecting agent ceases to operate due to bankruptcy, or change of business name, it would seem that the responsibility of the owners of the company or manager
partners remains limited to the company assets (Art. 25 of the Tax Code), which in many cases do not cover the tax liabilities. This is an additional burden on the Government and hinders its ability to collect tax revenue.

2.70 The CFAA recommends a review of the Tax and Customs Codes to ensure the adequate and opportune collection of tax, as well as to guarantee a strict and just system of sanctions that will provide clear penalties to sanction tax evasion or fraud. The CFAA team recommends that a study be carried out to identify weaknesses in the Tax and Customs Administration System.

2.71 The Revenue Office. The DEI’s main institutional strength is its managerial capacity. DEI has prepared a strategic and multi-year plan that includes the modernization of several aspects of revenue management. Although the definition of the meaning, scope and opportunity of the proposed activities and strategies is not always clear, and the plan lacks clearly defined objectives, goals, diagnosis of weaknesses and strengths, strategies, priorities, budgets and financial sources, the DEI has detected almost all the necessary and core aspects that need to be improved within the institution. Management has initiated a partial program, aided by international support, of institutional modernization, including reviewing and documenting all administrative procedures, which will improve the operational efficiency. DEI has also begun a decentralization program, which includes the strengthening of the DEI unit in San Pedro Sula. Management prepares quarterly follow-up reports on their 2003 Action Plan, and of progress towards their 2004-2006 program of goals, and their 2002-2005 Strategic Action Plan.

2.72 DEI’s main weakness is its limited operational capacity to adequately carry out its responsibilities. The DEI’s operational capacity is insufficient to satisfy its functional needs. This deficiency is partially rooted in the non-efficient use of its resources, or in some cases that lack of resources, and in its technological and methodological obsolescence. The CFAA team noted that due to insufficient budget support, there is an unequal level of progress and achievement in the implementation of the modernization plan.

2.73 DEI does not have sufficient tools to support the tax administration processes. It does not have a Taxpayer Register with current information; it does not maintain taxpayer accounts to determine whether contributors are meeting their obligations; it does not possess adequate instruments to carry out an adequate supervision of the contributors; it does not have the resources to analyze and to process in a timely way the money collected (more than HNL7,000 million per year - 2002 tax collections were estimated to be about HNL19,000 million for 2002), nor does the legal framework adequately support the collections process in an efficient way.\(^\text{10}\)

2.74 Practically speaking, DEI lacks (a) adequate, useful technological instruments for tax and customs administration; (b) sufficient information about the taxpayers and their performance; (c) adequate human, budget, logistic and material resources to perform

\(^{10}\) Hoja de Trabajo, Contabilidad de los Impuestos Internos al 31 de diciembre, 2002, DEI
adequate supervision and follow-up of taxpayers, collecting agents, customs agents, customs authorized warehouses, duty-free zones, and other special regimes; and, (d) sufficient budget, materials and infrastructure resources to do its job. Strengthening DEI must include at least its endowment with the material, human, methodological and technological resources that it needs; revision of its organizational and functional structure to match its long-term vision; rationalization and documentation of administrative processes and procedures; completion of the decentralization process; and building an image of institutional professionalism and efficacy.

2.75 The CFAA recommends preparation of a comprehensive strategy to integrate and coordinate all revenue-related redevelopment and modernization efforts, based on a detailed institutional strengthening program, with goals, objectives, timeframe, scopes, budget and financial resources clearly defined, and based on a diagnostic of the all internal and inter-institutional needs. A comprehensive approach will be indispensable, especially in order to build institutional image, a specialized and critical matter in tax administration, and also to bring separately financed initiatives under a common framework. Three such initiatives are already underway: one supported by IDB and IMF on tax supervision and computing and information systems; a second by the Canadian Agency for International Development (CIDA) covering merchandise appraisal for customs duties, and a third by the US Agency for International Development (USAID) dealing with debt collection, audit, and training.

Accounting and Financial Reporting

2.76 Accounting. The General Accountant of the Republic is, as provided by its Organic Law (No. 1001, July 1980), the normative and administrative central unit in charge of the Government Accounting System. A department within SEFIN, the General Accounting Office (GAO) is responsible for approving accounting systems and procedures, recording government operations, presenting monthly and annual Government financial statements, and registering and overseeing Government assets. The GAO's resources are roughly divided between the administration of assets and the "accounting processes" (review and, when needed, entry of accounting journals).

2.77 With the increasing coverage of the integrated financial management system (SIAFI), entries will eventually be recorded in SIAFI at all spending entities, and the bookkeeping function of the accounting office will no longer be unjustified. A comprehensive review of the Government accounting function is needed in order to produce a plan to move from a transactional approach to a broader analytical function, built around the principle of producing meaningful information to help safeguard the public treasury and property and accurately measure and communicate the Government's financial condition. Such a transformation would demonstrate financial accountability and facilitate decision-making. The skills mix required for the new analytical functions should be carefully evaluated.

2.78 **Financial Reporting.** SEFIN prepares monthly, quarterly and annual financial statements in a timely fashion. The quarterly and annual statements are submitted to the TSC and the National Assembly, but are not currently accessible through the Internet. The reports deal with fiscal balance and compare the executed with the approved budgets (classified by expenditure objects), for the centralized administration. In general, decentralized and autonomous entities prepare their own financial statements and Government accounts remain unconsolidated. Given the lack of an analytical and external review framework, production of financial statements remains a formalistic exercise.

2.79 The accounting office has undertaken an effort to design entry forms, along the general lines of the GFS framework, and to compile financial data from executing entities in order to prepare an annual consolidated statement of Government operations. There are no assurances, however, of its completeness, reliability, or consistency, since entities outside of SIAFI’s scope follow their own internal accounting procedures, which are not necessarily compatible with SIAFI methodologies.

2.80 The rollout of SIAFI to all entities, with a single, clear and well-documented accounting methodology, will help. But consideration should first be given to the type of financial information the Government and other stakeholders need. A system of accrual accounting as envisioned by the accounting office’s norms and charts of accounts may be difficult for the Government to sustain with quality; hence, efforts in the short term could be directed towards production of accurate cash-based data under a plan to:

i) complement the budget execution report for 2003 with a cash flow statement, that is properly reconciled with the budget execution report, to help detect leakages or off-budget executions, plus historical revenue and expenditure information to evaluate trends, and meaningful notes to enable interpretation and analysis of financial data;

ii) produce financial statements compliant with international standards (Cash Basis IPSAS) by 2004; and

iii) throughout the process, increase capacity to manage accrual accounting for production of key complementary schedules and, eventually, accrual-based financial statements.

2.81 The in-year and annual financial statements should support the Poverty Reduction Tracking Systems (SINEC/SIERP) by specifically disclosing financial data on poverty-reducing expenditures, including the part financed with HIPC-related funds. In the long term, introduction of cost accounting to help cost and evaluate programs’ performance would be a worthy initiative for the accounting office to take. Finally, there is a need to update the registers of assets and reconcile them against accounting balances. This effort should be extended to decentralized entities.

2.82 **SIAFI.** SIAFI is transactional recording system that has not as yet become an efficient or effective information system. Its partial implementation has not been accompanied with an effective decentralization of expenditure decisions, rationalization of existing administrative procedures, or establishment of proper procedures for control.
and monitoring of expenditures and executed program results. SIAFI in its present configuration should be understood as an automated system of recording of transactions and not a truly integrated government financial management system.

2.83 A current operational issue is the existence of global budget allocations and transfers to autonomous and decentralized entities, which are recorded as expenditures upon their transfer, diminishing transparency in public fund management. Although SIAFI allows for recording of budgetary commitments, this function is not consistently used in entities unlinked to SIAFI, impeding proper evaluation of commitments. These are yet another areas where SIAFI's limited coverage at the individual transaction level increases the risk that funds are not properly managed.

2.84 Eventually, all entities receiving budgetary allocations should channel payments through the treasury single account. But while the treasury single account is being implemented, all such transfers should at least be recorded as advances subject to proper accountability reports on use of funds.

2.85 With regard to revenues, SIAFI is based on cash-based accounting principles, since the established flow of data does not provide data on amounts due to be entered in the system. For tax revenues, for example, there is no interface between SIAFI and the FÉNIX system, managed by the DEI. In general, the data for entering revenues in SIAFI are based solely on information contributed by the Central Bank and by the financial entities participating in the collection process. Moreover, SIAFI information is not fully updated with respect to proceeds from external sources, due to lack of communication between the DGP and DGCP, which are the units that manages these revenues.

As a result of the excessive centralization of SIAFI system weaknesses, some ministries have established parallel accounting systems. The Ministry of Public Works, for example, is developing a program to ensure they have current accounting and financial information. The Ministry of Health, through the Commercial Accounting Department of the Budget Unit (Unidad de Contabilidad Patrimonial de la Subgerencia de Presupuestos), is manually developing a record of all purchases with the aim of creating a price database.

2.86 To transform SIAFI into a financial information system for central government, it will be necessary to redefine its conceptual framework and improve the quality of its information, making it current, organized and trustworthy. This will be possible when (i) all budgeting transactions (revenues and expenditures) are recorded at the time of their execution, with the necessary detail and proper classification, with a single transaction recorded; (ii) SIAFI implementation will be completed in all the central government entities; and (iii) the General Accounting Office will be able to produce updated and comprehensive accounting reports. Achieving these conditions will require a major reengineering and capacity-building process of organizational development throughout the SEFIN.
2.87 Institutionally, it will also be necessary at least to decentralize the SEFIN pre-intervention process into the budget executing entities and to effectively decentralize the responsibility for the management and execution of public funds. At the same time, it will be necessary procedurally to rationalize, standardize, and document the administrative and internal control procedures for the budget executing entities, promoting transparent management, and to incorporate procedures that will facilitate the audit processes of the public account performed by the Supreme Audit Court.

2.88 SIAFI currently is only a data recording system and does not require a specific legal framework. Once it is actually converted into an integrated information management system for the Government, it will require an adequate legal framework: that (i) guarantees its operation, universality and sustainability; (ii) validates the non-documented but electronic transaction processes; (iii) establishes clearly the authorities and responsibilities of the system, of its principal entities, and of its users; (iv) supports an efficient technical procedure for supervision and audit of the public accounts; and (v) that governs public access to public financial management information.

2.89 The SIAFI Law, now awaiting approval in the Congress, would create an adequate legal framework for the operation and administration of such a system in its initial phase, as well as for the simplification and rationalization of administrative procedures. The promulgation of the Law in the immediate term has become indispensable.

2.90 To improve the efficiency and efficacy of the SIAFI, it will be necessary:

i) for the SIAFI Law to become effective, and for an adequate legal framework to be established that would authorize and regulate non-documented electronic procedures;

ii) for revenues to be recorded and reconciled in a timely fashion, and for adequate verification to be made that the funds reported by commercial banks are all the funds that were received from the taxpayers, and only such funds;

iii) for executing agencies to rationalize and reorganize their internal administrative procedures, and for the process of decentralization for management of funds to be completed;

iv) for adequate capacity to be built in SEFIN departments to manage public funds flow, for which it will be essential to ensure the timely registration of expenditures, commitments and revenues;

v) for adequate capacity to be built in the General Accounting Office to carry out in a timely manner, the reconciliation of public accounts, and for it be able to produce interim (updated) financial reports on public accounts;

vi) for the Supreme Audit Court to be provided with instruments, modern audit technology, and a methodology compatible with the SIAFI.

2.91 Currently, the Government and more specifically SEFIN, are not capable of meeting these requirements without external financial support.
Debt Management.

2.92 **Legal framework.** The Law of Public Credit (Number 111-90, approved September 20 1990) defines the formulation and implementation of indebtedness policy, as well as the procedures for negotiation and conditions for signing the loan contracts, the modalities for issuing public debt bonds and Treasury Letters, and the requirement that all public debt is to be approved by the Congress. The most serious shortcomings of this law are that it does not consolidate debt management functions and does not strengthen the inter-agency coordination. Modalities and guidelines for contracting external debt are also absent from this law. In order to correct these shortcomings, an Executive Decree (No. 19-93) and the Acuerdo No. 0315 were issued. Nevertheless, the problem remains that this set of documents refers only to SEFIN and BCH, and they omit detailed rules and regulations defining, accurately and in detail, the responsibilities and functions of the other agencies that participate in foreign debt management and foreign resources. In fact, they fail to mention TGR or SETCO, which manages and registers grants. This gap has discouraged communication among agencies and has often resulted in improvisation and duplication of responsibilities.

2.93 The new SIAFI Law is very comprehensive and refers to all institutions involved in debt management. The law defines quite well the responsibilities of each of the different agencies participating in public debt management. The law also creates a National Commission of Public Debt composed of SEFIN and BCH (Article 68). It would be preferable to widen the membership of the Commission to include other Government bodies, such as UNAT, SETCO, and technical ministries and decentralized corporations that are involved with the management of external financial resources. Also, within SEFIN itself, DIP, TG, DGP and DGCP should be permanent members of the Commission, since these are the agencies with permanent responsibility for the management of all public funds.

2.94 The new law (SIAFI Law) should be finalized and approved as soon as possible, because its implementation will lead to clearer definition of tasks and responsibilities by all the institutions involved in public debt and financial management in Honduras. However, the comprehensive set of rules, regulations, and detailed procedures manuals that are needed in order to implement and support the law have not been drafted as yet. This task will require the Government’s full attention and will need to receive the resources and priority that it deserves, and be supported by a comprehensive reform program at the level of SEFIN and the executing agencies.

2.95 **Institutional roles.** A number of Government bodies are involved in the management of public debt, with SEFIN and the BCH at the lead, due to the technical and analytical expertise of their staff. At SEFIN the responsibility lays with the DGCP, which performs debt management estimations, and at the BCH, with Subgerencia de Estudios Económicos (SGEE) and the Departamento Internacional (DI). It is important to note that the success of these arrangements will not be sustainable with a high incidence of turnover of personnel or if staff salaries were to fall below comparable private sector

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12 Articles 26, 28, 29, 33, 46 and 57
equivalents. The extremely positive examples noted in the BCH and DGCP are its ability, first to implement policies to retain qualified personnel, and second, to implement a career development plan for staff.

2.96 DGCP has a leading role in public debt management, with active support provided by the BCH. The BCH is the Government’s financial agent and executes external debt service payments. The DGCP provides input to budget planning and execution for all public debt, domestic and external. The peculiarity is that the DGCP manages all accounts at the BCH that stem from foreign loans. DGCP acts as treasurer for these accounts, passing instruction directly to the BCH to service the debt and bypassing the TGR. DGCP also manages the availability of funds through special accounts (advances by multilateral organizations) at the BCH, and again bypasses the TGR regarding execution of funds.

2.97 Within SEFIN, in addition to TGR, there are also sub-agencies, like the Office of Public Investment (DIP) whose operations are not governed by any law, rule or regulation. This gap creates a problem for the collection of information for Integrated System of Public Investment (SISPU): as there is no law to oblige the different project executors to provide information to DIP, they do not provide the necessary information in time for SISPU to be properly updated. Similar situations are repeated at other operational levels. DGCP has been trying to establish procedures, but they are not viewed as official and are not supported by law or regulation. The CFAA recommends that the regulations and rules governing the management of debt information be prepared and approved in order to regularize debt management practice and procedures.

2.98 **Debt information management.** SIAFI has been developed as the main information system for government budget planning and execution but lacks a module to integrate public debt operations. An interface between DMFAS and SIAFI should be completed to permit all forecasted debt servicing payments to be included in budget preparation to further enhance the comprehensiveness of the budget, and to allow it to become the primary financial planning and management tool for the public sector.

2.99 DIP maintains SISPU as a system for tracking and monitoring projects. This system collects data on projects and attempts to evaluate and monitor projects’ physical progress. DIP is very interested in matching financial data with physical progress, and SISPU is loaded with the basic financial data of the loan that finances the project. The issue that limits SISPU’s potential effectiveness is that the database is structured on a one-to-one correspondence between loans and projects, whereas in fact ne project can be financed by several loans, and conversely, one loan can finance more than one project; the same is true of grants.\(^\text{13}\) SISPU’s data are loaded via Internet directly from five ministries and two parastatals,\(^\text{14}\) however the Honduran Social Investment Fund (FHIS)

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\(^{13}\) Decreto Number 78-97 deals with the notion of a one-to-one correspondence between loans and projects.

\(^{14}\) The ministries are: Agriculture, Environment, Public works, Health and Education. The parastatals are: the Electricity corporation (ENEE) and the Water company (SANAA).
and the Programa de Asignación Familiar (PRAF) are still not connected to the central system.

2.100 It is essential for SISPU to be interfaced with the Debt Management System (DMFAS), directly and/or through SIAFI. Although it is not a project monitoring system, DMFAS can also register the basic project information and link it to financing sources, whether loans and/or grants. Grants provided in money or in kind with a money value assigned can also be registered in DMFAS. However, DGCP does not classify loans in DMFAS by project but by loan contract, creating a coding problem when it comes to establishing an interface between DMFAS and SISPU.

2.101 The National Technical Assistance Unit (UNAT) is developing two systems: SINEC and SIERP. The first is for poverty reduction expenditure monitoring and the second system is for monitoring poverty reduction indicators. It was envisioned that both systems would be fed with information from other systems (SIAFI, SIGADE and SINACOIN), and not manually by the other agencies. However, due to a lack of coordination and communication with DIP, as well as the technological incompatibility of information systems, this process is not working as efficiently as planned. The result has been duplication of effort by the spending agencies.

2.102 In order for the Government to effectively manage its various information systems, it is essential that a master plan be created to ensure the compatibility of these systems and to assure the consistent flow of information between agencies. In particular, the interface between SIAFI and DMFAS/SIGADE must be developed as soon as possible. The Government of Argentina has offered to provide technical assistance for this endeavor.

2.103 Debt information dissemination and oversight. Both the BCH and DGCP put information on public debt at the disposal of a wider public. The website maintained by DGCP is a commendable achievement, given the scarce resources of the institution. The BCH publishes macroeconomic figures in its yearly report and in a monthly Statistical Bulletin. Data made available by BCH is more highly disaggregated and covers foreign public debt, its distribution by creditor, debt forgiveness, and delays in debt servicing. BCH does not share its information on private non-guaranteed debt even with the DGCP and uses it only for its own purposes. What is missing is an analysis of external debt covering all categories, including BCH’s private non-guaranteed debt. Only estimates of debt service appear in the national budget, and while the Central Bank and Treasury work on balance of payments, the work is still primarily carried out by DGCP. There is still a wide margin to improve debt statistics in Honduras and it is recommended that a

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15 See http://www.sefin.hn/ and http://www.sefin.hn/credito1.htm. The site is updated monthly, with a comprehensive analysis on external indebtedness and on debt figures, direct external and domestic debt, by creditor, debt forgiveness, debt stocks, and debt service.

16 See http://www.bch.hn/; the site displays comprehensive macroeconomic statistics and indicators including the Balance of Payments figures.
statistical bulletin be regularly published with comprehensive debt information. Honduras has subscribed neither to the SDDS nor to the GDDS.¹⁷

2.104 As noted earlier, The Public Credit Law 111-90, requires all public debt to be approved by the Congress. The approval of the new SIAFI Law, the upgrading of the quality of debt statistics, and the fixing of indebtedness ceilings in net flow terms, will indeed improve the tools available to Congress for overseeing the Honduran debt accumulation process. The publication by the BCH of private non-guaranteed debt, at a level of aggregation that protects the anonymity of private corporations, would be extremely helpful for oversight as well. In addition, given that the required skills to understand and analyze debt accumulation are in BCH and DGCP, staff from these institutions should organize training for staff of the Congressional committee that would oversee debt management activities.

2.105 **Debt servicing.** Regarding debt servicing, all processes are under the control of DGCP and BCH. There is, as in the case of payments, a procedure that has been implemented by DGCP in the absence of any other rules or regulations. The DGCP is in charge of regularizing the payment in SIAFI, but in this respect it is a major handicap that SIAFI cannot cope with payments other than in local currency, so these kinds of operations are carried out outside SIAFI and regularized by DGP and TGR at the end of the process, in an untimely manner.

2.106 **Contingent liabilities.** Regarding contingent liabilities originated by guaranteed loans, it is difficult to evaluate this contingency in Honduras at the present time, due to the lack of a clear definition of what a guaranteed loan is and of procedures to deal with such loans. This situation also implies a lack of provision in the budget for such contingencies. The approval of the new SIAFI Law and the drafting of its rules and regulations would certainly improve the Government’s ability to manage fiscal reserves and to plan for contingencies. The recommended initial step is to provide a clear and comprehensive definition of what a guaranteed loan is and then to proceed to catalogue the loans that fulfill the definition.

**External Auditing**

2.107 The constitutional reforms of 2002 transformed the Comptroller General’s office (CGR), headed by an individual Auditor General, into the Supreme Audit Court (TSC) led by a board of judges, under which the functions of the Controller’s Office are now carried out. Even though the name (Audit Court) and organizational structure of TSC suggests a judicial body, and it is the Supreme Audit Institution for Honduras, the TSC does not have jurisdictional powers.

¹⁷ The Special Data Dissemination Standard (SDDS) was established by the International Monetary Fund (IMF/Fund) to guide members that have, or that might seek, access to international capital markets in the provision of their economic and financial data to the public. Both the General Data Dissemination System (GDDS) and the SDDS are expected to enhance the availability of timely and comprehensive statistics and therefore contribute to the pursuit of sound macroeconomic policies; the SDDS is also expected to contribute to the improved functioning of financial markets.
2.108 **Legal framework.** The TSC was established under a new Organizational Law, which was approved in early 2003. This law has clarified the legal terminology, separated (albeit weakly) internal and external auditing, and has merged within this new government body the duties of the former Office of Administrative Probity, which monitored the illicit enrichment of civil servants and authorities, and the Office of National Assets, which dealt with control and preservation of Government assets and could entail a specific audit only to ensure that assets were maintained. The main change in the area of account and auditing included in the new law deals with the separation of the TSC's duties from the internal auditing exercised by the IAUs, which, until the enactment of the TSC Law, came under the former CGR from an operational standpoint. Under the recently passed law, the Executive Branch decided on the organizational structure and regulations of the internal auditing. The principle gap in the TSC framework is implementing regulations, which are pending approval. The CFAA finds it essential that the regulations be passed immediately.

2.109 **Responsibilities and performance.** TSC is undergoing a process of re-formation as it incorporates duties from bodies that have been abolished (Office of Administrative Probity, Office of National Assets). TSC's primary responsibilities are preparation of (a) Honduras Public Sector Audit Reports to be presented to the National Congress; (b) Financial Monitoring reports to include monitoring of income, outflow (expenditures) and public credit, as well as execution of Financial Audits (for legal and accounting validity); (c) management and performance monitoring (audits of effectiveness, efficiency and economy - Value for Money audits); (d) investigation of civil servants; (e) special and/or disciplinary investigations, (f) monitoring of Government projects, procurement and contracts; (g) monitoring of Government assets and national wealth; (h) examination and submission of reports on misconduct, through the Office of Social Accountability; and (i) examination of challenges to its reports and recommendations.

2.110 TSC reporting to the National Assembly is limited to an annual report of activities, and TSC does not audit annual government financial statements, perform operational audits, or evaluate budget programs. The auditing staff, which has had very limited technical expertise, cannot adequately cover the extensive field of ex-post monitoring of governmental bodies. There are no risk profiles or well-founded strategies for prioritization. There is a constitutional mandate that the TSC review the internal controls of each Government agency and report to Congress. However, it is unclear whether these reports are submitted, and if any action is taken as a result. The CFAA team noted that CGR’s annual report for fiscal year (FY) 2001 and the annual report for 2002 were not yet finalized at the time of the main mission in February-March 2003.

2.111 The decentralized entities are audited by private firms to whom authority is delegated for this purpose by the TSC. There is also a registry of approved private sector firms to supplement the audit work of the TSC in central government entities. This delegation process may delay the availability of audited financial statements and it may interfere with the independence of private auditors.

2.112 Support for the TSC from a WB-financed project has resulted in creation of the Center for Training of Auditors and Public Administrators for TSC staff training, and the
retention of a small cadre (less than 25 staff) of technically qualified staff, along with support for independence from politically motivated decisions. However, the TSC is not currently functioning without limitations and challenges, because it has inherited the weaknesses of the former CGR:

- insufficiently trained staff (total untrained staff numbered more than 425 as of December 31, 2002);
- weak institutional planning process in the area of audits;
- lack of career development plans and weak human resource planning and management;
- inadequate financial resources (95 percent of the budget goes for salaries and operating expenses);
- absence of administrative and operational guidelines, manuals and procedures (neither INTOSAI standards, U.S. General Accounting Office (GAO) regulations, nor International Auditing Standards criteria are followed);
- a history of insufficient publication and communication of actions taken by the CGR;
- and a negative image and little institutional credibility with the public.

2.113 The CFAA finds that the TSC is in dire need of upgrading its human resources and of capacity development, and this need will become even more urgent with the expected increase in the number of external audits due to decentralization and privatization. The TSC has already initiated discussions with other audit, control and probity organizations (OCCEFS, OLACEFS, INTOSAI), in order to obtain support in capacity building. These efforts should be strengthened with additional financial support from the international donor community.

2.114 The TSC, understanding its own limitations and empowered under the new TSC law, plans to review and approve the eligibility of private auditing firms hired by public sector entities, and to monitor their work, while at the same time improving the skills of its own staff. The IDB has already completed a review of private sector auditing firms in Honduras, and it has highly recommended that the results of the review be shared with the TSC and other donors financing operations in Honduras. This is a recommended medium-term solution, however the long-term sustainability of the TSC will be at risk if the quality of human resources and skills is not addressed with sustainable capacity-building programs.

2.115 The TSC has also voiced its support to establish a system of social audits which would include the participation of civil society to coordinate actions to review the effective use of public financial resources. The CFAA team also endorses this initiative,
as it will improve the level of participation of the civil society to hold public servants accountable in the use of public resources.

2.116 The Government has offered support for the audit function (2002–2006 Governance Program), and there is a growing public awareness of the importance of a culture of ethics and transparency in public administration. The new body must be supported without reserve by national institutions (particularly Justice and Finance) and international institutions, through a large-scale media campaign that must change its image, and to publicize the new role the TSC has to play in the Honduran society.

2.117 There is a need to ensure that the new organization does not continue the pattern established by its predecessor of administrative ineptness resulting from a lack of planning and scheduling of activities, inefficient use of resources, and an excess of unskilled and unqualified personnel. The new body will be able to become effective and operational once it has succeeded in modernizing its operational procedures and manuals, adapting them to international auditing practices (INTOSAI, GAO, International Auditing Standards), and in upgrading its computer technology (hardware and software).

### Information, Transparency, and Oversight

2.118 Current initiatives in the area of public accountability arise from concerns about corruption and mechanisms to combat corruption in public affairs, rather than pressure for the democratization of public administration. These initiatives have been focused on trying to change the existing culture of political inaction, lack of social dialogue, lack of access to information, and lack of rules and regulations ensuring freedom of information.

2.119 **Public access to information.** Public reporting of government financial performance and the outcomes of government procurement notices and contracts should be routine. In Honduras, information on public sector finances at a highly aggregated macro level is provided on websites and through limited low-cost or free printed publications but. A notable exception to this practice is in the administration of autonomous schools, where members of the community have access to comprehensive financial and administrative reports for their schools. It would be preferable for information for all sectors to be disaggregated in this way, with more detail in line with public interests, such as investment programs, regional patterns of expenditure, contracting and business opportunities created by public spending, and the performance of public service delivery institutions.

2.120 Current emphasis is being placed on the Internet as the main vehicle for providing information, but public Internet access is very limited. A more accessible resource for public awareness would be through increased participation of the local cable area television network (subscribers include community organizations), and also print media and radio, since these media reach a greater portion of the population.

2.121 The main Government departments dealing with the integrity, and to a lesser extent the availability of fiscal information, are the Attorney General’s office, TSC’s Office of Public Probity, and the Office of the Solicitor General. In none of these
agencies is public access to information guaranteed, mandated, nor a primary part of their mission. This may change with a new freedom of information law, and one or more of these offices may end up as an enforcement agency for the access to information law. The passage of this law and its regulations are conditions for the second PRSC.

2.122 Proposed Public Information Law. A major achievement of the National Anti Corruption Committee (CNA) has been the preparation of a proposed new law aimed at granting access to public administrative information as a deterrent to corruption.\textsuperscript{18} The proposal, which is in broad agreement with the Constitution, covers information relating to central and municipal governments as well as the autonomous public entities. The law would oblige all public servants, in particular, those responsible for budget execution, to provide written, digital or other forms of information within ten days to members of the public who request it.

2.123 However, the proposed new law faces a number of major challenges if it is to be approved in full and operated effectively. The Constitution would need to be amended to redefine and eliminate certain immunities (Articles 200 and 205). Sections of the new law conflict with certain prevailing laws relating to confidentiality in public administration and the Civil Service Law.

2.124 At the same time, the law as proposed would impose severe sanctions, both on those who fail to provide information and on those who reveal reserved or confidential information. Fostering the high degree of professional judgment implied by this law will require the development of careful regulations, in addition to ample training of public officials, in order to protect them from sanctions for unintended errors in what could be a highly tendentious legal area. An Ethics Code for public servants, outlining their rights and responsibilities in the area of public information (among others) would be needed.

\begin{itemize}
\item A proposed new SIAFI Law is under consideration by Congressional committees. However, the new law refers only to fiscal accountability to the National Congress and not to the general public.\textsuperscript{19} Nor does the law define the roles of the various entities which manage public finances, other to than to say that the roles will be decided by the Executive Power in the regulations that will be drafted after passage of the law.\textsuperscript{20}
\end{itemize}

2.125 Mesas sectoriales. One existing mechanism for wider participation in policy review and evaluation, both ex ante and ex post, has been the sector roundtables or mesas sectoriales, whose primary function is to serve as focus groups for the executive and to build consensus in seven key areas of high public interest.\textsuperscript{21} However, information

\textsuperscript{18} "Anteproyecto de Ley de Acceso a la Información Administrativa para la Prevención de la Corrupción"
\textsuperscript{19} SIAFI Law, Chapter VI, Article 46.
\textsuperscript{20} SIAFI Law, Title VII, Article 117.
\textsuperscript{21} Governance, Human Rights and Transparency; Human Development; Social Protection Nets; Macroeconomic management and Competitiveness; Social Infrastructure and Communications; Rural development, and Environmental and Risk Management.
In the social sectors, notably education, Honduras has valuable but limited experience in the operation of decentralized service provision, in which a budget is allocated by the central Government, and the locally established democratic institutions make the necessary arrangements to execute the budget within guidelines provided by the central ministry. In the case of the autonomous schools, there appears to be a high degree of public participation in the use of public funds for service provision. Parents, teachers, students and community leaders have a say in the decision-making process and there is a high level of accountability and transparency.

Flowing from the Government to the mesas is not yet sufficient enough to meet program monitoring and evaluation needs, and the use of mesas to promote accountability, transparency and improved public performance would seem to be limited.

2.126 **Local level initiatives.** Municipal Governments exercise limited public accountability. Due to the limitation of scope, this CFAA did not extend its analysis to the municipal level nor the decentralized entities. However, it should be noted that the Ministry of Governance and Justice, or Secretaría de Gubernación y Justicia, is, with external support, embarking on a strategy to promote municipal planning and management capacity (an element of which is to promote local accountability).

2.127 Another example of local initiatives promoting enhanced transparency are the new local Citizens’ Commissions for Transparency which have been founded in a small number of municipalities. These local commissions are characterized by concern for the correct and open administration of local finances, registration and care of local assets, transfers and subventions from the Government to the private sector, and adequacy of local tax collection.

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2.128 **Non-Governmental organizations.** The work of the patronatos, comprised mainly of women, illustrate the interest in fiscal affairs at the community level, the desire to hold the Government accountable for the use of public funds, and the responsiveness of local government to vocal local pressure. There are two notable NGOs, Social Forum for External Debt of Honduras (Foro Social de la Deuda Externa de Honduras or FOSDEH), and the Center for Communications and Empowerment for Development (Centro de Comunicaciones y Capacitación para el Desarrollo) in the area of analysis and dissemination of fiscal and economic information. They undertake research and analysis of Honduras’s economy and provide information on economic management and public sector performance. The National Autonomous University of Honduras (Universidad Nacional Autónoma de HondurasAmerica or UNAH), the main university in Honduras with branches in San Pedro Sula and La Ceiba, lacks a presence in the area of public sector economics and public administration. Continued support for community participation and local NGOs, in order for them to take a more active and collaborative role in analyzing the execution and evaluation of public sector investments, is essential to sustain an increasingly more transparent and accountable Government.

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22 National Anti-corruption Commision, “Comisión Ciudadana de Transparencia, Santa Rosa de Copán.” March 2002
2.129 **Codes of ethics.** Two areas of Government have initiated pilot activities in the area of professional ethics for their staff or members. The DEI has prepared a detailed code, which the CFAA team recommends be enacted into law and, once evaluated, extended to other state institutions.\(^{23}\) Clearly, the implementation of such a code would be a major step towards greater transparency. In the Congress, a Commission of Ethics and Transparency was established in August 2002, with the objective of promoting ethical behavior. Among its tasks are the development of a written ethical code for Congress, a review of the immunities awarded to Congressmen, guidelines determining recusals, and the design of mechanisms to investigate challenged behavior. At such a high level of Government, implementation of such an initiative could have a motivating and multiplier impact on all public servants.

**Human Resources for Public Financial Management**

2.130 The overall quality of human resources in the civil service is poor, including public financial management staff. The preceding sections of this chapter have dealt with specific areas of public financial management, within the scope of the CFAA; however, the overarching issue is the weak civil service system and a lack of an administrative career system for public financial management staff.

2.131 The lack of an administrative career system also implies that there is no strategy for training and capacity building for current civil servants. The lack of an adequate civil service framework also affects the availability of proficient financial managers and auditors in the public sector. Local universities do not offer graduate programs on public administration or even relevant courses for continuing education. The accreditation requirements for certified public accountants is non-existent, and a university accounting degree is usually sufficient.

2.132 Training programs targeted specifically to financial managers and internal auditors in the spending entities, with a focus on methods to assure legality and efficiency in financial transactions, should be prepared and implemented. In order to address the long-term sustainability for capacity development, these proposals should include public administration and public auditing courses in university curricula, as an initial step towards developing the public administration profession.

2.133 Moreover, additional analysis should be carried out to develop local institutional capacity to regulate and monitor the quality of public financial management staff, which would ensure that staff meet adequate education and work experience requirements, and also to build a continuing education program for experienced public financial managers and public auditors.

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\(^{23}\) Dirección Ejecutivo de Ingresos, “Código de Ética y Conducta” (Borrador), Tegucigalpa, 2003.
3. RECOMMENDATIONS AND ACTION PLAN

3.1 The Government of Honduras has launched several initiatives to improve the country’s central public financial management systems and processes that have provided a firm foundation for this CFAA’s recommended actions. For any program of institutional strengthening to be sustainable, it should be supported by a legal, technical and cultural framework that will promote the upgrading of human resources and professional management that follows decision-making processes based on technical rather than political factors.

3.2 The principle findings of this CFAA are:

- A multi-annual budget was delivered to Congress before the beginning of the 2002 fiscal year, a significant improvement from the recent practice of late budget submissions. Budget proposals for decentralized agencies were submitted at the same time as those for the central Government, so that this budget was more comprehensive than previous ones. Even so, there remain systemic deficiencies relating to budget preparation: a significant amount of donor grant and in-kind assistance is still omitted from the budget, and budget allocations are based on incrementalism.

- Even though the Government has started the budget planning cycle earlier in the year, planning capacity in the sectors is still weak. Since the budget is presented according to expenditure categories rather than programmatic classifications, the budget does not enable monitoring and evaluation of Government expenditures in relation to agreed priorities for economic growth and poverty reduction.

- Even though the total number of budget amendments has decreased, a significant number of budget amendments are still passed throughout the year, which blurs overall budget realism.

- While the implementation of the integrated financial management system has improved the Government’s ability to control and manage expenditure, weak internal controls and internal audit capacity in spending agencies hinder efficiency and slow the certification of expenditures.

- Fiscal management responsibilities are not managed by the Treasury but by Office of Public Credit and the Central Bank. The dispersion of the responsibility for the management of public funds has resulted in functional voids that directly affect the security and the control of Government funds.

- While tax administration is improving, the procedures governing tax collections are still weak, and there is no proper reconciliation between the funds paid by the taxpayers with the funds declared by the banks as collected, and there is no
reconciliation between the funds received by the banks and the funds transferred to the treasury accounts.

- The Government has invested in building debt management capacity, which is a clear strength in the public financial management system. Debt management can be further improved with the inclusion of contingent liabilities, which are not currently reported in the Government’s annual financial statements and consequently not included in debt analysis. Debt servicing provisions are also not included in the final budget estimates.

- The limited coverage of the integrated financial management system prevents implementation of a single, consistent methodology across government agencies and limits the reliability of the Government’s financial information. In turn, the lack of adequate Government financial statements and the transactional focus of the Government accounting function affects the capacity both for the people and their representatives to conduct oversight of public finances, and for the Government to make decisions based on timely and reliable information.

- The external audit function is still evolving following the creation of the new Audit Court, for which the Government has been supporting a capacity-building program. However, the lack of external audits of the Government’s financial statements (the annual reports for fiscal years 2001 and 2002 have not yet been finalized) represents a weakness in the transparency of public finances.

3.3 The donor community has been supporting improvements in public sector financial management since at least 1996. While the WB and the IDB have clearly indicated their intention to continue supporting such initiatives, through the restructuring of existing IDA credits and incorporation of many proposed CFAA recommendations into a new project currently under preparation by IDB, efforts of a primarily systemic nature cannot yield positive improvement unless there is significant support to strengthen the incentives for good governance.

3.4 Consequently, a critical subset of the CFAA’s full recommendations is derived from a set of principles for governance. The policy decisions to implement these principles are those actions in the CFAA Action Plan that would establish broader transparency and comprehensiveness for the budget, an Ethics Code for the public sector, broad public access to information, transparency and oversight of public financial management, a comprehensive debt management framework, and improved internal controls for public financial management. These actions are identified with stars in the Action Plan and summarized in the table below. Both the principles for governance and the policy decisions would be agreed upon by the Government in the context of the Poverty Reduction Support Credit.

**Framework for Recommendations**

3.5 The most urgent need is to upgrade the quality of governance in the public sector and consequently, the accountability of senior public officials. Efforts to improve governance
also need to focus on strengthening the legal and accountability framework for public financial management, improving transparency and oversight mechanisms of public financial management systems, streamlining processes and procedures, and rationalizing and strengthening institutions responsible for ensuring accountability.

3.6 Government will receive support for systems upgrading and institution building from the WB and IDB. In line with the WB’s country strategy, WB assistance would focus on governance-related areas within the scope of the PRSC, along with capacity building for the Audit Court and the continued development of the integrated financial management system. IDB would focus its support on the development of a modern Ministry of Finance (mainly those aspects that deal with planning and results-based management), programmatic budgeting capacity at the Budget Office; an effective Treasury system, and redistribution of cash management responsibilities among Public Credit, Central Bank and Treasury; and institutional strengthening of the Revenue Office.

**Programs for Improved Financial Management**

3.7 The framework of laws, policies, and Government decisions being sought in connection with the PRSC will form the foundation for the successful implementation of a series of program to upgrade the public financial management systems, practices and accountability arrangements that are detailed in the full Action Plan at the end of this report. The bulk of the CFAA Action Plan comprises a program of specific actions to upgrade the systems, processes and capacity for public sector financial management. In addition to the systems improvements supported by the PRSC, these programs are designed to:

- Implement programmatic budget classifications
- Improve the accounting systems under the integrated financial management system
- Broaden the reach of integrated financial management system to include the entire Government
- Build the capacity of the Audit Court

**Governance**

3.8 The Government has already initiated measures to improve governance, which include drafting the SIAFI Law, a Public Ethics Code for DEI, and Law of Public Access to Information and its governing regulations. The CFAA strongly supports these initiatives, and would like to see them concluded successfully. Additional recommendations to improve governance include the promulgation of internal control regulations, establishment of a social auditing mechanism (partnership between the TSC and civil society), and improvement of effective budget oversight and monitoring.

**Budgeting**

3.9 Given the efforts of the Government to shift donor assistance to programmatic lending, one of the critical recommendations of this CFAA is the transformation of the
budget to one that is based on programmatic classifications and that includes all external assistance. There are examples of this transformation in some sectors, specifically in the Ministry of Education. These changes will entail a modernization of the Chart of Accounts in SIAFI, as well as a need for training and capacity building among the UPEGs and other planning groups throughout the Government. The new programmatic budget should be based on Government spending priorities as articulated in the PRSP/ERP, and the POAs and other planning documents should follow clearly established guidelines for programmatic budgeting.

3.10 The Government's ability to accelerate budget reform will enable it to implement a medium-term expenditure framework and manage a new arrangement for donor assistance SWAps. The SWAp initiative should also be piloted in the Health and Agriculture sectors, since these are the two most likely sectors to implement a SWAp in the next two to three years.

Budget Execution and Reporting

3.11 The quality of budget reporting can improve through the production of interim reports, and through the inclusion of information about executed budget in state owned enterprises and decentralized agencies. Quarterly budget reports should be produced and published, along programmatic lines, once the shift in budget classification is completed. These reports will enable a much broader participation in budget monitoring and evaluation, and will also enable more effective tracking of poverty reduction efforts. The medium-term plan for capacity building and institutional strengthening should include significant actions to strengthen the monitoring and evaluation capacity within the ministerial units.

Accounting and Financial Reporting

3.12 In parallel to the expansion of SIAFI, the central Government accounting function should gradually move from recording transactions to including analytical activity aimed at producing meaningful Government financial statements consistent with international practice. In the meantime, three actions are needed: (i) ensure that all global allocations/transfers to decentralized entities are properly recorded in reports on the use of funds; (ii) reconcile budget execution and cash flow statements, and properly identify any inconsistencies or leakages; (iii) complement these statements with historical information to evaluate trends, and meaningful notes to enable interpretation and analysis.

Treasury

3.13 The responsibility for revenue and cash management should be vested in TGR, and the CFAA supports the development of a plan for the gradual transition of responsibility from DGCP and BCH to TGR. Because any reform to redistribute to TGR, fiscal functions currently being managed by either DGCP or BCH must first address the problem of the lack of capacity, knowledge and experience in the TGR, the CFAA
supports a modest technical assistance program to create the rules, regulations and procedures to govern TGR fiscal operations.

3.14 Given that efficient and effective management of the TGR will depend on the spending agencies to transfer funds and related information, it will be necessary to coordinate the capacity building efforts at TGR with parallel efforts to strengthen the spending agencies and to upgrade SIAFI. A failure to recognize these interlinkages will undermine the extent of improvement that can be realized at TGR.

Revenues

3.15 The tax collection system is in need of upgrading and must be subject to a strong and effective regulatory system. This upgrading should include measures to improve the timeliness of revenue reporting, as well as procedures to ensure that revenue projections and collections are included in periodic budget reports.

External Audit

3.16 TSC urgently needs a set of regulations governing its operations. Despite its broader mandate, TSC's first priority should be to continue its efforts, in coordination with international donors, to build the technical capacity of its staff. This will not require additional staff; but it does require a cadre of fully qualified staff, fully capable of carrying out the financial audit of the public accounts of the Government, with sufficient knowledge of internationally accepted standards and audit methodologies.

3.17 Understanding its own limitations and empowered by a new TSC law, TSC has plans to review and approve the eligibility of private auditing firms hired by public sector entities and to monitor the work of those firms, while it builds the capacity of its own staff. This is a satisfactory approach for the medium term. However, TSC's long-term sustainability depends on the quality of its human resources and a capacity-building program which focuses on upgrading skills is by far its highest priority. The IDB has already completed a review of private sector auditing firms in Honduras and it is recommended that the results of the review be shared with the TSC and among donors financing operations in Honduras.

Systemic Recommendations

3.18 The following enumerates the systematic activities that the Government should undertake to establish a modern and efficient public financial management system. There is clear indication that the Government is taking action, particularly to strengthen the legal framework and to initiate a complete reorganization of SEFIN, in order to clarify the allocation of roles, responsibilities and functions of several agencies. The CFAA supports Government action in these areas, while also emphasizing the need for both the Government and donors to address the urgent issue of capacity development.

Budgeting
- Strengthen programming and evaluation capacity (UPEGs) in both SEFIN and sectors;
- Develop evaluation methodologies for investment projects or programs in specific sectors;
- Ensure that approved budget allocations are reconciled with POAs and PRSP/ERP;
- Include all resources financing public expenditures (including grants and in-kind assistance);
- Include revenue projections, and revenue generated from agencies (e.g., Health, Education);
- Develop performance indicators and the capacity to collect information on performance;
- Provide wider discretion for spending, based on performance indicators and performance budgeting.
- Pilot initiatives on performance budget contracts and decentralized budgeting.

**Accounting and Financial Reporting**

- Carry out an integral review of the Government accounting function;
- On the basis of the review, develop a plan to move from accounts that are merely a record of transactions to ones that provide an analytical capability.
- Extend the coverage of SIAFI and the proposed single treasury account system to all entities receiving budgetary allocations;
- Produce cash-based Government financial statements consistent with international practice, while increasing capacity to manage accrual accounting;
- Update the register and reconciliations of Government assets.

**Treasury - TGR**

- Review TGR’s capacity, functions, responsibilities vis-à-vis DGCP and BCH;
- Build TGR’s capacity to manage cash in the long term, and develop transitional arrangements where the responsibilities and functions move gradually from DGCP/BCH to TGR;
- Create a class of non-negotiable checks that TGR can issue to Government suppliers;

**Revenue and Expenditure reporting**

- Certify the solvency of banks acting as tax collection agents, and provide a plan for the periodic re-certification of those banks;
- Establish collection accounts of the TGR for tax collections;
- Reconcile funds collected and funds transferred;
- Strengthen the institution engaged in the tax and customs functions (DEI);

**External Auditing - TSC**

- Enact TSC Regulations;
- Draft procedures and an operating manual with guidelines;
- Certify private sector firms to audit public sector agencies;
- Develop of training plan for capacity development;
Oversight of Public Financial Management

- Strengthen the Congressional committee for budget monitoring and evaluation by providing a technically qualified secretariat;
- Disclose publicly all Congressional budget proceedings;
- Ensure the participation of civil society through creation of social audit mechanisms;

3.19 A comprehensive action plan is provided in matrix form beginning on the next page, indicating issues, actions, and outcomes. Many actions can be carried out by the Government with no external support. Actions for which external support is required are keyed to notes summarizing costed technical assistance. Supporting cost data and terms of reference for recommended technical assistance interventions are presented in annexes to the report. Technical assistance to support the action plan is estimated to cost about US$22.75 million. Financing of about US$13.1 of this million is expected to be provided through a proposed IDB credit for public sector modernization, and another US$8.3 million would be provided under a proposed technical assistance credit from the WB (IDA). The remaining funding, currently estimated at US$1.45 million, will be sought through consultations with other donors.
### Proposed External Financing of Technical Assistance in Support of Action Plan

<table>
<thead>
<tr>
<th>CFAA Action Plan Issues</th>
<th>Estimated Cost</th>
<th>Funded By</th>
<th>WB</th>
<th>IDB</th>
<th>Other Donor</th>
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<tbody>
<tr>
<td>1. Financial Administration Reform Program in SEFIN</td>
<td>$6,000,000</td>
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<tr>
<td>- Diagnosis of functions, roles, capacity, including TGR</td>
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<tr>
<td>- Development of capacity building programs</td>
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<td>- Implementation, including TGR</td>
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<tr>
<td>2. Reform budget classifications (to programmatic)</td>
<td>$75,000</td>
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<tr>
<td>3. TA for strengthening of UPEGs (pilot in Health, Education, Agriculture and Public Works)</td>
<td>$2,250,000</td>
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<tr>
<td>- Training for UPEGs</td>
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<tr>
<td>- Impact evaluation</td>
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<tr>
<td>- Development of common procedures</td>
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<tr>
<td>4. TA for UPEGs in other Ministries</td>
<td>$1,000,000</td>
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<td>5. Training communities &amp; local government in evaluations, planning</td>
<td>$50,000</td>
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<td>6. Develop master IT government plan</td>
<td>$150,000</td>
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<td>7. SIAFI</td>
<td>$6,000,000</td>
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<td>- Redevelopment of system strategy</td>
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<td>- Implementation across government</td>
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<td>- Create links with other government systems</td>
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<td>- Systems training</td>
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<td>8. Institutional Strengthening of DEI</td>
<td>$4,500,000</td>
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<td>- Development of Strategic Plan</td>
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<td>- Revision of revenue collections procedures</td>
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<td>- Implementation of risk-based fiscal model</td>
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<td>- Design and implementation of results-oriented methodology and tools</td>
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<tr>
<td>- Design of information campaign</td>
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<td>- Support for customs improvements</td>
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<td>9. Review of Tax Administration &amp; Tax Codes</td>
<td>$150,000</td>
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<tr>
<td>10. Support for accounting office</td>
<td>$250,000</td>
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<tr>
<td>- Integral review and strengthening plan</td>
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</table>
- Procedures for accountability reports
- Procedures and TA to prepare new financial statements
- TA to support reconciliation of asset register

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<tr>
<th>11. Support for TSC</th>
<th>$2,300,000</th>
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<tr>
<td>Drafting of procedures</td>
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<td>Develop human resource plan</td>
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<td>Develop staff training plan</td>
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<td>Establish access to SIAFI</td>
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<td>Systems training</td>
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<th>12. Social audit pilots</th>
<th>$50,000</th>
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<tr>
<th>13. Training in Public Ethics Code (DEI pilot program)</th>
<th>$25,000</th>
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<tr>
<td><strong>Financial institution functions.</strong></td>
<td>Initiate re-engineering study of SEFIN: analysis of institutional functions; plan for coordination of public sector institutional strengthening; plan for modernization and the rationalization of its administration; plan for efficient implementation of SIAFI linking it with other governmental information systems.</td>
<td>Initiate Redevelopment Strategy for SIAFI, including enhancement of system functionality, reprogramming of accounting and expenditure classification; single financial and monitoring reporting for government.</td>
</tr>
<tr>
<td><strong>Legal framework.</strong></td>
<td>Creation of the adequate legal framework by the promulgation of the SIAFI Law.</td>
<td>Technical assistance to draft rules and regulations.</td>
</tr>
<tr>
<td><strong>Budget planning:</strong></td>
<td>Initiate study to redesign central planning, leadership and interdepartmental coordination and to clarify the procedures and responsibilities budget preparation, review and approval.</td>
<td>TA to strengthening central advisory units Reengineering central network for planning and policy making.</td>
</tr>
<tr>
<td><strong>Coordination.</strong></td>
<td>Training for planning and program evaluation, to include pilot in Education EFA-FTI program. Adaptation of programmatic budget classification (pilot in Education, Health sectors).</td>
<td>TA to improve participation in the planning/programming process (mesas sectoriales). Continued rollout of training TA for training UPEGs in planning and evaluation.</td>
</tr>
<tr>
<td><strong>Budget planning:</strong></td>
<td>Develop TA for institutional capacity building and strengthening for budget planning and programming.</td>
<td>Multi-year projections to be used as sector spending limits. Improved information and classification of POAs; link budget estimates (programs) with POAs.</td>
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<tr>
<td><strong>Capacity.</strong></td>
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<tr>
<td><strong>Multi-annual budget.</strong></td>
<td>Need for effective planning and financial sustainability.</td>
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<td><strong>Budget planning:</strong></td>
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<tr>
<td><strong>Budget execution.</strong> Strengthening of internal controls and administrative procedures for budget execution.</td>
<td>Provide all administrative units with budget execution authority, with access to SIAFI.</td>
<td>Develop an action plan for the simplification and rationalization of administrative procedures on the executive entities, and to lead its implementation, in an ordered process of decentralization of the expenditures decision. Decentralize the process of pre-intervention carried out by SEFIN to the executing entities.</td>
</tr>
<tr>
<td><strong>Budget monitoring &amp; evaluation.</strong> Weak systems and capacity for monitoring and evaluation.</td>
<td>TA to improve budget (program) monitoring indicators linking to PRSP.</td>
<td>TA to strengthen systems for PRSP expenditure and HIPC tracking systems, linked to program budget. Develop evaluation methodologies for investment programs in specific sectors.</td>
</tr>
<tr>
<td><strong>Accounting: SIAFI.</strong> Improve functionality and use of SIAFI as principal government (integrated) information system.</td>
<td>Modification of SIAFI permitting the recording of transactions in the currency of executed payments.</td>
<td>Creation of the Coordinating Unit of SIAFI as an official entity of SEFIN Development of institutional plan of action for the principal entities ensuring its opportune and efficient action in the SIAFI Ensure timely recording of the conciliated revenue fund by the DEI, and of the financial transactions administered by the DGCP.</td>
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<tr>
<td><strong>Accounting: Analytical capacity.</strong> Transactional focus of the Accounting Office.</td>
<td>Carry out a comprehensive review of the government accounting function.</td>
<td>On the basis of the review, produce a gradual transitional plan to strengthen capacity for analytical functions.</td>
</tr>
<tr>
<td><strong>Accounting: Accountability.</strong> Limited coverage of SIAFI and existence of global allocations/transfers to decentralized entities.</td>
<td>Subject all global allocations/transfers to proper accountability reports on use of funds.</td>
<td>Extend the coverage of SIAFI and the single treasury account system to all entities receiving budgetary allocations.</td>
</tr>
<tr>
<td><strong>Reporting: Financial statements.</strong> Unreliable, unused government financial statements.</td>
<td>Reconcile budget execution and cash flow statements and properly identify inconsistencies or leakages. Complement these [partial financial?] statements with historical information to evaluate trends, meaningful notes to enable interpretation and analysis, and disclosure of poverty-reduction spending.</td>
<td>Produce cash-based government financial statements consistent with international practice, with key accrual data attached. Initiate plans to establish cost accounting of programs and services.</td>
</tr>
<tr>
<td><strong>Reporting: Assets</strong> Unreconciled registers of assets</td>
<td>Begin updating the register of assets.</td>
<td>Complete updating of the register of assets and reconcile it against accounting records.</td>
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<tr>
<td><strong>Internal controls</strong>&lt;br&gt;Strengthening of internal controls and administrative procedures for budget execution.</td>
<td>Provide all administrative units with budget execution authority, with access to SIAFI.</td>
<td>Develop an action plan for the simplification and rationalization of administrative procedures on the executive entities, and to lead its implementation, in an ordered process of decentralization of the expenditures decision.</td>
</tr>
<tr>
<td><strong>Treasury.</strong> Ultimate beneficiaries of government checks unknown.</td>
<td>Issue non-negotiable checks to suppliers of goods and services to Government.</td>
<td>Issue non-negotiable checks to public servants. Create the Government Registers of Suppliers</td>
</tr>
<tr>
<td><strong>Treasury.</strong> To assure the integrity of public funds (DEI and TGR).</td>
<td>Request the certification of solvency of the banks that are collecting fiscal funds. Open tax collecting accounts for the TGR in the banking system, so taxes paid in are deposited in Government accounts (may require amendment of Tax Code).</td>
<td>Plan to coordinate the periodical certification of solvency of the banks that are collecting fiscal funds.</td>
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</table>
| **Revenues**. Improve the efficacy and efficiency of collection and reporting of revenues (DEI). | DEI to perform monthly reconciliation of the collected funds and to record this information in SIAFI. | Study to review and update the legal framework, including proposal to establish a system of clear responsibilities and efficient, strict, and just sanctions in cases of fiscal evasion; to enhance security of fiscal funds; to establish an appropriate judicial process for tax evasion.; to propose adequate legal instruments allowing preventive and administrative seizure of goods and bank accounts. (9) | Weekly reconciliation of collected funds and to recording of information in SIAFI. Strengthening of the Judicial Power with the implementation of courts specialized in fiscal matters. | Improved control over the collected funds by the banking system  
Improved security of public funds  
Improved monitoring of taxpayer compliance with obligations  
Simplified procedure of debts collection  
Improved efficacy of the administrative procedures of debt collection  
Reduced costs and improved efficacy in the judicial processes of debt collection |
|-------|--------------------------|---------------------------------|---------------------------------------|----------|
| **Revenues.** Institutional strengthening of DEI and improvement of its operational capacity. | Prepare comprehensive institutional diagnosis of DEI including:  - Analysis of functional, legal, organizational, administrative, operating, technical and technological aspects;  - Proposal of a long-term Development Master Plan, defining the development priorities in base of the functional and operating needs, and of its benefits, costs and opportunities. | Master Plan implementation (DEI). | Master Plan implementation (DEI). | Improve rate of collections and reduce incidences of tax evasion  
Improved institutional image  
Improved efficiency and efficacy of the debt collection  
Improved monitoring of taxpayer compliance with obligations |
| **Debt: Databases.** Inadequate communication prevent a more efficient utilization of the external debt databases maintained by DIP (projects), SETCO (grants), UNAT (Poverty Reduction), DGCP (public debt and projects’ special accounts) and the BCH (BCH’s debt and private non-guaranteed debt). | Development of interface between SIGADE (DMFAS) and SIAFI.  
Modification of SIAFI permitting the recording of transactions in the currency of executed payments. | Implementation of interface between SIAFI and SIGADE.  
Development of interface to integrate SIAFI with the following systems: FFE (DGCP), SISPU (DIP), SINEC/SIERP (UNAT) and SINACOIN (SETCO).  
Investment to upgrade skills, hardware and telecommunications connections for the institutions managing public debt. | | Significant decrease of duplication of tasks, and improvement of SIAFI as an information and management tool  
Communications link between SIAFI and systems managing public (investment) resources and public debt management.  
Shared database for external, domestic resources and for public debt will enable statistical consistency.  
Increased efficiency and transparency in the foreign resources management. |
| **Debt: Databases.** Information is not shared with DGCP. Information is supported on outdated technological platforms with no connection to other government systems. | BCH to upgrade non-guaranteed private debt database.  
Study to establish common technology platforms and interfaces between systems (part of Master IT Plan). | Establish connection between SIAFI and SIGADE/DMFAS to facilitate data aggregation and debt analysis. | | Significant improvement in consolidated foreign debt information (HIPC debt sustainability analysis).  
Enhancement for the analysis of foreign private and public debt, contingent public liabilities and debt sustainability. |
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<tr>
<td>Debt: Contingent liabilities. Inadequate information on guaranteed debt: no clear definition of what is a government guaranteed debt in the law and, as a consequence, the information on this matter is not fully reliable.</td>
<td>DGCP to send questionnaire to all ministries, decentralized bodies and municipalities to detect contingent liabilities for inclusion in central budget. Incorporation of loans to the external debt database as part of public debt (includes explicit guaranteed loans as well as public enterprises having foreign loans without explicit guarantees).</td>
<td>DGCP (risk-qualifying unit) to calculate a budgetary provision and to provide an input for this contingency to the budget preparation and SIAFI. Decision to establish a method of cost recovery (fee) to issue government provision of public guarantees.</td>
<td>Significant improvement on guaranteed debt information and in the creation of a budgetary provision for this contingency.</td>
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<tr>
<td>Debt: Information dissemination. Poor dissemination of foreign debt information.</td>
<td>Develop strategy to create a public and foreign debt statistical bulletin to be updated on semiannual basis.</td>
<td>Semi-annual publication of statistical bulletin. Bulletin includes domestic public debt, public foreign debt and non-guaranteed private debt.</td>
<td>Quarterly publication of statistical bulletin. The SDDS standards are fully applied.</td>
<td>Significant improvement in public debt information, increasing transparency and governance of debt management.</td>
</tr>
<tr>
<td>External audit. Maximization of coverage of public sector external auditing (TSC).</td>
<td>Create list of qualified private sector audit firms to carryout financial audits of public institutions, supervised by TSC. Develop and implement a system for managing human resources that includes transparent hiring and selection procedures, job stability, skills development, and an appropriate system of compensation and incentives. Identify gaps in skills. Design and implement plan for equipping and training TSC staff to meet institutional needs.</td>
<td>Develop medium- and long-term objectives/responsibility for each technical area and strategy to implement actions. Establishment of multi-annual work plans for TSC. Perform continuous benchmarking with other SAIs to strengthen TSC control instruments.</td>
<td>Implementation of strategy and work plans. Implement mechanisms for retaining critical staff</td>
<td>Efficient and effective use of TSC resources to provide independent assurance of the use of public funds.</td>
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<tr>
<td><strong>External audit. Lack of governing regulations and procedures (TSC).</strong></td>
<td>Approve TSC Regulations. Draft the manuals of procedures, records and controls. Establish rules for filing and archiving documents. Definition of communication policy for reporting audit findings.</td>
<td>Develop and strengthen procedures for planning, and monitoring the performance of activities (operational auditing).</td>
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<tr>
<td><strong>External audit. Lack of environment of public ethics and system for auditing administrative probity (TSC).</strong></td>
<td>Prepare and disseminate a code of ethics and values for all employees of the TSC and public sector institutions. (13)</td>
<td>Pass public ethics code, disseminate it and organize training. Design joint plan of action with other public sector groups to fight corruption.</td>
<td></td>
<td>Promote a culture of probity, ethics, transparency and honesty in public officials.</td>
</tr>
<tr>
<td><strong>External audit. Lack of system to manage and control national assets (TSC).</strong></td>
<td>Coordinate with Office of National Assets (SEFIN) to ensure proper registration, management and control over national assets.</td>
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<td>Better management and safeguards of government assets.</td>
</tr>
<tr>
<td><strong>Oversight. Lack of civic participation or dialogue.</strong></td>
<td>Enactment of Law of Public Access to Information and its governing regulations. Establish a system of information and feedback for the public so that it can seek information while at the same time providing information or reporting cases of civil service misconduct. Social Audit Pilot</td>
<td>TSC to publicize reported cases of corruption and malfeasance. Publication of the TSC Regulations, scope of work, activities, and initiatives.</td>
<td>Continually improve and update the TSC web page and the services that it offers.</td>
<td>Solidify social participation in the implementation of educational and ethics programs aimed at countering corruption.</td>
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4. GOVERNMENT OF HONDURAS COMMENTS

Tegucigalpa M.D.C. 3 de enero de 2004

Señora
JANE ARMITAGE
World Bank
Washington DC, USA

Señora Armitage:

En relación con el Informe preliminar del Country Financial Accountability Assessment (CFAA), nos permitimos comunicar las observaciones que deben ser consideradas en el Informe Final, las cuales deberán ser presentadas como un Anexo, haciendo referencia al mismo en el Resumen Ejecutivo.

ANEXO

Durante el proceso de validación del Informe, la Misión tuvo conocimiento sobre diferentes acciones que el Gobierno de Honduras ha emprendido para mejorar la gestión financiera en el ámbito del Sector Público, comprendiendo entre otras lo siguiente:

1. Como producto de una consultoría internacional encargada a un especialista en Sistemas de Gestión Financiera Pública, se elaboró una propuesta que define las líneas de acción para el mejoramiento general del SIAFI como sistema central de información en materia de administración financiera del gobierno, la cual responde directamente a superar las debilidades detectadas.

2. Un Plan de Acción para ejecutar la propuesta de mejoras al SIAFI ha sido formulado y acordado entre el Gobierno de Honduras, Banco Mundial y Banco Interamericano de Desarrollo, cuya ejecución se inicia a partir del año 2004. Como parte del acuerdo se determinó que las adquisiciones de bienes y contratación de consultorías para los desarrollos informáticos se financiarán con fondos IDA 3414-HO del Banco Mundial y con fondos de BID-0208 lo que corresponde a las consultorías para el diseño conceptual y metodológico de las diferentes aplicaciones que serán mejoradas en el SIAFI, así como las nuevas herramientas que han sido determinadas en la propuesta para fortalecer las áreas que gerencian el sistema (Dirección General de Presupuesto, Tesorería General de la República y Contaduría General de la República).

3. Complementan el Plan, actividades relacionadas con:
a. La implementación de un marco normativo que regirá el control interno, que comprende el diseño de la oficina de control interno y la transición para sustituir el actual sistema de preintervención, incluyendo además el diseño organizacional de la oficina modelo de auditoría interna y los manuales de procedimientos.

b. La implementación de un régimen de información de indicadores económicos relevantes para la determinación de la política fiscal, como parte del fortalecimiento de la Unidad de Planeamiento y Evaluación de Gestión (UPEG), creando capacidad para la planificación y análisis económico y fiscal.

c. La realización de acciones orientadas a la simplificación y rediseño de procedimientos administrativos, incluyendo elaboración de manuales de procedimientos, análisis y diseño de la ventana única de trámites y análisis y diseño de un nuevo sistema de registro y control de expedientes.

d. El fortalecimiento de la Unidad de Recursos Humanos de la Secretaría de Finanzas para promover la carrera administrativa, diseñando perfiles, determinando el sistema de selección y evaluación de personal y brindando capacitación en liderazgo, gerenciamiento y planificación estratégica para la alta dirección, con el objetivo de lograr la sustentabilidad de las reformas que se instrumenten.

e. El fortalecimiento del proceso del proceso de inversión del Sector Público, considerando la formulación de propuestas, su evaluación, planificación, seguimiento de la ejecución y la evaluación de la misma.

Adjunto: Plan de Acción referido.

Atentamente,

RALPH OBERHOLZER
Viceministro de Crédito e Inversión Pública
BANCO INTERAMERICANO DE DESARROLLO
PRÉSTamo DE GESTIÓN FISCAL PARA EL GOBIERNO DE HONDURAS
Programa HO-0208
Papel de Trabajo

I. Introducción

El Banco y el Gobierno de Honduras han establecido un Programa Operativo que apoya un proceso de mejora de la gestión pública en varios niveles. Este Programa se divide en tres operaciones claves: (i) Programa Sectorial de Apoyo a la Reforma Fiscal; y (ii) Programa de Fortalecimiento de la Gestión Fiscal (HO-0208); y (iii) una CT de apoyo a la preparación de ambas operaciones. El objetivo es lograr una institución eficiente y con liderazgo en la planificación y administración de los recursos financieros del Estado para alcanzar unas finanzas públicas sanas, transparentes, equilibradas y sostenibles.

El Programa HO-0208 apoyaría las reformas que acompañen o sirvan para instrumentar las medidas de políticas que serían condición del sectorial fiscal así como la ejecución de las mejoras al sistema de administración financiera del gobierno que se acordaron en el marco del Plan de Acción del CFAA para consolidar y dar sustentabilidad a las tareas que se vienen desarrollando en la materia con apoyo del Banco. Este documento presenta algunas propuestas para la definición de los componentes que formarán parte del Programa.

II. Objetivos del programa

1. El programa tiene por objeto mejorar la gestión de la SEFIN para incrementar la eficiencia y eficacia en la administración de las Finanzas Públicas. Específicamente, se busca fortalecer la capacidad de la Secretaría de Finanzas (SEFIN) en sus roles de órgano rector de las finanzas públicas y coordinador del sistema de administración financiera. Este fortalecimiento no solo mejorará su gestión sino que contribuirá a mejorar la eficiencia, eficacia y transparencia en la recaudación, asignación y uso de los recursos públicos y darle sustentabilidad a la reforma administrativa y financiera.

2. Las actividades a desarrollar y los resultados esperados se orientan a reorganizar internamente a la Secretaría de Finanzas, en los puntos de contacto con sus entidades clientes para que pueda manejar con eficiencia, eficacia y transparencia el flujo de los recursos de fuentes variadas hacia propósitos múltiples, en cumplimiento de los deberes del estado hacia la ciudadanía. En tal sentido se espera racionalizar y
optimizar el uso de fuentes financieras externas mediante la aplicación y desarrollo del enfoque sectorial SWAP para su administración como un beneficio derivado del plan de acción que se propone instrumentar. Al final del programa, la SEFIN estará en condiciones plenas de cumplir con las funciones asignadas de conducción de las finanzas públicas y eficientizar la administración tributaria en pos de reducir la evasión y mejorar la información disponible para tomar decisiones relativas al gasto, la inversión y el endeudamiento en un marco de simplificación y transparencia en su gestión. Se busca sustituir los procedimientos actuales con documentación que apoye las decisiones en línea, el intercambio electrónico de datos, el procesamiento integrado de transacciones y sistemas de administración de documentos para mejorar la eficacia y eficiencia de la gestión.

III. Descripción

El programa tendrá nueve (8) componentes: (a) Programación, Administración y Evaluación Presupuestaria, (b) Tesorería, (c) Contabilidad, (e) Control Interno, (e) Planificación y Análisis Económico y Fiscal, (f) Inversión Pública, (g) Simplificación Administrativa, (h) Recursos Humanos y Capacitación, (i) Coordinación General.

(a) Programación, administración y evaluación presupuestaria.

El objetivo de este componente es fortalecer el proceso de planificación y conducción estratégica de las acciones del Gobierno a mediano plazo y alinear el presupuesto con las prioridades definidas. Dicho fortalecimiento está basado en el rediseño de la programación y evaluación presupuestaria mediante la introducción de un esquema de gestión por resultados para la elaboración y seguimiento del presupuesto.

Las acciones y resultados esperados para este componente tienen por objeto:

(i) Crear capacidad técnica en la administración para formular y programar el presupuesto anual y el plurianual orientado a resultados así como derivar su evaluación operativa y estratégica y la rendición de cuentas a partir de la medición física y financiera de indicadores específicos para cada resultado.

(ii) Optimizar y dar mayor transparencia al proceso de ejecución presupuestaria a través de una programación de la ejecución presupuestaria que compatibilice la asignación de cuotas de compromiso del presupuesto con el estado de la caja y el flujo esperado de recursos conjuntamente con las demandas de las gerencias administrativas y el establecimiento de criterios de priorización para la ejecución del gasto.
(iii) Descentralizar la formulación y administración del presupuesto a nivel de unidades ejecutoras con el objeto de lograr una efectiva participación e incidencia de las distintas unidades responsables de la producción de los bienes o servicios en el proceso presupuestario.

(iv) Asegurar el cumplimiento de los planes públicos de inversión de carácter estratégico, mediante la consistencia de su factibilidad y prioridad con los presupuestos formulados por las instituciones.

(v) Simplificación y racionalización de la administración presupuestaria mediante la revisión de los procedimientos vigentes para las modificaciones presupuestarias, y de todos aquellos procedimientos que se deriven de la revisión integral de procesos del órgano rector.

(vi) Consolidar la organización del sistema presupuestario a través de:

(a) La existencia de una única unidad rectora del sistema presupuestario capaz de normar todo el proceso presupuestario y ejercer efectivamente sus funciones de análisis y evaluación de los resultados, así como prestar asistencia técnica y capacitación a los funcionarios de todos los organismos del sector público.

(b) La estandarización y redefinición de las funciones de las unidades de planificación y presupuesto de los organismos, que participan en las actividades de formulación, ejecución, seguimiento y evaluación del presupuesto.

Los cambios metodológicos propuestos brindarán mayor fortaleza al presupuesto como instrumento para canalizar los planes de gobierno, en proyectos debidamente priorizados y facilitarán el monitoreo y evaluación de sus resultados. Se espera de esta forma, consolidar y dar sostenibilidad al proyecto de reforma del sistema presupuestario iniciado con apoyo del Banco.

(b) Tesorería

El objetivo de este componente es transformar la Tesorería General de su rol actual de “ventanilla (parcial) de pago”, en la Gerencia Financiera del Gobierno con capacidad para programar y administrar el flujo de fondos del Tesoro de manera integral y transparente en coordinación con la política monetaria.

Esto implicará:

(i) Incrementar la capacidad de la tesorería para programar y gestionar con mayor eficacia, eficiencia y transparencia el flujo de fondos del sector público incluidos los fondos externos.
(ii) Lograr el gerenciamiento pleno de los recursos públicos mediante el desarrollo y puesta en marcha de la Cuenta Única del Tesoro (CUT). Ello permitirá aminorar los costos del endeudamiento en el corto plazo y dinamizar la cancelación de las obligaciones en un marco de mayor seguridad y transparencia y optimizar el uso temporal de los recursos públicos.

(iii) Desarrollar la capacidad de la Tesorería General de la República (TGR) para la administración inteligente de fondos mediante políticas de captación y aplicación de recursos en coordinación con la Dirección General de Crédito Público (DGCP) y el Banco Central de Honduras (BCH).

(iv) Alcanzar la reorganización integral de la TGR y de sus procedimientos y capacitar a sus funcionarios para que puedan asumir las nuevas funciones en el marco de los profundos cambios de gestión que se proponen.

(c) Contabilidad

El objetivo de este componente es potenciar la capacidad de la Contaduría General de la República (CGR) en su carácter de órgano rector del sistema contable y del sistema de bienes para regular su funcionamiento en aras a proporcionar información fidedigna, integra e integral y oportuna sobre la gestión del gobierno.

Esto permitirá:

(i) Fortalecer los mecanismos de rendición de cuenta mediante la puesta a disposición de la ciudadanía de información integra, fidedigna y oportuna sobre la evolución de las finanzas y del patrimonio público.

(ii) Consolidar la ejecución financiera y contable de la Administración Nacional integrando a las unidades ejecutoras de préstamos externos, mediante el desarrollo e implementación de un sistema de gestión y administración financiera y contable en dichas unidades.

(iii) Eficientizar el proceso de toma de decisiones mediante el diseño de un mecanismo de consultas o reportes gerenciales de información financiera y contable.

(iv) Reorganizar la CGR a fin de que asuma plenamente su responsabilidad de garantizar homogeneidad y coordinación funcional entre los distintos procesos de la administración financiera gubernamental, para reflejarlo adecuadamente en el sistema de información financiera integrada. Ello incluye determinant la conectividad de los registros contables con la gestión de los recursos reales que abarcan compras, recursos humanos y bienes del estado.
(d) Control Interno

El objetivo de este componente es apoyar la instrumentación de un sistema de control que sirva de herramienta a la gerencia pública para evaluar su gestión promoviendo economía, eficiencia y eficacia de los procesos administrativos de las instituciones y calidad en los servicios, protección de los recursos públicos de manejos indebidos antirreglamentarios, o ilegales, eficientizar el proceso de toma de decisiones e información financiera confiable, válida y oportuna.

Lo anterior implicará:

(i) Proveer el marco normativo que debe definir el Tribunal Superior de Cuentas y regirá el ejercicio de las funciones de control y auditoría que ejecuten las oficinas de auditoría interna de los organismos en materias legales, financieras y de gestión.

(ii) Instrumentar una red de unidades de auditoría interna con base en la definición de una unidad modelo con el propósito de estandarizar la instrumentación del control interno en las distintas instituciones del sector público, y prestar asistencia para su instalación y puesta en marcha en unidades pilotos que incluya a la de la propia Secretaría.

(e) Planificación y Análisis Económico y Fiscal

Este componente tiene por objeto proveer capacidad institucional para el diseño y evaluación de políticas fiscales, que se articulen adecuadamente con el enfoque de gestión por resultados, y establecer las bases para disponer un régimen de información de indicadores económicos relevantes para formular y programar la ejecución periódica del Presupuesto. Asimismo implica fortalecer la planificación y seguimiento de las actividades propias de la SEFIN.

En tal sentido se considera necesario:

(i) Reorganizar y capacitarse a los funcionarios de la UPEG de la Secretaría de Finanzas con el objeto de conducir, la aplicación de sus recursos humanos y técnicos hacia el diseño de las políticas y programas que orienten el accionar de la Secretaría en el mediano y largo plazo, y evaluar su impacto a partir de indicadores específicos.

(ii) Diseñar y poner en marcha la Dirección de Análisis Económico y Fiscal de la Secretaría, que, tendrá por objeto administrar un modelo para simular el comportamiento de las variables económicas y mejorar el cálculo anual y periódico de recursos y gastos, medir el sacrificio fiscal, producto de exenciones impositivas, establecer hipótesis sobre senderos de crecimiento económico, y derivar
niveles compatibles de resultado fiscal, entre otros aspectos a considerar. Para ello, se diseñará un repositorio de información económica, relevante a partir de datos provistos por los sistemas que administran la Secretaría y el Banco Central de Honduras.

(iii) Asistir al Banco Central de Honduras para fortalecer su capacidad para evaluar la evolución de las finanzas públicas a partir de la medición de las modificaciones producidas en los saldos financieros del Gobierno, y disponer del equipamiento necesario para interactuar con la SEFIN y obtener en forma oportuna y precisa la información fiscal que se deriva del fluir de fondos correspondientes al Sector Público.

(f) Inversión Pública

Se procura fortalecer el proceso inversionista del sector público, considerando la formulación de propuestas de inversión pública, su evaluación, planificación, seguimiento de su ejecución y la evaluación expost de las mismas.

Ello implicará:

(i) Lograr una eficiente asignación de los recursos públicos, considerando tanto la satisfacción de las necesidades sociales básicas como el nivel de actividad económica en el mediano y largo plazo.

(ii) Mejorar la capacidad técnica del Estado para la planificación y gestión de los proyectos de inversión pública.

(iii) Establecer criterios de coordinación del programa de inversiones públicas con la programación del gasto público nacional, particularmente, con el gasto social.

(iv) Fortalecer institucional, técnica e informáticamente el banco de proyectos de inversión, para considerar todos los datos generados durante el “ciclo de vida de los proyectos”.

(g) Simplificación Administrativa

Los objetivos de este componente son promover una simplificación de los procesos internos de la Secretaría de Finanzas (SEFIN) que permita una gestión más eficiente mediante el recorte, eliminación de solapamientos y mejoras en los tiempos de respuesta de los procesos administrativos que ejecutan las unidades y dependencias de la SEFIN en general, tales como, certificaciones, franquicias, administración de poderes, oficios judiciales y dictámenes legales.
En este componente se contempla:

(i) Definir e instrumentar la simplificación y rediseño de los procedimientos administrativos del funcionamiento interno de la organización. Al respecto se espera desarrollar el concepto de “ventanilla única de trámites” apoyada en el desarrollo de un “sistema ágil de seguimiento de expedientes”. Se tenderá a la eliminación de papeles de los tramites internos (memorandums e intervenciones) en una primera etapa al vincularlos electrónicamente al sistema de expedientes.

(ii) Contar con un plan estratégico de automatización y racionalización de la instrumentación de la tecnología al nivel de la Secretaría.

(h) Recursos Humanos y Capacitación.

Este componente tendrá como objetivo específico apoyar la reorganización y el rediseño de normas y procedimientos funcionales de la SEFIN en materia de recursos humanos y capacitación tanto interna como externa para asegurar y darle sustentabilidad al programa de reformas en el mediano y largo plazo.

En relación a la administración de los recursos humanos se propone:

(i) Darle sustentabilidad a las reformas administrativas mediante el fortalecimiento de la unidad de Recursos Humanos de la SEFIN que deberá proyectar la carrera administrativa de los funcionarios de la Secretaría a partir del relevamiento de necesidades operativas y estratégicas y el diseño de los perfiles de puestos de trabajo requeridos por el nuevo modelo de gestión, la determinación de un sistema de selección y evaluación e incentivos del personal y la identificación de requerimientos de formación y entrenamiento que se deriven de su aplicación.

(ii) Fortalecer al cuerpo directivo de la Secretaría en materia de liderazgo, gerenciamiento y planificación estratégica.

En capacitación se plantea:

(iii) La creación de una unidad de capacitación dentro de la oficina de Recursos Humanos en condiciones de proveer:

- La capacitación permanente de los funcionarios de la Secretaría en temas específicos de Finanzas Públicas.
- La capacitación en los sistemas horizontales a cargo de la Secretaría: presupuesto, tesorería, crédito público, contabilidad e inversiones, tanto a funcionarios de la Secretaría como del resto de los Organismos Públicos.
(i) Coordinación General

La Coordinación General del Programa estará a cargo de una unidad ejecutora creada al efecto, que dependerá del Comité de Dirección Técnica integrado por las máximas autoridades de los órganos rectores del Sistema de Administración Financiera.

Atendiendo que el programa procura fortalecer de manera central a las unidades dependientes de la Subsecretaría de Presupuesto, se sugiere que el responsable político de dicha área forme parte del comité y se constituía en el máximo nivel de conducción. Su función es velar por el cumplimiento de los objetivos estratégicos que se proponen y facilitar su ejecución.

El Comité de Dirección Técnica actuará como contraparte del programa para llevar a cabo conjuntamente con los consultores externos, las actividades del programa y alcanzar los resultados esperados en forma coordinada y eficiente.

La Unidad Ejecutora, dirigida por el coordinador general, tendrá la responsabilidad de la coordinación, planificación, supervisión y seguimiento de los aspectos sustantivos del programa y actuar como unidad de apoyo logístico para la inversión y rendición de los recursos aplicados.

Será también responsable de requerir y/o facilitar la realización regular de las auditorías financieras y de gestión del programa, poniendo a disposición de los funcionarios intervinientes, programas e informes periódicos sobre la ejecución del mismo.

Del mismo modo, se considera conveniente establecer un mecanismo de monitoreo externo periódico para evaluar y, eventualmente, sugerir al Comité de Dirección ajustes en la orientación de alguna de las actividades o resultados a alcanzar, para asegurar el cumplimiento de los objetivos del programa.

IV Etapas del programa

El programa se propone ejecutar en dos etapas durante el resto de este año y los próximos cuatro ejercicios fiscales. Una primera etapa cuya duración abarcará hasta el final del tercer año del programa, donde se pretende eliminar las principales ineficiencias funcionales que presenta la SEFIN, mediante la reorganización y el fortalecimiento institucional de la institución así como, la preparación de un ambiente técnico y procedural propicio para profundizar el alcance de la reforma en los dos últimos años del programa.

La duración del programa está justificada en la naturaleza de los problemas que se pretenden resolver. Al tratarse de mejoras que operan sobre la cultura organizacional y afectan la gestión operativa de la institución, se plantea el desarrollo de las actividades en etapas con el objeto de permitir la internalización, sostenibilidad y continuidad de los cambios de procedimientos, y aptitudes que se deseen alcanzar.
Al finalizar la primera etapa, se espera haber alcanzado la reorganización de las áreas que dependen de la Secretaría y en condición de liderar la Administración Financiera y la conducción de las Finanzas Públicas sobre la base de un nuevo modelo de gestión.

En tal sentido, se propicia consolidar la reforma presupuestaria introduciendo un giro drástico en la elaboración del presupuesto, al incorporar el enfoque de gestión por resultados para su formulación y seguimiento en un conjunto relevante de organismos de la Administración Central.

En el componente de Tesorería, se pretende avanzar reformulando las funciones y procesos de la Tesorería General para que pueda asumir la administración integral de los recursos y las obligaciones del Tesoro, y convertirse en la Gerencia Financiera moderna del Gobierno mediante la instrumentación de la Cuenta Única del Tesoro.

También se promoverá la regularización y depuración de registros contables, mediante la coordinación de los esfuerzos que se aportaran desde cada una de las áreas intervinientes y la revisión de los procedimientos de registro correspondientes.

Esta tarea, conjuntamente con el rediseño de consultas gerenciales de información financiera y el fortalecimiento institucional de la Contaduría General de la República, ayudaran a mejorar la calidad del proceso de toma decisiones en la Secretaría.

Estas acciones serán acompañados por la definición del marco normativo y la organización de la red de auditorías internas de la administración, a partir del diseño de un modelo de unidad de auditoría y su instrumentación en la SEFIN como piloto, junto con otras secretarías a determinar.

Mediante la creación de la oficina de Recursos Humanos y la Unidad de Capacitación se proveerá de una carrera administrativa ligada a la capacitación de los funcionarios que, se constituirá en el reaseguro de continuidad en el esfuerzo de reforma iniciado en la primera etapa.

Simultáneamente, se comenzará la reestructuración y el fortalecimiento técnico e institucional de las áreas de la SEFIN conjuntamente con la revisión de los procedimientos administrativos que gestiona el área, teniendo como premisa alcanzar un nivel de simplificación y eficacia mayor en el manejo de las actuaciones.

Sobre la base de los resultados alcanzados en los primeros años, se proyecta en la segunda etapa alcanzar, la optimización y generalización del proceso formulación y evaluación presupuestaria sobre la base de indicadores de gestión y la versión plurianual del presupuesto ajustada considerando los cambios metodológicos previstos en el programa.

En esta etapa, se enfrentará el desarrollo y la puesta en marcha de un sistema inteligente de trámites que permita la despapelización interna de la Secretaría, acompañado el proceso de simplificación de los trámites administrativos.
Finalmente, se estima afirmar la capacidad instalada en los órganos rectores y en las unidades de auditoría interna, para administrar sus responsabilidades y darle sustentabilidad al programa, mediante la planificación y ejecución de programas de capacitación y de tareas específicas.

V Modalidad de ejecución

El programa deberá diseñarse sobre la base de la asistencia técnica de consultores individuales y/o empresas, especializados en administración en general y administración financiera en particular, que deberán integrarse al Comité de Dirección Técnica de la contraparte con el objeto de llevar adelante sus actividades.

La misión de las consultorías deberá tener como objetivo lograr la transferencia efectiva del conocimiento específico que viene a ofrecer, para lo cual desarrollará su plan de actividades soportado en alleres y test de evaluación, acordes con la asistencia brindada.

Se promueve la contratación de jóvenes profesionales y reasignación de funciones a funcionarios nacionales, para integrar el equipo del proyecto con el objeto de evaluar su incorporación a planta al cierre del programa en un caso, y la participación directa de los órganos rectores en el proceso de reforma en el otro.

Las modalidades sugeridas, se estima, viabilizarán la sustentabilidad y consolidación de los resultados que se alcancen.

La diversidad de manuales y de actividades de formación específicas que demanda el programa, requiere ser adecuadamente coordinado para lograr integridad y coherencia en su alcance y contenidos.

También, se requerirá de una coordinación administrativa ágil y dinámica para dar soporte logístico a las actividades del programa y superar las dificultades que puedan aparecer sobre la marcha.

Del mismo modo, como se indicara precedentemente, se contará con el monitoreo externo y periódico del programa para advertir tempranamente desvíos o dificultades en el cumplimiento de las metas y sugerir medidas para reconducir recursos u actividades con el objeto de superarlos.
VII Principales riesgos

El programa cubre un universo amplio de agentes, organizaciones y actividades por lo que el principal riesgo lo constituye no lograr una adecuada coordinación y seguimiento del mismo. Al respecto se refuerza la idea sugerida precedentemente respecto de la constitución de un comité directivo de seguimiento con pautas de funcionamiento explícitas y tareas documentadas que integrará al coordinador ejecutivo del programa.

En el mismo sentido, se inscribe la debilidad institucional que presenta la Secretaría de Finanzas y justifica parcialmente este programa, por lo cual deberá proporcionarse apoyo explícito de las autoridades de la Secretaría para afianzar el logro de los resultados monitoreando el programa y constituyéndose en facilitadores estratégicos del mismo.

Adicionalmente, deberá buscarse una amplia base de compromiso y participación en las distintas áreas involucradas y la identificación de socios estratégicos en cada unidad, para liderar los procesos de cambio.

Otro riesgo potencial que se advierte está vinculado a la excesiva rotación del personal que trabaja en las áreas objeto de atención, por que, de no lograrse su estabilidad a lo largo del tiempo puede diluirse rápidamente el esfuerzo realizado y exigir un proceso continuo de adaptación por parte de la institución.

En tal sentido, se considera relevante crear un ambiente propicio al respecto identificando facilidades a proporcionar para aquel personal que cumple con los objetivos del programa ya sean profesionales o monetarias. Una alternativa al respecto es permitir la asignación de roles ejecutivos para el desarrollo de las actividades propuestas.

Una condición de éxito para este plan es que el Gobierno se plantee la creación (o fortalecimiento, en el caso de la UNAT) de una instancia que defina las estrategias, políticas, prioridades, objetivos y metas sectoriales consistentes con un programa de estabilidad macroeconómica.

Ello, contribuiría a solucionar uno de los problemas que sufre el sistema presupuestario cual es, la fragmentación del proceso de definiciones políticas en el cual debería apoyarse.

Igualmente, se debe prever el diseño e instrumentación de mecanismos formales y sistemáticos de coordinación de la ayuda externa, vinculados al proceso de planificación y presupuestación.
### ACTION PLAN OF THE GOVERNMENT OF HONDURAS

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<td>PROGRAMACION ADMINISTRACION Y EVALUACION PRESUPUESTARIA</td>
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<td>Crear capacidad técnica en las instituciones para formular el presupuesto orientado a gestión por resultados.</td>
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<td>PROGRAMACION ADMINISTRACION Y EVALUACION PRESUPUESTARIA 1.2</td>
<td>Descentralización del presupuesto.</td>
<td>Asistencia para formular el presupuesto a nivel de unidades ejecutoras.</td>
<td>Asistencia para definir el seguimiento de la ejecución del presupuesto en Unidades Desconcentradas y resto de unidades ejecutoras.</td>
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<td>Insuficiente decentralización del presupuesto e imposibilidad de seguimiento de la ejecución.</td>
<td>Porcentaje de programas distribuidos por Unidades Ejecutoras y con ejecución descentralizada.</td>
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<td>Compatibilización del proceso de Programación de la Ejecución con la Caja.</td>
<td>Asistencia para compatibilizar la Programación de la Ejecución con la Caja.</td>
<td>Asistencia para compatibilizar la Programación de la Ejecución financiera con la programación física.</td>
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<td>Debilidad del vínculo entre la Programación de la Ejecución y la Programación Financiera de Caja</td>
<td>Proceso de la Programación de la Ejecución Presupuestaria optimizado</td>
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<td>1.4</td>
<td>Consolidar la Organización del Sistema de Presupuesto.</td>
<td>Asistencia para unificar las áreas que trabajan en presupuesto en una sola unidad.</td>
<td>Formación y capacitación de la unidad de análisis y evaluación del presupuesto.</td>
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<td>Redundancias de operación entre la DGP y la DGID limitaciones en el alcance las funciones efectivas de la DGP</td>
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<td>TESORERÍA</td>
<td>Incrementar la capacidad de Programación y gestión del flujo de fondos del Sector Público por parte de la Tesorería.</td>
<td>Asistencia para elaborar la programación financiera de todos los recursos del Tesoro.</td>
<td>Asistencia para elaborar la programación financiera de todos los recursos del Tesoro.</td>
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<td>La TGR no programa ni gestiona los desembolsos y el pago de los servicios de la deuda externa.</td>
<td>Tesorería capacitada para elaborar la programación financiera integral del Tesoro.</td>
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<td>Asistencia para el manejo de la atención de los servicios de la deuda por parte de la TGR.</td>
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<td>Servicio de la deuda externa gestionados por el BCH</td>
<td>TGR capacitada para la gestión de los pagos del servicio de la deuda.</td>
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<td>Desarrollar capacidad en la TGR para captación y aplicación de fondos en el Corte plazo.</td>
<td>Diseño de políticas de administración de activos y pasivos de corto plazo.</td>
<td>Capacitación para captación y aplicación de fondos del tesoro en coordinación con BCH y DGCP.</td>
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<td>Ausencia de marco procedimental adecuado para la la administración de excedentes y faltantes de caja</td>
<td>TGR en condiciones de administrar activos y pasivos de corto plazo.</td>
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<td>TESORERIA</td>
<td>2.3</td>
<td>Lograr el Gerenciamiento pleno de los recursos del Sector Público por parte de la Tesorería.</td>
<td>Diseño de una estrategia con los bancos para la instrumentación generalizada de transferencias bancarias</td>
<td>Elaboración y aprobación de Normas para la gestión de pagos por transferencia bancaria</td>
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<td>Incipiente aplicación de pagos por nomina a través de acreditaciones en cuenta bancaria.</td>
<td>Pagos de la TGR cancelados por transferencia electrónica bancaria.</td>
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<td>Diseño de los módulos de recursos, de programación de cuotas y pagos de cuenta única.</td>
<td>Desarrollo e implementación de los módulos de recursos, de programación de cuotas y de pagos de la cuenta única del tesoro.</td>
<td>Asistencia para optimización en el funcionamiento de la CUT.</td>
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<td>Dispersión de fondos públicos y modelo tradicional de gestión de fondos.</td>
<td>Diseño funcional de la Cuenta Única del Tesoro elaborado.</td>
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<td>Lograr el Gerenciamiento pleno de los recursos del Sector Público por parte de la Tesorería</td>
<td>Elaboración y aprobación de normas para la implantación de la cuenta única del tesoro en la administración</td>
<td>Capacitación en Normas y procedimientos de la CUT a las instituciones de la Administración.</td>
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<td>Ausencia del marco normativo requerido para la implantación de la CUT</td>
<td>Normas para la implantación y funcionamiento de la cuenta única del tesoro elaboradas y divulgadas.</td>
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<td>Elaboración y aprobación del régimen de autorización de apertura y cierre de cuentas bancarias del estado.</td>
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<td>Proliferación de cuentas bancarias oficiales.</td>
<td>Racionalización del número de cuentas bancarias oficiales.</td>
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<td>Reorganización integral de la Tesorería.</td>
<td>Asistencia para coordinar asunción de nuevas funciones y revisión de procedimientos internos.</td>
<td>Reestructuración de las unidades de la dependencia para enfrentar nuevas funciones.</td>
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<td>Estructura de la TGR inadecuada para el cumplimiento de sus nuevas funciones.</td>
<td>Tesorería reorganizada integralmente y en condiciones de cumplir con su misión.</td>
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<td>CONTABILIDAD</td>
<td>3.1</td>
<td>Fortalecer los mecanismos de rendición de cuentas, y obtener estados financieros y patrimoniales confiables.</td>
<td>Asistencia para fortalecer la capacidad de análisis, registro y ajuste de los estados financieros y contables de la Administración.</td>
<td>Asistencia para fortalecer la capacidad de análisis, registro y ajuste de los estados financieros y contables de la Administración.</td>
<td>Existencia de operaciones financieras sin registro oportuno en la contabilidad que impiden un análisis integral de los estados contables.</td>
<td>Estados financieros y contables de la Administración fidedignos e integrales</td>
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<td>3.2</td>
<td>Diseño de un sistema de gestión y administración financiera y contable para Unidades Ejecutoras de Prestamos</td>
<td>Implementación de un sistema de gestión y administración financiera y contable para las UEPEX en 10 unidades pilotos.</td>
<td>Implementación de un sistema de gestión y administración financiera y contable para las UEPEX en resto de unidades.</td>
<td>Debilidad en el seguimiento de operaciones con financiamiento externo.</td>
<td>Sistema de gestión y administración financiera y contable de Unidades Ejecutoras de Prestamos externos implementado</td>
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<td>Rediseño de consultas gerenciales sobre ejecución física y financiera del presupuesto para los niveles directivos.</td>
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Honduras Country Financial Accountability Assessment
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<td>CONTABILIDAD 3.3</td>
<td>Fortalecimiento de la CGR para asumir plenamente, su rol de coordinador funcional de los procesos de administración financiera gubernamental.</td>
<td>Diseño de vínculo funcional, entre los sistemas de información de recursos de la DELBCH y SIAFI, para el registro de los recursos devengados y percibidos.</td>
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<td>Falta de integración de los sistemas de información vinculados a la captación de recursos que conlleva a registración tardía de los mismos.</td>
<td>Vínculo funcional de los sistemas de recursos de la DEI, BCH, y SIAFI diseñados.</td>
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<td>Diseño de la tabla de proveedores y beneficiarios del Estado, conjuntamente con TGR y CPME.</td>
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<td>Inexistencia de tabla de beneficiarios que posibilita pago por transferencia electrónica a los beneficiarios del estado.</td>
<td>Tabla de Beneficiarios del Estado diseñada</td>
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<td>Diseño de metodología que compatibilice sistema contable, con gestión de recursos reales de compras y recursos humanos con el sistema contable.</td>
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<td>Implementación y seguimiento de metodología que compatibilice sistema contable, con gestión de recursos reales de compras y recursos humanos con el sistema contable.</td>
<td>Sistemas de Administración de recursos reales sin nexo lógico con el Sistema de Administración financiera.</td>
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<td>CONTABILIDAD</td>
<td>3.4</td>
<td>Reestructuración de la CGR y revisión de procedimientos internos</td>
<td>Reorganización de la CGR para asumir plenamente, su rol de coordinador funcional de los procesos de administración financiera gubernamental.</td>
<td>Reestructuración y revisión de procedimientos de la CGR para cumplir con su misión.</td>
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<td>Estructura y procedimientos de la Contaduría adecuadamente relacionados con las misiones de ley.</td>
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<td>CONTROL INTERNO</td>
<td>Proveer el marco normativo que regirá el control interno.</td>
<td>Elaboración del marco normativo que regirá el funcionamiento de las auditorías internas.</td>
<td>Elaboración de Manuales de procedimientos de la Auditoría Interna que contemplan, planificación, desarrollo y exposición de resultados de auditorías financieras, legales y de gestión.</td>
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<td>Absencia del marco normativo y procedimental para el funcionamiento de las auditorías internas.</td>
<td>Marco normativo y Manuales que regirán el funcionamiento de las auditorías internas aprobado.</td>
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<td>Diseño de la Oficina Modelo de Control Interno.</td>
<td>Asistencia para el diseño organizacional de la oficina modelo de auditoría interna.</td>
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<td>Inexistencia de estructura organizacional modelo para el funcionamiento de las auditorías internas.</td>
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<td>Plan de transición para eliminar preintervención de la DGP</td>
<td>Diseño e instrumentación de un plan de transición para transferir gradualmente, las actividades de preintervención que realiza la DGP a las oficinas de auditoría interna.</td>
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<td>La DGP realiza tareas de control previo en las secretarías o dependencias de la administración.</td>
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<td>CONTROL INTERNO</td>
<td>Instrumentar la red de unidades de auditorias internas.</td>
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<td>Asistencia técnica para facilitar la constitución y puesta en marcha de la Auditoria Interna de la SEFIN.</td>
<td>Asistencia para realizar auditorias de gestion, legales y financieras en 5 Secretarias pilotos.</td>
<td>Capacitación al resto de las Unidades de Auditoría.</td>
<td>Falta de un adecuado sistema de control interno.</td>
<td>Unidad de Auditoria interna de la SEFIN y red de auditorias internas en funcionamiento</td>
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<td>Planificación y Análisis Económico y Fiscal</td>
<td>Proveer capacidad institucional para el diseño de la política fiscal y la definición de programas y proyectos y establecer las bases para disponer un régimen de información de indicadores económicos relevantes para la determinación de la Política Fiscal.</td>
<td>Elaborar programas de transición para fortalecer UPEG de la SEFIN y derivar tareas no específicas del área. Capacitación UPEG en diseño de programas y proyectos alineados al cumplimiento de Políticas Públicas en concordancia con 1.1.2.</td>
<td>Capacitación UPEG en Evaluación presupuestaria orientada a resultados en concordancia con 1.15.</td>
<td>UPEG de la SEFIN sobrecargada de funciones.</td>
<td>UPEG reestructurada y en condiciones para desempeñar integralmente sus funciones de Planificación de la SEFIN.</td>
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<td>Diseñar y poner en marcha la Dirección de Análisis y Programación Macroeconómica de la Secretaría.</td>
<td>Capacitación en diseño de escenarios fiscales a partir de suponer hipótesis de comportimiento para las variables económicas relevantes.</td>
<td>Diseño del contenido del repositorio de datos necesarios para la elaboración de escenarios fiscales.</td>
<td>Ausencia de un área dedicada específicamente al diseño y actualización de indicadores macroeconómicos.</td>
<td>Dirección de Análisis y Programación Macroeconómica en funcionamiento.</td>
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<td>Dificultades para realizar el seguimiento por debajo de la línea del déficit del sector público por parte del BCH.</td>
<td>Banco Central de Honduras en condiciones de elaborar estadísticas sobre medición del déficit a partir de la evolución de los flujos monetarios del gobierno.</td>
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<td>Inversión Pública</td>
<td>6.1</td>
<td>Un sistema de gestión de inversiones públicas, entendido como un conjunto de cualidades facilitadoras, orientaciones metodológicas y herramientas necesarias para la medición y seguimiento del plan de inversiones.</td>
<td>Multiplicidad de sistemas para el seguimiento de inversiones sin articulación o coordinación efectiva.</td>
<td>Ambientar las metodologías de gestión y evaluación de proyectos de inversión pública con los sistemas operativos y controlarlos.</td>
<td>Establecer plantas, metodologías, guías y orientaciones para la identificación y evaluación de las inversiones publicas con base en la estrategia del país y su relación con el científico y cultural de las inversiones.</td>
<td>Revisar la coordinación interinstitucional entre la programación de inversiones públicas y la correspondencia presupuestal y participar en la mejor alternativa.</td>
<td>Revisar la coordinación interinstitucional entre la programación de inversiones públicas y la correspondencia presupuestal y participar en la mejor alternativa.</td>
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<td>SIMPLIFICACIÓN ADMINISTRATIVA</td>
<td>Simplificación y rediseño de procedimientos administrativos</td>
<td>Definir la simplificación y rediseño de los procedimientos administrativos en toda la SEFIN.</td>
<td>Elaboración y rediseño de manuales de procedimientos administrativos generales de la SEFIN.</td>
<td>Instrumentar y capacitar en el nuevo modelo de procedimientos administrativos.</td>
<td>Redundancia de intervenciones por inadecuado funcionamiento de los procesos funcionales de las respectivas áreas.</td>
<td>Simplificación y rediseño de los procedimientos administrativos.</td>
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<td>Análisis y diseño de la ventanilla única de trámites.</td>
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<td>Multiplicidad de mesas de ingreso de trámites en SEFIN que dificultan su seguimiento y resolución.</td>
<td>Ventanilla única de trámites instrumentada.</td>
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<td>Desarrollo del sistema de seguimiento de expedientes.</td>
<td>Implementación del sistema de seguimiento de expedientes.</td>
<td>Sistema burocrático y tradicional de manejo de expediente.</td>
<td>Sistema de expediente implementado</td>
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<td>Planificación de tecnologías informáticas de la SEFIN.</td>
<td>Elaboración de un plan estratégico de automatización y racionalización de la tecnología de la SEFIN.</td>
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<td>RECURSOS HUMANOS Y CAPACITACION</td>
<td>Lograr sustentabilidad de las reformas instrumentadas.</td>
<td>Fortalecimiento de la unidad de Recursos Humanos de la SEFIN, que deberá proyectar la carrera administrativa de los agentes de la Secretaría.</td>
<td>Elaboración de manuales de organización y normas que regulen la carrera administrativa de la Secretaría.</td>
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<td>Insuficiente capacidad instalada para administración de Recursos Humanos.</td>
<td>Unidad de Recursos Humanos de la SEFIN fortalecida por el cumplimiento de su misión.</td>
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<td>Diseño de los perfiles de puestos de trabajo requeridos por el nuevo modelo de gestión. Resto del Personal.</td>
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<td>Descripción de puestos de trabajo de la SEFIN completado.</td>
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<td>Determinación del sistema de selección y evaluación del personal. Nuevo diseño y elaboración de manuales.</td>
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<td>Sistema de selección y evaluación del personal implementado.</td>
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<td>Capacitación en liderazgo, gerenciamiento y Planificación estratégica para la alta dirección de la SEFIN</td>
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ANNEX 1 - LISTA DE PERSONAS ENTREVISTADAS

**Secretaría de Finanzas (SEFIN)**
William Chong, Viceministro de Finanzas y Presupuesto
Ralph Oberholzer, Viceministro de Crédito e Inversión Publica

**Dirección General de Presupuesto**
Carlos Borjas Castejón, Director General de Presupuesto, SEFIN
Delia Maria Ordones T., Jefa Departamento Análisis de Egresos
Jose Luis Ortega, Departamento de Control Preventivo
Lorena Valladares, Departamento de Análisis de Ingresos

**Dirección de Inversiones Públicas**
María Luisa Pardo, Directora General de Inversiones Públicas SEFIN
Iris Suyapa Amador, Subdirectora
Sonia de Medina, Coordinadora Unidad Banco Integrado de Proyectos
Lourdes Lorena Mendoza, Analista Informática Banco Integrado de Proyectos

**Dirección General de Crédito Público**
Marcos Carías, Director General
Gloria C. de Castro, Subdirectora
Rigoberto Flores, Gerente de Sistemas
Oscar Daniel Garay Banegas, Jefe Servicio de la Deuda Externa
Ivonne Jeanette Carias, Negociación de Deuda

**Contaduría General de la República**
Lourdes María Matamoros Lanza, Contador General de la República

**Tesorería General de la República**
Carmen Rubio Bustillo, Tesorera General de la República
Martín Portillo, Subtesorero General de la República

**Dirección General de Instituciones Descentralizadas**
Orfidia Isabel Pastora, Directora General

**Unidad de Modernización**
Neftali Melgar Ascencio, Director
José Elías Sánchez Iglesias, Gerente de Informática SIAFI

**Dirección Ejecutiva de Ingresos**
Mario A. Duarte, Director General

**Unidades Ejecutoras en SEFIN**
Victor Hugo Molina, Consultor BID
**Tribunal Superior de Cuentas**

Renán Sagastume, Presidente, Tribunal Superior de Cuentas

**Secretaría de Estado del Despacho Presidencial**

Unidad de Apoyo Técnico (UNAT)
Julio C. Raudales, Coordinador del Área de Análisis Global
Melvin Maldonado, Analista del Sector Social
Rosa Mariana Rios Munguía, Ingeniero en Sistemas SINEG

**Banco Central de Honduras**

**Presidencia**

Analía Napki, Vicepresidenta

**Gerencia**

Ariel Pavon García, Gerente
Ricardo F. Palma, Jefe del Departamento de Contaduría

**Gerencia de Estudios Económicos**

Liliana Castillo de Sierra, Subgerente
Olger Torres, Jefe del Departamento de Deuda Externa
Guadalupe Molina de Rivera, Jefe Sección de Organismos Internacionales
Mario Roberto Ochoa O., Economista Sección Deuda Externa
Gildreed Jacqueline Trochez, Economista Sección Deuda Externa

**Presidencia de la República**

**Secretaría Técnica de Cooperación Internacional**

Brenie Liliana Matute Alas, Ministra Secretaria General de SETCO
Silvia de Izaguirre, Directora de Políticas y Estrategias
Felipe Edgardo Oyuela Silva, Director de Informática

**Secretarias**

**Secretaría de Educación**

Nelson Javier Barahona, Director de Administración Financiera
Ana Berta Rodríguez, Directora Unidad de Planificación y Evaluación de la Gestión (UPEG)
Alba Cuita, Unidad de Seguimiento de UPEG

**Secretaría de Agricultura y Cría**

Rosalía Martínez, Directora de Administración Financiera
Jorge Flores Mondragón, UPEG
Secretaría de Salud
Antonio Aparicio, Gerencia Administrativa
Bill Rolando Gonzalo, Director UPEG
Vilma Mendoza, Departamento Financiero UPEG

Secretaría de Obras Públicas y Vivienda
Wilfredo Lobo, Director de Administración Financiera

Fondo Hondureño de Inversión Social
Martín Zuniga, Director Financiero FHIS

Centro de Capacitación y Comunicación para el Desarrollo (COMUNICA)
Dra. Janeth Blanco, Directora

Consejo Nacional Anticorrupción
Dr. Germán Espinal Zúñiga, Director Ejecutivo

Departamento de Desarrollo Internacional, Reino Unido
Carien Escoffier

Foro Social para la Deuda Externa de Honduras (FOSDEH)
Raf Flores Ponce, Política y Proyecto

Mesas Sectoriales
Miguel Manzi, Especialista Senior Modernización del Estado, BID

Mesa Sectorial Macroeconómica y Competitividad
Glenda Gallardo, Economista Señor, PNUD

Mesa Sectorial Gobernabilidad
Duty Greene, Oficina. de Estrategia y Apoyo a Programas USAID

Unidad Ejecutora del Programa para Compras y Contrataciones
Miguel Bonilla, Coordinador General
Oscar Díaz, Asesor Técnico Principal

Congreso Nacional

Comisión de Asuntos Administrativos
José Rosario Bonano, Diputado Director de la Comisión

Comisión de Ética y Transparencia
Dr. Salvador Pineda, Diputado del Depto. de Francisco Morazán y Director de la Comisión

Centro de Información y Estudios Legislativos
Juan Carlos Pérez Cadalso, Director
ANNEX 2 - CUESTIONARIO SOBRE PRESUPUESTO Y PLANIFICACION

A) PRESUPUESTO, PLANIFICACIÓN Y MEDICIÓN DE RESULTADOS

1. Esta bien definido el proceso presupuestario, con una secuencia de tapas claras y bien aceptada por todos los participantes? (por favor proporcione algún documento disponible o informe interno sobre la preparación del presupuesto, incluyendo el calendario)

2. Son las etapas de elaboración del presupuesto lo suficientemente amplias para realizar el trabajo de preparativo que se exige en cada una de ellas?

3. Proporciona la circular de presupuestos (normas de elaboración de presupuesto) información sobre:
   - prioridades del gobierno
   - proyecciones financieras a medio y largo plazo
   - techos de gasto
   - instrucciones claras para el proceso de preparación y fichas para la presentación de solicitudes de gasto, incluyendo la ayuda externa

4. Se dispone de un plan o estrategia de gobierno ampliamente aceptada y utilizada como referencia para preparación de presupuesto? a) a nivel global de gobierno b) a nivel sectorial

5. Existen proyecciones financieras a medio y largo plazo basadas en un ejercicio global de programación sectorial? (planes operativos etc...)

6. Cuales son los principales departamentos responsables de la preparación del presupuesto? Están sus roles claramente definidos y/o compartidos en cuanto al análisis y valoración de los nuevos planes de gobierno, de las nuevas políticas o programas (incluidos los financiados con ayuda externa) y la preparación de las asignaciones presupuestarias para su inclusión en el proyecto de presupuestos?

7. Tienen estos departamentos (sistemas de información, personal preparado, etc...) para el análisis económico y financiero de las políticas públicas? qué criterio se utiliza para asignar recursos?

8. Está definido con claridad el rol del personal de gestión financiera en los ministerios sectoriales, en lo relativo al análisis y valoración de las estimaciones de gasto presentadas por las agencias subordinadas?

9. Tienen los ministerios sectoriales capacidad para planificar y presupuestar (recursos, sistemas de información, personal)? se llevan a cabo análisis económicos y evaluación de programas?
10. Existen normas establecidas o prácticas usuales y continuadas para guiar la consulta con los ministerios sectoriales durante la preparación del presupuesto?

11. Existen normas establecidas o prácticas usuales y continuadas para guiar la consulta de los ministerios sectoriales con sus agencias subordinadas o instituciones descentralizadas?

12. Existen canales y foros eficaces para negociar bilateralmente los desacuerdos que surgen en el proceso presupuestario con otros ministerios?

13. Existen unidades y procesos de arbitraje claros y aceptados (Presidencia, Consejo de Ministros, u otra instituciones de alto nivel) para resolver los desacuerdos entre la autoridad presupuestaria y los departamentos sectoriales?

14. Se exige que las solicitudes de crédito presupuestario distingan los fondos para políticas existentes de los fondos para nuevas propuestas, incluida la ayuda externa?

15. Se exige que las solicitudes de crédito presupuestario presenten de manera conjunta los gastos de capital y corriente?

16. Se exige que las solicitudes de crédito presupuestario diferencien con claridad los proyectos cofinanciados con ayuda exterior?

17. Se recoge información sobre la eficiencia y eficacia en la gestión?. Se tiene en cuenta esta información durante el proceso presupuestario? Que criterio se aplica para la asignación de recursos? (incrementalista, fórmula matemática, negociación ad-hoc, recortes proporcionales, otros)?

18. Existe un entorno de apoyo general para el uso de medidas de resultados y la mejora de los mismos en la gestión pública?

19. Tienen los gestores, con responsabilidades financieras relevantes en los ministerios sectoriales, unos objetivos de gestión claros y operativos?

20. Se disponen de sistemas de información e instrumentos para el seguimiento de resultados (contabilidad de costes, indicadores etc.)?

21. Hay suficiente capacidad (recursos, tiempo, personal etc.) para evaluar resultados?

22. Tienen los directivos con autoridad presupuestaria en los ministerios sectoriales suficiente discrecionalidad (libertad para asignar recursos dentro de un techo de gastos) y se perciben así mismo como responsables para conseguir una mayor productividad en la gestión de gasto corriente?

23. Existe alguna relación entre los recursos que reciben los gestores para gastos corrientes y los resultados reales o previstos?
24. Se realizan acuerdos entre la autoridad presupuestaria y los ministerios para establecer esta relación entre costes y resultados?

25. Hay algún acuerdo entre los ministerios y las agencias subordinadas para establecer esta relación entre costes y resultados a nivel descentralizado?

26. Se tienen en cuenta estos acuerdos y los resultados de su valoración en el proceso presupuestario?

27. Se publican los resultados de manera regular o anual?

28. Cuáles son en su opinión los principales puntos fuertes y débiles del actual sistema presupuestario?

B) Capacidad para el desarrollo de la gestión presupuestaria

1. Existe una estrategia escrita con iniciativas de mejora del sistema de gestión presupuestaria?

2. Tiene esta estrategia el apoyo político suficiente?

3. Hay algún departamento o unidad en el gobierno o en la autoridad presupuestaria con responsabilidad específica para reformar el sistema presupuestario? ¿Tiene esta unidad suficiente apoyo político?

4. Tiene esta unidad suficientes recursos y personal dedicado a tiempo completo para el diseño y seguimiento de la reforma?

5. Incluye el plan de reforma un calendario y etapas (benchmarkts) para completar la reforma?

6. Consulta la unidad de reforma y colabora estrechamente con los profesionales de otros departamentos de la autoridad presupuestaria? y con las unidades de gestión presupuestaria de otros ministerios sectoriales?

7. Existe algún plan de formación y orientación sobre la gestión presupuestaria para el personal de la autoridad de presupuestos y para los ministerios sectoriales en fase de reforma?

8. Están adecuadamente diseñados los programas de formación con una proyección y alcance suficiente como para completar el proceso de reforma?

9. Tiene la unidad de reforma acceso a la asistencia técnica de los donantes?
ANNEX 3 - TOR DEL CONSULTOR INTERNACIONAL:

EXPERTO REFORMA DE LAS FINANZAS PÚBLICAS

Objetivo de la Consultoría:
1. El propósito de la consultoría es el de elaborar los elementos detallados en lo referente a pasos necesarios para la reorganización de SEFIN y reingeniería de los procesos administrativos y financieros de la institución. Con esta consultoría se procura lograr la definición, el dimensionamiento y el esquema institucional de ejecución de las actividades necesarias para completar el perfeccionamiento del sistema de administración financiera integrada en base a la visión y misión de la Secretaría de Finanzas y a un diagnóstico detallado de las necesidades del largo plazo.

Desarrollo de tareas y alcance de la Consultoría:
2. El consultor realizará un análisis del tema del componente señalado anteriormente, incluyendo diagnóstico de la problemática actual- aspectos organizacionales, normativos, de recursos humanos, tecnológicos y capacitación.

3. La consultoría será ejecutada partiendo de la revisión y análisis de la documentación, estudios, propuestas y toda clase de insumos con que cuenta la Secretaría de Finanzas y otras autoridades del país.

Productos e Informes
4. Sobre la base de lo establecido en el párrafo anterior, el consultor preparará un informe que deberá contener una descripción detallada de lo siguiente:
   - Un breve resumen de la naturaleza de la situación y de cada problema que actualmente dificulta la administración eficaz de cada etapa o actividad de administración financiera,
   - Objetivo de cada agrupación de actividades y de cada actividad propuesta.
   - Logros o metas de progreso de la ejecución de cada actividad.
   - Situación actual con respecto a cada actividad.
   - Términos de referencia para asistencia técnica / consultaría necesitada
   - Cronograma de ejecución.
   - Indicadores para medir cualitativa y/o cuantitativamente el logro de cada actividad.
   - Indicadores para medir cualitativa y/o cuantitativamente el impacto global
   - Modalidad de ejecución de cada actividad
   - Modalidad de supervisión y control de la ejecución.

5. Para cada actividad propuesta, el informe detallará lo siguiente, con la correspondiente estimación de costos:
   - Meses de consultores individuales, locales e internacionales. En caso de sugerir el uso de firmas consultoras, presentar una justificación de las ventajas de ese método. En anexo, señalar los requisitos y términos de referencia para los consultores.
• Requerimientos de equipos, programas de apoyo lógico (software) y de desarrollo de sistemas.
• Requerimientos de capacitación del personal (cursos, personal, suministros, servicios, viajes, etc.).
• Personal y otros recursos incrementales requeridos por el ejecutor.
• Costo total y cronograma de gastos para cada actividad.

6. Adicionalmente, el informe detallará: Medidas legales o institucionales necesarias para la implantación de las actividades propuestas.
• Mecanismos institucionales y organizativos requeridos para la ejecución, supervisión, coordinación y control de las tareas propuestas y para su continuidad y actualización permanente. Cronograma de implantación.
• Identificación de los factores de riesgo de fracaso de la ejecución del programa para el componente y medidas requeridas para minimizarlos.
• Identificación de los beneficios y beneficiarios del componente.

Requisitos del Consultor:
7. El Consultor deberá acreditar una experiencia mínima de diez años en la gestión, diseño o implantación de proyectos de reorganización y reingeniería en instituciones del Estado y en particular en el ámbito de las finanzas públicas y al menos cinco años de participación en procesos de modernización de Sistemas de Administración Financiera. Debe tener conocimientos aceptables de los procesos de planificación y desarrollo de las finanzas públicas.

8. El Consultor deberá tener formación académica de maestría o superior en los temas objeto de la consultoría, con conocimientos demostrados de informática y de comunicaciones.


Plazo de ejecución:
10. La consultoría será por un plazo de 30 días laborales ejecutados dentro de cinco meses calendarios, un mínimo de 25 en Honduras, (divididas en dos visitas) y 5 en el país de origen del consultor.
ANNEX 4 - TOR DEL CONSULTOR INTERNACIONAL:

EXPERTO EN GESTIÓN PÚBLICA POR RESULTADOS Y SISTEMAS DE INVERSIÓN PÚBLICA

Objetivo de la Consultoría:

1. El propósito de la consultoría es el de elaborar los elementos de fortalecimiento de la capacidad de planificar y evaluar la ejecución y el impacto del gasto público. Se desarrollarán las normas reglamentarias en materia de planificación, evaluación y control de la ejecución física y financiera de presupuesto y se preparará un modelo conceptual del sistema de evaluación, incluyendo un análisis de su impacto, en el sistema SIAFI. Asimismo, se prevé el fortalecimiento de la capacidad de planificación y evaluación del gasto en las Unidades de Planificación y Evaluación de la Gestión (UPEG) de los Ministerios que ejecutan el Programa de Desarrollo del Gobierno.

Desarrollo de tareas y alcance de la Consultoría:

2. El consultor realizará un análisis, basado en el diagnóstico recientemente hecho por el Banco Mundial y el BID para el Análisis de la Administración Financiera (CFAA), del tema, incluyendo: (i) un diagnóstico del sistema actual de la gestión pública en Honduras; (ii) la identificación de las necesidades de capacitación en metodología, conceptos, uso y operación del sistema; (iii) los requerimientos de consultores expertos para el desarrollo del sistema gerencial; (iv) determinación de los requerimientos de equipamiento y software para el sistema de información requerido, y (v) identificación de las exigencias de fortalecimiento institucional y apoyo general, tanto en SEFIN como en los Ministerios ejecutores.

3. La consultoría será ejecutada partiendo de la revisión y análisis de la documentación, estudios, propuestas y toda clase de insumos con que cuenta la Secretaría de Finanzas y otras autoridades del país.

Productos e Informes

4. Con esta consultoría se procura lograr la definición, el dimensionamiento y el esquema institucional de ejecución de las actividades necesarias para completar el perfeccionamiento del sistema de administración financiera integrada en base de la visión y misión de la Secretaría de Finanzas y un diagnóstico detallado de las necesidades a largo plazo.

5. Sobre la base de lo establecido en el párrafo anterior, el consultor preparará un informe que deberá contener una descripción detallada de lo siguiente:

   - Objetivo de cada agrupación de actividades y de cada actividad propuesta.
   - Logros o metas de progreso de la ejecución de cada actividad.
   - Situación actual con respecto a cada actividad.
   - Términos de referencia para asistencia técnica / consultoría necesitada.
   - Cronograma de ejecución.
• Indicadores para medir cualitativa y/o cuantitativamente el logro de cada actividad.
• Indicadores para medir cualitativa y/o cuantitativamente el impacto global
• Modalidad de ejecución de cada actividad
• Modalidad de supervisión y control de la ejecución.

6. Para cada actividad propuesta, el informe detallará lo siguiente, con la correspondiente estimación de costos:
• Meses de consultores individuales, locales e internacionales. En caso de sugerir el uso de firmas consultoras, presentar una justificación de las ventajas de ese método. En anexo, señalar los requisitos y términos de referencia para los consultores.
• Requerimientos de equipos, programas de apoyo lógico (software) y de desarrollo de sistemas.
• Requerimientos de capacitación del personal (cursos, personal, suministros, servicios, viajes, etc.).
• Personal y otros recursos incrementales requeridos por el ejecutor.
• Costo total y cronograma de gastos para cada actividad.

7. Adicionalmente, el informe detallará:
• Medidas legales o institucionales necesarias para la implantación de las actividades propuestas.
• Mecanismos institucionales y organizativos requeridos para la ejecución, supervisión, coordinación y control de las tareas propuestas y para su continuidad y actualización permanente. Cronograma de implantación.
• Identificación de los factores de riesgo de fracaso de la ejecución del programa para el componente y medidas requeridas para minimizarlos.
• Identificación de los beneficios y beneficiarios del componente.

**Requisitos del Consultor:**

8. El Consultor deberá acreditar una experiencia mínima de diez años en la gestión, diseño o implantación de proyectos de inversión pública y al menos cinco años de participación en procesos de establecimiento de Sistemas de Gestión por Resultados y la modernización de Sistemas de Gestión de Inversión Pública. Debe tener conocimientos aceptables de los procesos de planificación y desarrollo de la Inversión Pública.

9. El Consultor deberá tener formación académica de maestría o superior en los temas objeto de la consultoría, con conocimientos demostrados de informática y de comunicaciones. El Consultor deberá tener perfecto dominio del idioma español, hablado y escrito.

**Plazo de ejecución:**

10. La consultoría será por un plazo de 35 días laborales ejecutados dentro de cinco meses calendarios, un mínimo de 25 en Honduras y 10 en el país de origen del consultor.
 ANNEX 5 – TOR DEL CONSULTOR INTERNACIONAL:

EXPERTO EN CRÉDITO PÚBLICO Y MANEJO DE DEUDA

Objetivo de la Consultoría:

1. El propósito de la consultoría es el de elaborar los elementos de fortalecimiento de la capacidad de planificar, manejar, desembolsar (en acuerdo con los planes sectoriales y el presupuesto nacional), administrar y evaluar la ejecución y el impacto de la deuda pública y los recursos externos. Se revisarán, evaluarán y desarrollarán las normas reglamentarias relacionadas a deuda y se preparará un modelo institucional, conceptual del sistema de planificación, manejo, administración y evaluación del impacto, de la deuda público y recursos externos.

Desarrollo de tareas y alcance de la Consultoría:

2. El consultor: (i) realizará un análisis del tema, basado en el diagnóstico recientemente hecho por el Banco Mundial y el BID para el Análisis de la Administración Financiera (CFAA), del sistema actual de la gestión de deuda pública en Honduras, incluyendo todos los enlaces con entidades que manejen los recursos que provienen de deuda y de fuera del país; (ii) apoyará la simplificación del proceso de registro y pago de la deuda; (iii) diseñará y adoptará una metodología para el control de calidad de los datos que ingresan al Sistema y de los informes acerca del manejo del crédito público la identificación de las necesidades de capacitación en metodología, conceptos, uso y operación del sistema; (iv) determinará los requerimientos de consultores expertos para el desarrollo del sistema gerencial; (v) identificará los requerimientos de equipamiento y software para el sistema de información requerido, y (vi) identificará las exigencias de fortalecimiento institucional y apoyo general, tanto en SEFIN como en las otras entidades que manejan la deuda y los recursos externos.

3. La consultoría será ejecutada partiendo de la revisión y análisis de la documentación, estudios, propuestas y toda clase de insumos con que cuenta la Secretaría de Finanzas y otras autoridades del país.

Productos e Informes

4. Con esta consultoría se procura lograr la definición, el dimensionamiento y el esquema institucional de ejecución de las actividades necesarias para completar el perfeccionamiento del sistema de administración financiera integrada en base de la visión y misión de la Secretaría de Finanzas y un diagnóstico detallado de las necesidades del largo plazo.

5. Sobre la base de lo establecido en el párrafo anterior, el consultor preparará un informe que deberá contener una descripción detallada de lo siguiente:
   - Objetivo de cada agrupación de actividades y de cada actividad propuesta.
   - Logros o metas de progreso de la ejecución de cada actividad.
   - Situación actual con respecto a cada actividad.
   - Términos de referencia para asistencia técnica / consultoría necesitada.
• Cronograma de ejecución.
• Indicadores para medir cualitativa y/o cuantitativamente el logro de cada actividad.
• Indicadores para medir cualitativa y/o cuantitativamente el impacto global
• Modalidad de ejecución de cada actividad
• Modalidad de supervisión y control de la ejecución.

6. Para cada actividad propuesta, el informe detallará lo siguiente, con la correspondiente estimación de costos:
• Meses de consultores individuales, locales e internacionales. En caso de sugerir el uso de firmas consultoras, presentar una justificación de las ventajas de ese método. En anexo, señalar los requisitos y términos de referencia para los consultores.
• Requerimientos de equipos, programas de apoyo lógico (software) y de desarrollo de sistemas.
• Requerimientos de capacitación del personal (cursos, personal, suministros, servicios, viajes, etc.).
• Personal y otros recursos incrementales requeridos por el ejecutor.
• Costo total y cronograma de gastos para cada actividad.

7. Adicionalmente, el informe detallará:
• Medidas legales o institucionales necesarias para la implantación de las actividades propuestas.
• Mecanismos institucionales y organizativos requeridos para la ejecución, supervisión, coordinación y control de las tareas propuestas y para su continuidad y actualización permanente. Cronograma de implantación.
• Identificación de los factores de riesgo de fracaso de la ejecución del programa para el componente y medidas requeridas para minimizarlos.

Requisitos del Consultor:

8. El Consultor deberá acreditar una experiencia mínima de diez años en la gestión, diseño o implantación de proyectos de manejo y administración de deuda pública y al menos cinco años de participación en procesos de establecimiento de tales sistemas de gestión de deuda pública. Debe tener conocimientos aceptables de los enlaces con los procesos de planificación y desarrollo de la Inversión Pública.

9. El Consultor deberá tener formación académica de maestría o superior en los temas objeto de la consultoría, con conocimientos demostrados de informática y de comunicaciones. El Consultor deberá tener perfecto dominio del idioma español, hablado y escrito.

Plazo de ejecución:

10. La consultoría será por un plazo de 15 días laborales ejecutados dentro de cinco meses calendarios, un mínimo de 10 en Honduras y 5 en el país de origen del consultor.
ANNEX 6 - TOR DEL CONSULTOR INTERNACIONAL:

EXPERTO EN GESTIÓN DE BIENES PÚBLICOS Y TESORERÍA

Objetivo de la Consultoría:
1. Con esta consultoría se procura lograr la definición, el dimensionamiento y el esquema institucional de ejecución de las actividades necesarias para completar el perfeccionamiento del sistema de administración financiera integrada en base de la visión y misión de la Secretaría de Finanzas y un diagnóstico detallado de las necesidades del largo plazo.

2. El diseño debe tomar en cuenta los requerimientos de la ley vigente y el anteproyecto de Ley de Administración Financiera Integrada, que está pendiente de aprobación ante la Contaduría Nacional y la Tesorería, y basar las recomendaciones y actividades en las necesidades de la Contaduría y la Tesorera en cumplir con sus obligaciones legales.

3. El consultor deberá trabajar coordinadamente con otros consultores contratados para la preparación de este programa.

Desarrollo de tareas y alcance de la Consultoría:
4. El consultor realizará un análisis, basado en el diagnóstico recientemente hecho por el Banco Mundial y el BID para el Análisis de la Administración Financiera (CFAA), del tema del componente señalado anteriormente, incluyendo: en el área de bienes públicos: (i) un diagnóstico de la situación actual de la gestión de bienes públicos en la Contaduría Nacional; (ii) identificación de las necesidades de capacitación en metodología y conceptos en el área de bienes públicos en la contaduría; (iii) los aspectos de coordinación interinstitucional necesarios para poder cumplir con sus funciones; y (iv) identificación de las exigencias de fortalecimiento institucional y apoyo general. El Consultor deberá incluir en su análisis y diseño la implementación del Sistema Nacional de Compras y Contrataciones del Estado.

5. En el área de Tesorería: (i) diagnóstico de la situación actual en la tesorería, incluyendo aspectos de coordinación intrinstitucionales; (ii) identificación de capacitación en metodología y conceptos en el área de tesorería; (iii) los requerimientos de consultores expertos para el desarrollo de la cuenta única; (iv) determinación de los requerimientos de equipamiento y software para el sistema de información requerido, y (v) identificación de las exigencias de fortalecimiento institucional y apoyo general.

6. Sobre la base de lo establecido en el párrafo anterior, el consultor preparará un informe que deberá contener una descripción detallada de lo siguiente:
   - Objetivo de cada agrupación de actividades y de cada actividad propuesta.
   - Logros o metas de progreso de la ejecución de cada actividad.
   - Situación actual con respecto a cada actividad.
• Términos de referencia para asistencia técnica / consultorías necesarias.
• Cronograma de ejecución.
• Indicadores para medir cualitativa y/o cuantitativamente el logro de cada actividad.
• Indicadores para medir cualitativa y/o cuantitativamente el impacto global
• Modalidad de ejecución de cada actividad
• Modalidad de supervisión y control de la ejecución.

7. Para cada actividad propuesta, el informe detallará lo siguiente, con la correspondiente estimación de costos:
• Meses de consultores individuales, locales e internacionales. En caso de sugerir el uso de firmas consultoras, presentar una justificación de las ventajas de ese método. En anexo, señalar los requisitos y términos de referencia para los consultores.
• Requerimientos de equipos, programas de apoyo lógico (software) y de desarrollo de sistemas.
• Requerimientos de capacitación del personal (cursos, personal, suministros, servicios, viajes, etc.).
• Personal y otros recursos incrementales requeridos por el ejecutor.
• Costo total y cronograma de gastos para cada actividad.

8. Adicionalmente, el informe detallará:
• Medidas legales o institucionales necesarias para la implantación de las actividades propuestas.
• Mecanismos institucionales y organizativos requeridos para la ejecución, supervisión, coordinación y control de las tareas propuestas y para su continuidad y actualización permanente. Cronograma de implantación.
• Identificación de los factores de riesgo de fracaso de la ejecución del programa para el componente y medidas requeridas para minimizarlos.
• Identificación de los beneficios y beneficiarios del componente.

**Requisitos del Consultor:**

9. El Consultor deberá acreditar una experiencia mínima de diez años en la gestión, diseño o implantación de proyectos de finanzas públicas y al menos cinco años de participación en procesos de modernización de Sistemas de Gestión de Bienes Públicos y funciones de Tesorería. Debe tener conocimientos sobre preparación de proyectos.

10. El Consultor deberá tener formación académica de maestría o superior en Contabilidad, con conocimientos demostrados de informática y de comunicaciones. El Consultor deberá tener perfecto dominio del idioma español, hablado y escrito.

**Forma de trabajo y plazo de ejecución:**

11. La consultoría será por un plazo de 20 días laborales ejecutados dentro de cinco meses calendarios, un mínimo de 10 en Honduras y 10 en el país de origen del consultor.
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