



USAID
FROM THE AMERICAN PEOPLE



USAID'S STRENGTHENING PUBLIC FINANCIAL MANAGEMENT IN LATIN AMERICA AND THE CARIBBEAN (PFM-LAC)

Assessment of the Financial Management Practices of the *Ministerio Público* in the Republic of Honduras

English Translation of the Final Report

Prepared by: Cristian R. Hernández and Luis F. Paniagua

November 2014

Contract Number: AID-OAA-I-12-00036/AID-OAA-TO-13-00030

This report was published for United States Agency for International Development review. Prepared by Deloitte Consulting LLP.

Assessment of the Financial Management Practices of the *Ministerio Público* in the Republic of Honduras

English Translation of the Final Report

Program:	USAID Strengthening Public Financial Management in Latin America and the Caribbean (PFM-LAC)
Office:	USAID/LAC/RSD/BBEG
Contract Number:	AID-OAA-I-12-00036/AID-OAA-TO-13-00030
Contractor	Deloitte Consulting LLP
Date of Publication:	November 10, 2014

Authors	
Cristian R. Hernández Senior Justice-Sector Advisor Deloitte Consulting LLP chernandez@holos.cl	Luis F. Paniagua Economist Deloitte Consulting LLP lupaniagua@deloitte.com

Disclaimer

This report is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of Deloitte Consulting LLP and its implementing partners and do not necessarily reflect the views of USAID or of the United States Government.

Table of Contents

TRANSLATION DISCLAIMER	IV
LIST OF ACRONYMS & ABBREVIATIONS	V
1.0 INTRODUCTION	1
2.0 REVIEW OF PUBLIC FINANCIAL MANAGEMENT PRACTICES IN THE MP.....	3
2.0.1. <i>Brief description of the budget process in Honduras</i>	3
2.1. BUDGET PLANNING AND FORMULATION IN THE MP	4
2.1.1. <i>Planning the National Budget, as seen from the Ministerial Level.</i>	4
2.1.2. <i>Budget Formulation in the MP</i>	5
2.1.3. <i>Review of MP Programs</i>	6
2.1.4. <i>Developing the Annual Operations Plan</i>	7
2.2. BUDGET EXECUTION IN THE MP	8
2.2.1 <i>Review of Funding Sources</i>	9
3.0 MP BUDGET CYCLE ANALYSIS	10
3.1. MP INTERNAL STRENGTHS AND WEAKNESSES	10
3.1.1. <i>Strengths Identified</i>	10
3.1.2. <i>Weaknesses Identified</i>	11
3.2. EXTERNAL OPPORTUNITIES AND THREATS THAT THE MP FACES	14
3.2.1. <i>Opportunities Identified</i>	14
3.2.2. <i>Threats Identified</i>	15
4.0 RECOMMENDATIONS	17
4.1. SHORT-TERM RECOMMENDATIONS	17
4.1.1. <i>Regarding Budget Preparation</i>	17
4.1.2. <i>Regarding Budget Execution</i>	19
4.2. MEDIUM AND LONG-TERM RECOMMENDATIONS	19
4.2.1. <i>Regarding Budget Preparation</i>	19
4.2.2. <i>Regarding budget execution</i>	21
ANNEX A–ANNUAL OPERATIONS PLANS – POAS (2011-2014)	23
ANNEX B– ANNUAL BUDGET EXECUTION DETAIL FOR FUND 110: GOVERNMENT TRANSFERS	26
ANNEX C– INTERVIEW LISTING	29
ANNEX D– ORGANIZATIONAL CHART	30

List of Figures

FIGURE 1 – BUDGET PROCESS AND CALENDAR, HONDURAS, NATIONAL LEVEL	4
FIGURE 2 – LIST OF MP PROGRAMS.....	6
FIGURE 3 – 2014 ANNUAL OPERATIONS PLAN (POA)	7
FIGURE 4 – BUDGET EXECUTION.....	8
FIGURE 5 – SOURCES OF FINANCE USED BY THE MP	9
FIGURE 6 – 2014 POA.....	23
FIGURE 7 – 2013 POA.....	23
FIGURE 8 – 2012 POA.....	23
FIGURE 9 – 2011 POA.....	24
FIGURE 10 – BUDGET ALLOCATION PER PROGRAM, 2013	26
FIGURE 11 – BUDGET ALLOCATION PER GROUP, 2013	26
FIGURE 12 – BUDGET ALLOCATION PER PROGRAM, 2012.....	27
FIGURE 13 – BUDGET ALLOCATION PER GROUP, 2012	27
FIGURE 14 – BUDGET ALLOCATION PER PROGRAM, 2011	28
FIGURE 15 – BUDGET ALLOCATION PER GROUP, 2011	28
FIGURE 16 – LIST OF INTERVIEWS CONDUCTED BY THE CONSULTANTS.....	29
FIGURE 17 – <i>MINISTERIO PÚBLICO</i> ORGANIZATIONAL CHART	30

Translation Disclaimer

The text of this report has been translated into English for the convenience of the non-Spanish-reading public. If any questions arise related to the accuracy of the information contained in the English translation, please refer to the original Spanish report which is the official and primary version of the document.

Official Version: Análisis Sobre la Gestión Financiera del Ministerio Público de la República de Honduras

List of Acronyms & Abbreviations

Acronym	Definition
LAC	Latin America & the Caribbean
ATIC	Spanish Acronym for the Technical Criminal Investigation Agency (<i>Agencia Técnica de Investigación Criminal</i>)
DNIC	Spanish Acronym for the National Criminal Investigation Directorate (<i>Dirección Nacional de Investigación Criminal</i>)
SWOT	Strengths, Weaknesses, Opportunities and Threats
MP	Spanish Acronym for the Public Prosecutor's Office (<i>Ministerio Público</i>)
OABI	Spanish Acronym for the Administrative Office of Sequestered Assets (<i>Oficina Administradora de Bienes Incautados</i>)
AOP	Annual Operations Plan
SEFIN	Spanish Acronym for the Financial Secretariat (<i>Secretaría de Finanzas</i>)

1.0 Introduction

The Security and Justice Sector of Honduras is composed of three main institutions: the Security Secretariat, the *Ministerio Público* (General Public Prosecutor's office) and the Judiciary, with the Supreme Court as its highest body. The Security Secretariat is in charge of the police (prevention and investigation) and the penitentiary system and must closely coordinate its actions with the *Ministerio Público* (MP) and its Attorney General's office, known as the *Fiscalía*. The MP was created as an independent body in January 1994 to prosecute legal offences and crimes for the Government of Honduras. In order to initiate and complete its criminal proceedings, it relies heavily on close collaboration with all three of the Security and Justice Sector actors.¹

The responsibility of the MP of Honduras is to “*investigate crimes and exercise public criminal proceedings, oversee the direct compliance of sentences, as well as ensure strict adherence of the court organizations to the Public Constitution and the laws, and is thus the primary protector and defending representative of the general interests of society and in assisting the courts.*”²

The above mandate solidifies the MP as one of the main actors of the security and justice system. Moreover, its performance has a direct impact on the quantity and quality of cases presented to the court system. It is important to also mention that its work is highly dependent on the quantity and quality of crime investigation administered by the national police system. Ultimately, the MP is key to an efficient State investigation and its corresponding penal action, and thus must be conscious to avoid impunity and the series of negative consequences that these might have on the rule of law in a country.

The MP is part of a sector of great concern in the country, both for citizens and government alike. As the 2014-2018 Government Strategic Plan of Honduras states “*The high incidence of violence in Central America and particularly in Honduras, places the themes of prevention and eradication of this serious problem among the main strategic elements of the National Plan and of its corresponding public policies.*”³

Given the statement above, the government's National Strategic Plan (*Plan Estratégico del Gobierno*) declares that the security of its citizens is one of the necessary conditions for the country's development. In line with this declaration, citizen security is part of the strategic government objectives, among which are decreasing the number of homicides per 100,000 inhabitants by half and reducing the number of extortion crimes. As part of the actions that should be developed, the Strategic Plan specifies the coordination needed among institutions, and particularly the need to define an integrated sector policy. Such currently does not exist, which impacts the budget cycle of the MP, as will be analyzed later in this document.

Given that the MP is part of a priority sector in the government's national plan and agenda, any initiative that contributes to the improvement of the sector (and the MP) should have the full support of the administration.

¹ Schünemann, Julia, “Reform without Ownership: Dilemmas in Supporting Security and Justice Sector Reform in Honduras” Initiative for Peace building, European Commission, 2010.

² Available on the web page www.mp.hn

³ Available on <http://www.sefin.gob.hn/wp-content/uploads/2014/04/PlanEstrategicoGobierno.pdf>.

Within this context, the purpose of this document is to provide a detailed review of the major processes and functions involved in the financial management cycle within the MP and to provide recommendations for possible future interventions in order to increase transparency and strengthen the development and execution of the budget.

Management of the budget cycle is not merely an administrative task, but a critical function that supports the main task of the institution. The decision making associated with the budget – be it during preparation or execution – is a reflection of the institutional priorities and strategies, as well as the manner in which they are related to different areas of the institution. Therefore, the budget must be understood as a management tool that, when used in joint and coordinated manner with other tools, can become an efficient lever to improve management and priority setting within the organization.

This document begins with a description of the process of budget planning and formulation stages, followed by budget execution. This description includes definitions applicable to any organization, so that later, a specific analysis can be made of the manner in which the MP is organized and executes the budget processes, identifying the benchmarks, relevant dates and decisions, and the actors that make these decisions. Next, the paper analyzes the internal strengths and weaknesses and external opportunities and threats that the assessment team identified during their fieldwork regarding the budget cycle. This analysis is based on research of documents and on interviews held at the headquarters of the MP in Tegucigalpa and in two regions of the country (San Pedro Sula and La Ceiba) that were visited between the end of June and beginning of July in 2014.

Taking into account these elements, recommendations are presented for the short, medium and long term, in order to improve the management of the budget cycle in the MP (which will also create impact in other processes of the institution), both from an internal point of view as well as from the contributions that civil society organizations could provide.

2.0 Review of Public Financial Management Practices in the MP

Several studies have shown that the quality of public financial management systems continues to vary widely from country to country, within countries at various levels of government, and within governments from sector to sector and ministry to ministry. Evidence also suggests that Latin American and Caribbean (LAC) countries lag behind international standards in various aspects of managing public expenditure, including but not limited to: procurement regulations and procedures; availability of budget execution information; independent oversight of public expenditures; and limited subnational administrative capacity, among other areas.⁴

As mentioned in the introduction, one of the main purposes of this document is to provide a detailed review of the major processes and functions involved in the financial management cycle within the MP. However, before a detailed review can be presented, it is important to set the context with a brief general explanation of how the national budget is developed and the roles and responsibilities of key stakeholders.

2.0.1. Brief description of the budget process in Honduras

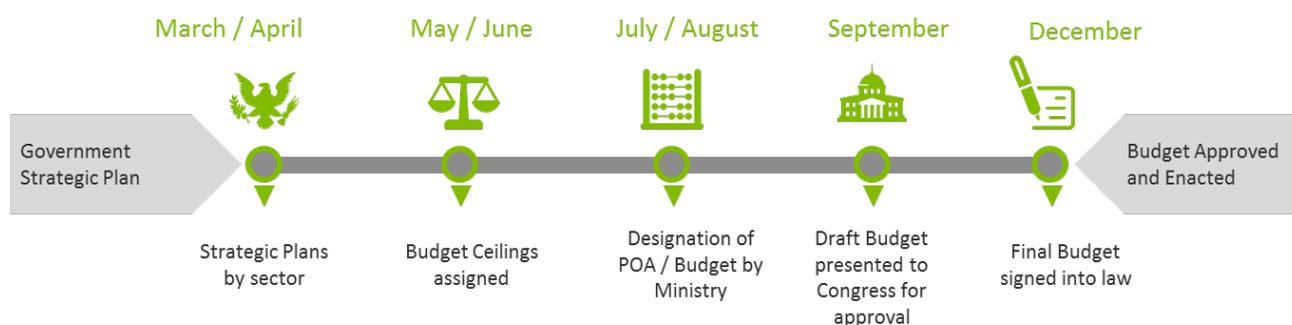
A national budget articulates how the government plans to spend its resources during a given year. As is the case in many countries, the main institutions in the budget development and oversight processes are the Executive and Legislative Branches of government, as well as the Ministry of Finance.

In Honduras, the budget year follows the annual calendar and the process begins in the first quarter with an annual budget policy document prepared by the Executive Branch, known formally as the “*Plan Estratégico del Gobierno*”. Next, with input from the Ministry of Finance (SEFIN) and the Executive Cabinet, budget ceilings are prepared and communicated at the Ministerial level. These budget ceilings are derived from the government’s fiscal projections on revenue and expenditure. Each Ministry prepares and submits an “Annual Operations Plan” (POA)⁵ as the primary component of its budget request. The budget requests are compiled by sectors and ultimately reviewed and approved by the Executive Branch. At the same time, SEFIN prepares a draft budget (based on the approved budget limits and input data from the POAs) and submits the national budget to the Executive Branch for review. Once reviewed, the President finalizes the draft budget bill and submits it to the National Congress for its approval, typically in September of each year. From September to December, the National Congress discusses and approves the budget and any respective amendments/modifications. Each ministry and institution that directly receives State funds participates in the budget hearings to defend their budget. Finally, the National Congress is charged with adopting the annual budget (and modifying if desired) of revenue and expenditure based on the Executive Branch’s proposal in December of every year. This process is summarized in Figure 1.

⁴ Ladipo, Omowunmi, et al, *Accountability in Public Expenditures in Latin America and the Caribbean* (Washington, DC: The World Bank, 2009), p. 8-9.

⁵ See Section 2.1.4 for more details on the Annual Operations Plan (POA)

Figure 1 – Budget Process and Calendar, Honduras, National Level



Source: Created by author, based on SEFIN guidelines

2.1. Budget Planning and Formulation in the MP

At ministerial level, much like at the national level, budget planning is the process by which a government body creates, approves and enacts a budget. The budget is the current year financial plan and articulates how the government body will pay for its ongoing operations and programs.⁶ The process should be sufficiently transparent and well documented to hold the government accountable. The budget planning process allows government officials to discuss whether the budgets are realistic and appropriate.

2.1.1. Planning the National Budget, as seen from the Ministerial Level.

Honduras' national development plan, *Plan Estratégico del Gobierno*, identifies the long-term government vision and the suggested necessary steps to achieve its targets. It describes how the country sees itself in 10+ years and expresses national priorities and policies that demonstrate how the country plans to progress towards that vision. Ideally, the plans and priorities of all government ministries should be aligned with national policies and priorities and contribute to achieving the national vision.⁷

While the *Plan Estratégico del Gobierno* includes many references to improving citizen security and reducing crime at national and local levels, these objectives and goals are not directly linked to MP programs, budgeting decisions, or to its own annual goals. A brief comparison between the National Strategic Plan and the MP's own internal operating plan, the Annual Operations Plan (POA), highlights this point. Recent national plans of each administration (2010-2014 and 2014-2018) on the subject of security and justice have centered on the reduction in the levels of homicides, organized crime and extortion cases, as well as general cooperation within the security and justice sector. While the MP does consider these objectives in the development of its budget and POA, its two most recent annual POAs have only included a total of two objectives⁸ and three results⁹ as outcome indicators. A review of these outcome indicators clearly show that they do not coincide directly with the strategic priorities contained in the National Plan. Regarding strategic planning, the MP does not create multiannual strategic plans that might allow for tracking of outcomes/results and establish long-term goals aligned with the National

⁶ "Public Financial Management Primer", USAID, September 2013. http://pdf.usaid.gov/pdf_docs/pa00k55q.pdf

⁷ Ibid.

⁸ Objective 01: Improve investigation of crimes until the perpetrators are discovered; and require the Law to be applied before competent Courts. Objective 02: Decrease Narco-trafficking in any of its forms.

⁹ See Annex A for more detail on Annual Operational Plans from 2011 to 2014.

Plan. It is evident that there is limited to no connection between national and ministerial strategic planning and budgeting processes, and that budget planning does not facilitate the engagement of the stakeholders to coordinate plans and priorities.

In line with the budget calendar, SEFIN is responsible for communicating the budget ceilings to the ministries by mid June of each year. The budget ceilings from SEFIN help guide the Director of Planning and Budgeting, as he/she evaluates budget requests and operating plans (POA) provided by each program/department and office head and ultimately develops the comprehensive annual draft budget for the MP. While the formal development of the MP budget officially begins when the budget ceilings communicated by SEFIN, the budget formulation process kicks off much earlier in the year to allow the Department of Planning and Budget time to gather all relevant budget information to create the budget. The following section discusses the budget formulation process in detail.

2.1.2. Budget Formulation in the MP

Budget formulation is the intensive process of assembling a comprehensive budget request and budget document. The purpose of the budget preparation process is to compile the funding needs of the Ministry according to the strategic objectives and to seek legislative approval for spending in a fiscal year. Although the budget formulation processes can manifest differently in government systems, the resulting budget should detail how the government intends to spend its resources during a given year and should contain sufficient information to enable government officials and civil society to evaluate whether it is realistic and adequate.

Within the MP, budget preparation starts when the Attorney General (*Fiscal General*) and the Director of Administration issue a budget circular memo to all program directors and regional/local offices heads. The memorandum is typically sent in March of every year, and instructs all program directors to prepare their POAs and program budget requests that include the personnel, office, furniture and equipment material needs. The memo reminds the directors that their POAs and budget requests are the foundation upon which the MP develops its ministry-wide budget and POA, which are presented to the National Congress, and encourages that the information provided be well prepared and detailed to justify budget requests.

After releasing the memo to the program directors and regional leads, the Department of Planning and Budget launches a round of informational visits to all regional and local offices to provide guidance and any assistance to the administrators as they prepare their budgets. In terms of the submission, the program leads use a web portal for budget requests of equipment, materials and staffing. Each program/regional office has their own username and login to the online web portal, which loads the current and past fiscal year submissions. The site contains a detailed list of resources, costs, units of measure, and quantities that used to for selection, editing, which together comprise the submission of the budget request. Once submitted, the Department of Planning and Budget Department receive the request automatically and the Program Office sends a printed copy as a back-up copy to Headquarters.

While the process for submitting a budget request by program offices is well-structured, formalized and routine, it is important to note that the program offices and leads are not informed of budget ceilings or changes in priority during the budget circular process. Therefore the budgeting methodology used by almost everyone (including at the central level) is baseline (or incremental) budgeting approach, where the specific year's plan is based on the previous year's plan with minimal incremental increases. This

approach only requires minimal analysis of cost effectiveness without a determination of the best allocation of resources.

Interviews with field offices have revealed that the baseline approach (due to reduced knowledge of budget limits per office) proves to be very frustrating for budget development. As an example, a regional office noted that it had been requesting equipment improvements and increased staffing levels for multiple years without any action or acknowledgement from the central level. Despite the lack of incremental funding, program officers at the regional and local office levels continue to submit their request in hopes that the Department of Planning and Budget will consider these requests when allocating the budget.

2.1.3. Review of MP Programs

For purposes of budgeting and operations, the MP is divided into five (5) major programs/directives that it manages and administers. These are presented in the below table:

Figure 2 – List of MP Programs

Program	Details	Budget % ¹⁰
1) Attorney General's Office	Executive Office, includes administrative and management sub-departments, such as the legal systems, human resources, security, and information systems. It also includes technical sub-departments such as witness protection, internal audit and statistics departments.	13%
2) General Directorate of the Attorney General¹¹	Technical Office – includes the specialized units in common crimes, homicides, organized crime, human rights, women and minors unit, corruption, tax evasion, tax and electoral crimes, environment and several others.	57%
3) Directorate of Combat against Drug-trafficking	Technical Office specialized in all criminal activities related to drug trafficking.	4%
4) Directorate of Forensic Medicine	Technical Office specialized in crime scene investigation and forensic medicine. Includes sub-departments of pathology, clinical and forensic laboratory analysis. It also provides support to regional offices.	16%
5) Directorate of Administration	Administrative Office that includes the Planning and Budget Department, Accounting, General Services and Contracts.	10%

Source: MP Transparency Portal, Organization Chart and 2013 Annual Settlement

A department head provides administrative, managerial, and technical oversight and accountability for each respective program from the central office headquarters in Tegucigalpa. In terms of budget formulation, the department heads coordinate closely with the MP's Department of Planning and Budgeting, located within the Directorate of Administration, to submit annual budget plans

For fiscal year 2015, for which the budget process is currently underway, there will be a sixth program added to the *Ministerio Público*. This new program will be titled the “Technical Criminal Investigation Unit” (ATIC) and will be used as the dedicated investigative internal component of the agency. It is

¹⁰ For more information on budget breakdown by years, see Annex B: Budget Execution Detail for Fund 110: Government Transfers (Fund 110)

¹¹ The General Directorate of the Attorney General maintains 6 regional offices and 23 local prosecutors' offices throughout the country.

hoped that it will help reinforce and supplement the investigative work that is currently solely formally administered by the National Criminal Investigation Directorate (DNIC), as part of the National Police system.

2.1.4. Developing the Annual Operations Plan

The Annual Operations Plan (POA) is a formal document that lists the objectives to be achieved during the year. POAs are developed by each ministry and submitted to SEFIN and the Executive Branch as part of the national annual budget cycle. Ideally, POAs should be very closely aligned with the strategic plan of the ministry, and should contain sufficient detail with specific and measurable goals and objectives. The POA allows the ministry to be held accountable for its results, and is a key document included in the budget justification documentation.

Within the MP, the Department of Planning and Budget is responsible for preparing and submitting the annual budget plan and its complimentary POA for the organization. In order to capture information from the entire organization on operating plans and metrics for the fiscal year, the office requires that each of the 5 department heads develop their own POA and submit it to the HQ along with their budget requests

While the purpose of the POA is to set annual goals with respective budget justifications and is ultimately leveraged to measure results, the final POA for the MP is broad, limited in visibility, and is not guided by a strategic plan. As seen in the table below, the POA for the MP only contains 2 major objectives and 3 measurable results/outcomes, each with specific budget allocations. It is also important to mention that, while the development of the POA and budget process is formalized and well-structured with roles and responsibilities and deadlines, the information only flows from bottom-upwards. In other words, the development and submission of the POA (by program and office-level) lacks strategic direction and validation (i.e., top-down guidance) from the headquarters at the budget planning level.

Figure 3 – 2014 Annual Operations Plan (POA)¹²

Strategic Objective		Management Result/Outcomes	Quantity	Budget
1	Improve investigation of crimes until those responsible are uncovered; and require application of the Law in appropriate Courts.	1) Increase cases resolved and formally presented by the Agency	12,775 Cases Resolved	L. 776,707,100
		2) Increase resolution of forensic documentation that supports legal action.	10,860 Resolutions	L. 165,000,000
2	Diminish Drug trafficking in all of its aspects.	1) Decrease crimes of drug trafficking and related activities.	530 Fewer cases	L. 55,000,000
Total Budget FY 2014				L. 996,707,000¹³

Source: MP web page

As mentioned previously, the Department of Planning and Budget office interacts closely to collect and compile information from each of the five (5) major programs in the MP, which includes the regional and local *Fiscalía* offices for the development of the POA. Each program office (Narcotráfico, Medicina Forense, Dirección General, Administración, and Fiscal General) lead develops his/her own program POA for submission to the central budget office. Technical program leads (Narcotráfico, Medicina

¹² For information on POAs from previous years (2013, 2012, y 2011), see Annex A: Annual Operational (2011-2014)

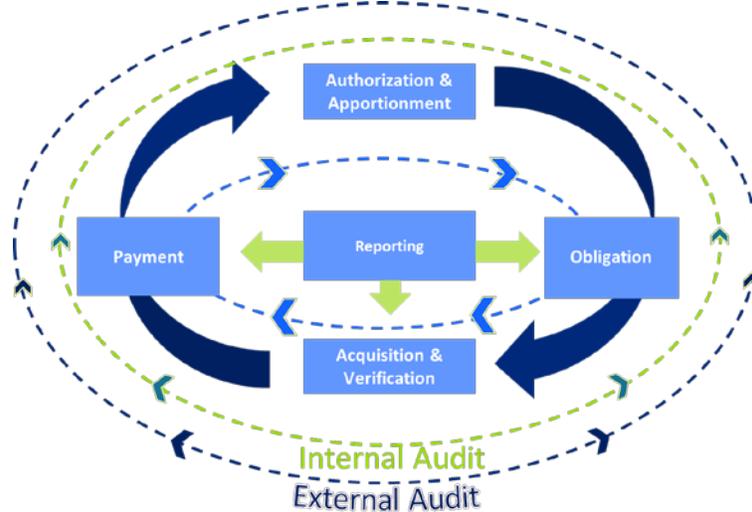
¹³ In the fiscal year 2014 the MP achieved a Budget modification of L. 68,600,000 that was approved by the National Congress. Therefore, the MP budget increased to L. 1,065,307,100 in 2014.

Forese) are assisted by administrative support roles, and often rely heavily on them for the development of their POAs. The approach is similar for regional and local offices (under the Dirección General), each of whom are headed by an appointed MP Director. The administrators often have a long tenure both in litigation and operations with the organization and have been promoted internally to lead their respective offices. These administrators develop POAs by obtaining inputs from their team of attorneys (for example: projections for cases resolved, etc.) and submit them directly to the Department of Planning and Budget office at headquarters.

2.2 Budget Execution in the MP

Budget execution entails procuring goods, services, and works toward achieving the programmatic objectives outlined in strategic planning documents and the annual budget. During budget execution, budget plans and strategies are carried out and government policies and operations are implemented throughout the fiscal year. Budget execution is comprised of several different steps, including (i) authorization and apportionment; (ii) commitment of funds; (iii) acquisition or procurement and verification; and (iv) payment. The budget execution process is cyclical and intertwined with the reporting, internal audit, and external audit functions. This integrated approach to budget execution is depicted in Figure 4. The process of budget execution requires the budget to be executed according to pre-defined policy guidelines and controls to avoid misappropriation of funds. Budget execution should allow a Ministry to acquire goods and services in a cost-efficient manner and in line with the approved budget.¹⁴

Figure 4 – Budget Execution



Source: Authors creation

Since the MP is an organization that is independent of the Executive and Judicial Powers it has the benefit of having a sufficient level of autonomy and treasury control to manage its own budget execution. This is

¹⁴ “Public Financial Management Practices in Latin America and the Caribbean: A Review of Trends, Challenges, and Opportunities for Improvement”, USAID, July 2014. http://pdf.usaid.gov/pdf_docs/pa00k21g.pdf

unlike the majority of other ministries in Honduras, for which budget execution by means of disbursements, procurement, and payments and fund management are managed at the SEFIN and National Treasury level. At the MP, however, these functions are handled at the headquarters level, and managed by the Director of Administration. This gives the organization flexibility to adapt to changes in economic environments and evolving trends in crime prevention.

2.2.1 Review of Funding Sources

The MP operates with seven (7) core-funding sources that are presented in the table below. The MP manages its revenue using these funding allocations, to which they assign resources and respective programs.

Figure 5 – Sources of finance used by the MP

Fund	Detail
Fund 110 – Government Transfers ¹⁵	The current transfers received from the Central Government, for MP operations expenses and investments.
Fund 111 – USAID	USAID grant funds, largely assigned for impact studies and building of the Judicial Morgue in Tegucigalpa.
Fund 113 – Administrative Office of Sequestered Assets (OABI) ¹⁶	Revenue from seized/sequestered assets, used to strengthen the <i>Ministerio Público</i> .
Fund 114 – Exclusion from Judicial Process Measures	Revenue received from indemnity payments on applying measures of judicial exclusion.
Fund 116 – Security Tax	Revenue received from recently implemented National Security Tax
Fund 117 – Forensic Medicine Services	Targeted fund reserved for Forensic Medicine
Fund 218 – Technological and Scientific Development	Japanese Government grants. This fund was exhausted in March, 2011

Source: Based on the 2014 Balance Sheet, June 30, 2014. MP Web Site

The largest sources of funding come from Fund 110 (Government Transfers), Fund 113 (OABI) and Fund 116 (National Security Tax). Fund 110 is the direct transfers from the central government disbursed monthly by the SEFIN. Fund 113 is the direct transfer from assets recovered by the Administrative Office of Sequestered Assets (OABI). Based on interviews with MP officials, this source of funding offers a high percentage of capital assets for the MP, such as recovered vehicles (more than 40% of the fleet) and equipment.

Fund 116 is a new fund from the National Security Tax, which was recently enacted. The security tax began in February 2013 and the law was created at the end of 2011. This security tax is applied to banking transactions. It is managed by a committee, which distributes the funds between the security and judicial institutions. According to interviews with officials, the Fund 116 accounts for more than 10% of MP funding. The MP uses these funds for special investigative units, for instance the special homicide units and units investigating high profile extortion crimes. The funds have also been used as capital funds to improve buildings, such as the Regional office of San Pedro Sula, and for major building repair, such as repairing the roof of the morgue in San Pedro Sula.

¹⁵ For more information on budget breakdown for Government transfers (Fund 110), see Annex B: Budget Execution Detail for Fund 110: Government Transfers .

¹⁶ OABI is an institution that is mandated to distribute the assets sequestered at the end of trials. These assets can be credited to the Public Prosecutor's office, to the Ministry of Security and other security institutions.

3.0 MP Budget Cycle Analysis

This section presents a more detailed review of the MP budget cycle through a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis. The discussion will identify specific strengths, weaknesses, opportunities and threats within the context of the MP.

The SWOT methodology has the advantage of being able to simply but rigorously identify internal elements of the MP that facilitate or restrain an improved functioning (in this case, budget planning and preparation, and its latter execution) of the institution. It also identifies relevant external elements, perhaps outside of the MP's institutional control, which might affect its operations.

3.1. MP Internal Strengths and Weaknesses

3.1.1. Strengths Identified

The MP has proper and timely statistical data collection practices in place.

The MP has a process for collecting data on monthly activities carried out by each of its prosecutors. In order to effectively collect data, a series of forms have been designed and implemented, where information is collected along each step of the basic investigation and criminal prosecutions tasks.

A standardized process has been established, where each prosecutor must fill out the respective forms and provide detail on each activity every month. The forms are then reviewed by the coordinating/lead prosecutor within each unit or by the local office supervisors. After a round of review and validation by the supervising units, the information is consolidated at the regional level and sent to the Statistical Observatory Office in Tegucigalpa. This Statistical Office analyzes the data for consistency, possible corrections are requested, and official monthly and ad-hoc reports are prepared.

While this process has opportunities for improvement, it is important to note that the data collected by the Statistical Office at headquarters is clean, quantitative and well organized. The data allows the organization to track the ongoing investigative process and criminal proceedings with a great amount of detail. The information also reflects an adequate design of the data collection forms to generate quality informational reports to support the general operation and supplies the information the MP needs to track its metrics. From the point of view of the budget preparation process, the strength of the data can become an excellent basis to prepare strategic and operational plans, since productivity standards and workloads can be easily determined. Going even further, the data could allow the organization to potentially track, report, and monitor investigation goals or criminal prosecutions by types of crimes, geographic areas, or procedural stages, among others.

Budget execution data is very detailed and up-to-date in the MP's financial system.

The MP has an information technology system that allows it to record, process and present in detail everything related to monthly budget executions. Expenditure is recorded at program level (for example: General Attorney), sub-program (for example: Regional Attorney General of La Ceiba) and activity (for example: Local Attorney General of Roatán). Additionally, there is a detailed definition of expenditure items by cost object class (for example: fuel expenditure). Ultimately, with the data systems in place, it is possible to report, even on a daily basis, how the budget is being executed per cost object and at the organizational unit level. This allows leadership to report on current execution progress levels, and make

estimations on future budget expenses, which also makes it also possible to inform the applicable department heads of any element related to the budget that should be controlled.

On a quarterly basis, the Department of Planning and Budget prepares a consolidated report of the information from each of the MP areas, which is then shared with the MP officials.

The budget preparation process has clear guidelines, established calendar, and is well-respected.

Each organizational unit of the MP participates annually in the preparation of the budget. The process includes capturing budget and operating requests (such as human resources, supplies, investments) as well as the development of the Annual Operating Plan (POA) which is directly tied to operating goals and functions. The entire process is coordinated and supported by the Department of Planning and Budget in Tegucigalpa.

3.1.2. Weaknesses Identified

There is no strategic plan to guide actions of the MP; therefore, the outcomes committed in the POA are often carried over from previous years.

According to team's findings, the MP does not have, nor has ever had, a strategic plan in place. Interviews with officials however did reveal that there was intention to prepare a strategic plan with the new administration. Without a strategic plan, budgets cannot effectively be used as management tools to focus institutional efforts towards attaining any long-term goals.

Furthermore, the MP does not have any other similar strategic document that could be used as a reference in prioritizing the multiple tasks needed to carry out the mission of the MP. The only reference identified by the team was internally circulated Bulletins that provided guidance to prosecutors to apply or restrict the use of prosecutorial tools in some cases, but the emphasis was placed on internal control and not on the priority of efforts.

This lack of formal guidelines has diverse negative consequences on the institution and its mission. In the first place, since there are no formal and declared guidelines, what becomes a priority at a given moment is defined by the official currently at the institution, which opens the floodgates towards arbitrary behavior and weakens MP credibility.

Second, the lack of guidelines reflects that, in the end, the POA content is built on adding the goals defined by each local prosecutor, based on his or her experience and what they may consider appropriate, finally delegating very relevant decisions, such as what type of crimes are prioritized over others, to local prosecutors. This appears to be almost contradictory, since on the one hand the current official has a high degree of discretion, while on the other, essential decisions are delegated to lower hierarchical levels. To some degree, it can be construed that the MP operates as a kind of "auto-pilot", where day-to-day decisions are made by each local prosecutor, which are allowed by the authorities, and inconsistent across many cases.

Third, effective performance measurement becomes a complex procedure, since there are no formal definitions specifying medium and long-term objectives and goals. The only formal declarations of the institution regarding this are those contained in the POAs, but the POAs only include one calendar year, and, due to their nature and the level of aggregation, they do not allow reporting on the evolution of processes that may take more than a year. As an example, a 2014 POA goal is that the institution will finalize and close 12,775 cases. However, to be able to evaluate this type of goal, a series of elements are

missing, such as: Is that number of cases sufficient or insufficient given the entry of current cases and the backlog of prior years? What types of cases are being identified and under what terms are they committed to? Are that type of cases and that type of terms relevant according to the country needs and priorities, or are they merely those that can be finalized according to what each local prosecutor understands to be possible and a priority? Is progress being made in the desired direction or receding? In this context: On which aspects could the institution account for, or on what aspects of Honduran society could outcomes be requested or demanded, if there are no references of what the MP is committed to?

In this sense, the government plan for the period 2014 to 2018 only presents very general guidelines (for example: reduce by half the number of homicides) that under no circumstances can replace the definition of strategic MP guidelines.

In conclusion, the impact of the lack of strategic definition, from the point of view of budget process, shows that the preparation and allocation of the budget simply does not follow any defined plan, proving that there is no linkage whatsoever between plans and budgets. In this scenario, the budget is not a tool that can be effectively leveraged to achieve the results that the MP is seeking precisely because these outcomes are not defined with sufficient operational clarity.

There are no internal areas producing research related to improvement in production and productivity.

There are no technical references that serve as guide for prosecutor to set and track casework, close rates, and goals related to criminal investigation and prosecution. In this regard, two local prosecutors with similar available resources and workload could perfectly well decide upon different goals, since there is nothing allowing them to identify and solve this situation beyond what certain people may remember.

Goals for casework and the closing of cases do not follow any particular guidelines. Instead, the budget preparation process is defined by each local prosecutor, and consolidated at other regional and local levels. In fact, in defining the POA of each Local Prosecutor, the coordinating prosecutor analyzes the previous years' figures, and based upon this data makes estimations, since he or she has no idea whether more resources will be available. As a result, there also are no measures or estimates of what should be the measure of productivity for local prosecutor offices or by prosecutor.

In this scenario, the question of how much the outcomes of the MP would increase as a result of a 1% raise in available budget currently has no clear answer.

It must be noted that the MP has statistical data with which to undertake production and productivity studies, but currently there is no internal capacity in the institution to undertake these types of studies, since the Statistics Observatory is only capable of generating quantitative information, and the planning and budget areas are directed towards other objectives.

It is estimated that there is a lack of efficiency regarding use of resources, since the prosecutors are assigned tasks, which are not under their purview.

Based on information gathered in the field, prosecutors frequently perform two types of tasks, which, if strictly interpreted, are the responsibility of other professional or institutional profiles.

To begin with, poor investigation capacity in the DNIC is evident, and has become a greater issue recently due to of staff layoffs. According to statements given by some officials, this has caused the

prosecutors to carry out tasks pertaining to police investigators in order to carry forward their investigations.

On the other hand, local prosecutors receive very little administrative support, obliging the coordinating prosecutor to carry out administrative tasks, such as requesting operations, assets and supplies.

As a result of the situations described above, the prosecutors have less time for their primary duties. Instead, the prosecutors are burdened with administrative, operational or criminal investigation tasks that should be the role of an administrative support function and the national police.

To give an example, if 40% of the time of a prosecutor goes to tasks that should be done by a police investigator or administrator, in an office of five local prosecutors, the effective prosecutorial coverage would be three. Continuing in this vein, instead of hiring more prosecutors to increase institutional capacity, it is more efficient (in the sense that it is less expensive), to hire more administrators and thus free the non-productive time of prosecutors

Civil Society organizations have had to support investigations with their own resources that should be exclusively of the MP.

Something that highlights a current weaknesses of the MP is that often civil society organizations are in fact carrying out tasks that should be done by the MP, and have also used part of their own staff to perform certain general interest investigations due to the lack of capacity of the MP.

An example of this is the work of the National Anti-Corruption Council that has triggered the sequestration of assets in an iconic case of corruption investigation in the Honduran Institute of Social Security. For this case in particular, the National Anti-Corruption Council has had to dedicate a significant portion of its staff to the service of the MP.

The above shows the need, due to the relative lack of available resources to cover their different tasks, that the MP must empower coordinated actions with entities that can assist in fulfilling its mission.

On a different note, the MP does not present all of its identified weaknesses in the recent report “Impunity, the real budget problem of Honduras” (*Impunidad, el verdadero problema presupuestario de Honduras*)¹⁷, due to its position as a decentralized organization that is not part of the Executive Power, which makes it different in some logical aspects to those that are budget assigned, executed and controlled by the Executive Power.

Although SEFIN assigns the MP its budget ceiling, as is with the rest of public transfers, the MP has access to Fund 116, National Security Tariff, which comes from funds specifically assigned to the security and justice sectors of Honduras. In 2013, this fund reached 10% of current State transfers, which was no small sum, and has allowed it to strengthen the operations of Units that have recently gone through severe changes in the quantity and nature of the cases to be investigated. An ad hoc Commission administers this security tariff fund, and the MP participates and benefits from redistribution of the tax.

Furthermore, MP budget execution is done directly by this institution, and not through the Ministry of Finance, as is the case of Executive power entities.

¹⁷ Social Forum of the External Debt and Development of Honduras “*Foro Social de la Deuda Externa y Desarrollo de Honduras*”, 2012, available on http://programaimpactos.org/toolkit/otrosdoctos/fosdeh_impunidad.pdf.

The above gives the MP flexibility to be able to adjust the execution of non-anticipated events, but it does demand a strict registry and control of expenditures. This flexibility also includes the execution of purchases of assets and contracting service processes, therefore there is a need to increase adequate controls.

3.2. External Opportunities and Threats that the MP faces

3.2.1. Opportunities Identified

The change in senior officials, and the renewal of second tier officials, can be used to start a process of improvement.

Once the stage in which a special Commission intervening in the MP was over, and with the election of new officials, the opportunity arose to define strategies in a more stable scenario and begin making the changes needed for increasing institutional performance and credibility. It is important to note that some civil society entities are questioning this process of election of new officials as far as legitimacy is concerned, since the procedure that was initially agreed upon, which included a list of eligible candidates by the ad hoc Committee with participation of civil society and academia, among others, was ultimately discarded by Congress.

To this, one must add the fact that, at least in the areas interviewed by the team, there is a group of experienced prosecutors in secondary tier positions, who possess a wide knowledge of the institution and hold strong professional experience, and are now able to contribute towards improving the institution from positions of more authority.

The Honduran State has already taken the first steps towards progress in defining a results-based budget structure,¹⁸ which will allow to clearly and directly link the development of plans and projects to finances. If there is progress in this direction, sooner or later the MP budget will be associated with the development of planning that defines objectives and goals in the different action areas of the institution. Within this framework, if the MP endeavors to prepare a results-based budget, it would become one of the pioneer institutions in the Honduran State and would also have the technical support to carry it forward.

It is important to mention that the team, while collecting field information, between the end of June and beginning of July 2014, was unable to reach a solid opinion on whether the new leadership in the MP had generated concrete changes in budget processes, in comparison to prior years. Despite this, however, considering the new conditions within the institution, the team views the recent change in leadership and group of tenured and experienced staff as an opportunity for the MP.

Congress will initiate public hearings regarding budget discussions.

An important element that could also aid the MP is the role of civil society in monitoring the performance of State institutions, not only by requesting information regarding the achievement of outcomes of each institution, but also by legitimate questioning concerning a more transparent decision making process of the MP.

¹⁸ According to guidelines for 2014 Budget preparation, available at http://www.sefin.gob.hn/wp-content/uploads/2013/06/Lineamientos-Formulacion2014_DGP.pdf.

For the MP particularly, the role of civil society is an opportunity to gradually progress in the discussion of strategic guidelines that are essential to the MP, and later in the development of tools that will allow them to measure progress, including the tool of budget execution. This can also help to increase the visibility of the institution within the criminal justice system. Public hearings will help particularly in the case of discussing upcoming budget increases, as the MP rolls out its new Technical Agency of Criminal Investigation (ATIC) under the wing of the MP, which would signify an increase of close to 30% in the MP budget.¹⁹

In this context, starting with the next round of budget hearings in Congress (between September and December 2014) there will be sessions where State institutions may defend their budget petitions, to which representatives of civil society could be invited.²⁰

3.2.2. Threats Identified

There is no multi-annual budget providing a stable horizon for any MP initiatives.

Once basic definitions are established regarding the MP strategy, outcome achievement for criminal investigation and penal persecution is in the medium to long term. In this regard, budget resources must be assured for periods that go beyond a calendar year, since otherwise the programs or projects of more than one year could disappear due to lack of funds. For example, little would be achieved if a budget were approved for the creation of the ATIC for only one year.

The Honduran State recognizes this fact, as one of the conclusions of the 2012-2014 Public Finance Management Improvement, Transparency and Oversight Plan states that “the Budget is prepared on an annual basis without a medium and long term perspective, and although it is stated as a program based budget, it is in reality a budget line item budget.”²¹

There is no balanced definition of outcomes to achieve in the security and justice sector.

It is probably in the area of penal justice where there should be a greater relationship and interaction between the different state agencies, if long-term outcomes are to be obtained. This requires, as a first step, a definition of sector policies, which the 2014 to 2018 government plan itself recognizes is lacking and declares that they should be prepared.

A second necessary step in order to reach this interaction of state agencies of the penal system is to define strategies, plans, projects, objectives and goals that are coherent between different institutions. Very little would be achieved if, for example, the capacity and performance of justice systems were substantially improved, but if there was no State capacity to investigate and accuse whoever is responsible for the crimes. At the same time, little would be achieved by strengthening the investigative capacity, if the institution that should legally pursue the crimes did not have the capacity to work on the investigated cases by preparing legally sustainable accusations in the courts.

On the other hand, little progress would be made if the priorities of institutions are different; for example, if the Police were to take charge of investigating and gathering all the needed background information for

¹⁹ The ATIC operation Budget is approximately 300 million lempiras, with the entire MP Budget close to 1.065 million Lempiras. Information gathered from interviews with the Head of the Planning and Budget Department of the MP.

²⁰ According to information provided by the President of the Budget Commission of Congress, in an interview for this analysis.

²¹ According to the guidelines for preparing the 2014 budget, available at http://www.sefin.gob.hn/wp-content/uploads/2013/06/Lineamientos-Formulacion2014_DGP.pdf.

special crimes, but the MP did not create any special processes for dealing with these cases, and the justice courts did not adapt their work processes to this type of cases.

In summary, any effort made towards making improvements in the MP could have a limited effect, or even no effect at all, or, if these are not made within the framework of a coherent policy that is agreed upon with other security sector institutions and penal justice, and that would result in congruent strategies, plans, projects, objectives and goals.

As a result of the three elements mentioned above, and from the point of view of budget processes, there are no references that would determine if the MP budget allocation is efficient, in the sense that it is not clear that the allocated resources are assigned to areas that can produce greater impact from the point of view of outcomes that the institute has to achieve.

Weaknesses in police investigation directly affect the quality of the work of the Public Prosecutor.

A direct example of the threat presented above is crime investigation. The prosecutorial mission is to direct the investigation (not execute it), in order to prosecute it with the tools that the law provides beginning with the investigations.

To the degree that the investigation is deficient, the prosecutor will not have the raw material needed to prosecute the crimes. This aspect is currently critical, due to a recent cleansing process and a round of layoffs of the DNIC.

As an example, in the La Ceiba Prosecutor's Regional Office, at an average, 20 daily complaints were received between January and February 2014. In this same period, nineteen portfolios of completed police investigations were received,²² which represents one complete investigation per every 150 cases.

With this degree of resolution on behalf of the DNIC, it is highly probable that the quality of precedents that the prosecutor will have will be insufficient to prosecute the cases that originated the investigations.

Once again, from the perspective of the budget processes, the consequences of the weaknesses stated are that budget execution in those prosecutor offices where the weaknesses of the DNIC are greater, will not show any achievement of the goals defined, concerning case investigations and their further accusations. Therefore, budget execution does not assist in generating the outcomes that the MP must deliver.

²² Interview with the Regional Prosecutor of La Ceiba

4.0 Recommendations

Recommendations in this chapter are presented according to the two stages of the budget process previously explained regarding budget preparation and execution.

Additionally, a temporary distinction is made in defining the effects of this study in the short term, as that period going from the time the budget is formulated for 2016, since Congress will initiate its discussion on the 2015 budget in September 2014. As a result, medium to long term includes the time that goes beyond the completion of the 2016 budget.

4.1. Short-Term Recommendations

4.1.1. Regarding Budget Preparation

Define a sector policy in security and penal justice that would include all institutions related to the sector.

Even though this recommendation exceeds the MP area competency, it is estimated as essential, so that the MP can define some of its own strategic aspects

In order to support this recommendation, the 2014-2018 Government Plan itself states that one of its objectives is to “*Prepare a Public Policy of Citizen Security, Peace and Coexistence based on integrated axis of institutional strengthening, coordination, cooperation, direction and use of technology*”²³

It is recommended that in this policy special emphasis be made on the need for the institutions that are part of the penal justice system to have strategies, plans, projects, objectives and goals that are mutually congruent, and that they additionally establish operation coordination mechanisms among themselves.

Executing this recommendation will demand a high degree of institutional coordination and leadership on behalf of the entire system of justice and security, as well as other relevant entities (such as civil society organizations, or the donor community), but it is believed that this is inescapable if there is to be progress in making adequate plans, and for this to be accomplished the budget can become an effective tool.

Prepare a strategic Plan for the MP.

Estimating that the 2016 budget starts to be prepared in March 2015; it is recommended that for that date the MP already have a strategic plan that would at least define the following elements:

- a) Regarding investigation and penal prosecution, the different types of crimes have to be characterized and prioritized. Note that the government plan identifies two types of crimes that could be prioritized by the MP, where it indicates that as part of the expected outcomes in the area of citizen security there will be “a substantial reduction in homicides both at the national and local level” and “telephone extortion and war tax minimized”. Even though the MP is not responsible for preventing these or any other type of crimes, its involvement in the criminal justice system allows those that commit the crimes to be identified and punished, avoiding impunity and creating signals that could avoid other crimes.
- b) Expected objectives in the short, medium and long term regarding criminal investigation and penal prosecution of the different types of crimes that are given priority.

²³ Available at <http://www.sefin.gob.hn/wp-content/uploads/2014/04/PlanEstrategicoGobierno.pdf>

- c) Guidelines as to how the institution will be organized in order to achieve those outcomes and the resources that it will provide for the different objectives stated.
- d) Project portfolio of improvements that must be done in the short, medium and long term in order to achieve the proposed objectives.

In conclusion, so that the 2016 budget that the MP will prepare will address the gap between institution planning (and in particular the POA) and the financial resources to meet those plans, it is assumed that there be a prior sector policy, that will provide it with the solid context that a MP strategic plan needs.

Define and share MP work productivity standards.

It is estimated that, with the background data found in the internal MP Statistics Observatory Unit, coupled to the experience of the budget formulation exercises in which the different areas participate, and particularly the Regional and Local prosecutors, it is possible and necessary to define standards or at least reasonable ranges of standards related to productivity with emphasis on criminal investigation and penal prosecution.

These productivity standards must have in mind a multitude of factors, such as: the different types of crimes that should be investigated (obviously there are some crimes much more complex to investigate than others); the experience and capacity of prosecutors (the prosecutors with greater experience and expertise should be capable of achieving better results than recently graduated prosecutors); geographical, economic, cultural and social conditions of the different areas of the country; the availability of resources that the local prosecutors have (such as vehicles, scientific support provided by the MP laboratories); and the resources available to the DNIC, among other aspects.

Defining a range of productivity standards will allow a common basis for the commitments of each area in preparing their POAs, thereby allowing a comparison analysis between the different areas, and thus assigning the existing resources on a more rational and informed basis.

On the other hand, it is recommended to prioritize the definition of the range of these productive standards, by the types of crimes whose investigation and prosecution have been prioritized in the MP strategic plan.

This recommendation will allow that, in the future, the budget assignment among the different MP programs and units will be carried out in a way that would lead to a greater efficiency in expenditures. That is to say, more outcomes can be obtained with similar resources.

Inform the entire institution regarding budget ceilings available and the global criteria for these assignments.

If we add to the productivity standard ranges a widespread knowledge of the MP budget ceilings to all areas that participate in budget preparation, it is estimated that the budget discussion could be enriched, by making the criteria more transparent, regarding resource allocations in certain areas more than others. This will then assist adequate signals from inside to be given regarding priorities and therefore having a budget that is in line with these priorities.

Create effective discussion spaces regarding budget allocation with civil society.

Taking advantage of the 2015 budget law discussion in Congress, it is recommended that in the MP budget discussion, and in general those of the other institutions related to the security and justice sector, that civil society organizations that are related to the work of these institutions participate in the

discussion. There are many benefits from these types of discussions, among which are assisting in sharing and communicating what the MP future outcomes and goals will be; discuss institutional priorities, gain different contrasting opinions from others to allow the MP to focus its efforts; create spaces for collaboration and joint work of mutual interest; submit criteria to the test of other opinions on which the budget has been prepared; create monitoring spaces of MP actions in some areas of citizen interest, among others.

It is recommended to have these types of discussions every year and in general, every time the budget of the security and justice sector is discussed in Congress.

4.1.2. Regarding Budget Execution

Improve the coverage in the use of information technology systems that support the record and control of budget execution.

Currently, the information technology system used for the record and control of MP budget execution has only 25 users, which are located in the Tegucigalpa headquarters. This is not enough, not only regarding the level of discussions on execution progress, but also to facilitate administrative processes for all the country prosecutors. Currently the administrative processes are concentrated at the central level with a high load of work that is done manually.

Increasing the number of those with system access, at least with the regions included, will allow greater efficiency of administrative processes, and increase the possibility of providing more timely information to each of the local prosecutors, especially if this financial information is accompanied by reports related to the achievement of the objectives and goals of each area.

4.2. Medium and Long-Term Recommendations

4.2.1. Regarding Budget Preparation

Planning using management based on results.

New government guidelines in line with budget recommendations state that once sector policies are defined regarding citizen security and penal justice, the MP strategic plan prepared and productivity standards defined, the MP can then design its budget based on the result based management methods. This will require developing capacities in the institution to allow conceptualizing and designing long-term programs, which are developed gradually and thus have sustainable resources. For example, creating a well distributed network of laboratories to support the work of prosecutors with scientific proof, available with predetermined and foreseeable time and quality standards, is something that will not take only a year to achieve, but rather is estimated to be a long term MP development.

Establish joint objectives and goals between penal justice system institutions.

Even though it is not a simple theme, in the medium and long term it is recommended that progress be made defining common objectives and goals between sector institutions. This is possible only if there is a clear sector policy. This will oblige increased levels of cooperation between institutions and will open spaces to develop improvements that will benefit the entire system, and therefore its users. An example of an area in which objectives, goals and even coordinated work processes can be established, is in

investigation, penal prosecution and trial of high profile criminal cases, for which the Police, the MP, Public Defense and Justice Courts have to be coordinated.

A direct consequence of establishing joint objectives and goals is that the budget process will be focused in order to guide assignments, and, on the other hand, regarding budget execution, address items according to the achievement of these objectives and goals.

Develop mechanisms to review and adjust productivity standards.

In order to continuously improve the budget design process and to have updated quality information in order to estimate the outcomes and goals achieved by the MP, there is a need at the same time to improve measures of estimating the outcomes, including subsequent new variables for the initial productivity estimations.

For this matter, it is recommended that all statistical information that the institution gathers be analyzed and used to create internal studies of both quantitative and qualitative nature, and at the same time provide feedback to local prosecutors and the different areas of the MP with these studies.

If these studies, based upon statistics, additionally can be complemented with the allocated budgets and executed in the different areas of the MP, signals can be produced for a better allocation of resources, since the relation can be made between outcomes achieved and resources used in achieving those outcomes.

Strengthen capacities to formulate and manage projects.

Together with measuring levels of production and outcomes achieved, the MP requires more capacities to develop projects that will enable improvement in the different work areas. In order to do so, there is a need to create the capacity to be able to identify the aspects that could be improved, measure them, create possible solutions, give projects their format, evaluate and prioritize the solutions, define the technical and economic feasibility, design investment budgets and later operation of these projects, and finally project implementation and management capacities.

One of the potential projects to be considered for further strengthening is to improve the process of budget formulation, gradually putting aside the practice of assigning resources based on historical data (that is, no longer assume that some adjustments have to be made, generally small ones, on previous year budget) in order to go forward into methods, such as zero based budgets, the basis of which is that each one of the components must be justified as far as need is concerned, and assignments for a particular area to evolve into budgeting for results, one of the objectives of the Honduran State.

There is no doubt that, at the beginning, this will require specialized technical support, but will also allow MP internal capacities to become stronger.

Define and launch incentive mechanisms for MP staff.

As something to explore in the future, it is recommended to incorporate in the budgeting process, and in its later execution, incentive mechanisms that are part of integrated processes of human resource policies. The objective of these mechanisms is to provide adequate signals to all personnel regarding the consequences of complying strictly with the goals that were defined for this end within the budget framework.

Generate and increase the capacity of civil society organizations (CSO) to support the introduction of improvement in the Security and Justice Sector.

Even though this is a recommendation that goes beyond the cycle of the MP budget, it is estimated that the role that CSOs can take on can be towards generating a series of changes and improvements in the security and justice sector, and in particular in the MP.

In general, the lack of a sector plan and the lack of coordination between the security and justice sector institution, with the different negative consequences that this entails, can become an aspect to be identified and shared by the CSOs.

In this regard, the media has a relevant role to play, where some successful experiences from other countries show that where the sector institutions place emphasis on citizens and not so much on the justice system operators (judges, prosecutors, police, among others) ,they have been able to create public opinion movements that have assisted in reaching general definitions.

On the other hand, if discussions on these general issues are only within the institutions or technical groups themselves, the levels of political will are usually not achieved to generate the changes required.

At a secondary level, the fact that the MP does not have a strategic plan can provide the spaces needed for the CSOs to present their proposals legitimately, regarding what aspects should be prioritized in a document of that nature.

On the other hand, a sector that has the dynamic movement and relevance of the security and justice sector always requires different types of studies and different interests for improvement, but finally broadcasting and discussion will help to lead to improvement.

For example, studies that can deepen understanding of some types of cases (human rights, youth justice, and drug trafficking, among others) and the manner in which the MP addresses these types of cases can serve as a way to reach greater conclusions applicable to the institution.

This can also happen at the regional level, where in-depth investigations regarding what is occurring in some regions could be the cornerstone to identifying global problems.

Another example of what is needed is follow-up and discussion regarding budgets and POAs of recent years in the MP and the need to maintain or change the figures throughout different years.

Concerning this, in Annex A of this report, changes can be seen both on the amounts allocated, as well as the figures of some indicators to be attained. At first glance there seem to be differences between the amount of forensic findings between 2013 and 2014 (from 12.320 findings in 2013 it drops to 10.830), and regarding its corresponding budget (of 272.734.299 Lempiras in 2013, drastically reducing to 165.000.000 Lempiras in 2014), where there is a much greater percentage reduction in the budget than in the number of findings.

4.2.2. Regarding budget execution

Link physical progress with budget reports.

In the medium-term, budget financial execution must be considered as one of the tools of the MP for achieving its plans. Therefore, it is necessary to be able to explicitly link what is being spent or invested in the activities and goals being achieved. It is recommended then, that on a periodic basis, reports be

prepared linking these two aspects in MP management, sharing them with each one of the areas responsible for the budget process, as well as sharing e them within the MP.

For example, on the same graph or table, budget execution progress can be shown, both in absolute terms (Lempiras spent to a certain date) as well as in percentage terms regarding what was planned to a specific date, together with similar figure of goals set.

This way, information could be shown, for example, that to June of a certain year, budget execution is above the estimated amount, and at the same time, finalized investigations are within achieved goals regarding certain types of cases, within the same timeframe. Having this type of information simultaneously will assist in making timely decisions to be able to make any needed corrections.

Improve the mechanisms of management control.

In the medium-long-term, having periodic reports that measure the MPs physical and budget progress, should be part of a widened control management mechanism that would also include decision-making stages that could correct eventual deviations between plans and real progress, and would, at the same time, strengthen the cases that are progressing adequately. It is recommended that these stages of control become formalized, distributed among all hierarchic and organizational levels, and additionally be coherent with one another so that the control that the highest MP officials can exert will be the organized addition of controls that will enable responsible staff members to exert more pressure upon the different areas.

Annex A-Annual Operations Plans – POAs (2011-2014)

Figure 6 – 2014 POA

Strategic Objective		Management Results	Quantity	Budget
1	Improve crime investigations to discover the perpetrators; and require that the appropriate Courts apply the Law.	1) Increase in the number of cases resolved and dictated by the Fiscal Technical Directorate.	12,775 Cases Resolved	L. 776,707,100
		2) Increase Forensic Finding resolutions that support legal action.	10,860 Findings	L. 165,000,000
2	Decrease drug- trafficking in any of its manifestations.	1) Decrease in drug- trafficking and related activities Crimes.	530 Fewer cases	L. 55,000,000
Budget total for 2014 fiscal year				L. 996,707,000²⁴

Figure 7 – 2013 POA

Strategic Objective		Management Results	Quantity	Budget
1	Improve investigation of crimes and require that the appropriate Courts apply the Law	1) Cases investigated and resolved by the Fiscal Technical Directorate.	12,769 Cases Resolved	L. 770,272,801
		2) Laboratory clinical, pathologic and psychiatric Findings resolved to support legal actions.	12,936 Findings	L. 272,734,299
2	Decrease drug- trafficking in any of its manifestations.	1) Minutes of sequestered assets are resolved as a result of operations against drug trafficking.	129 Documents	L. 78,700,000
Budget total for 2013 fiscal year				L. 1,121,707,100

Figure 8 – 2012 POA

Strategic Objective		Management Results	Quantity	Budget
1	Investigate crimes until perpetrators are discovered and require that the appropriate Courts apply the law, within public penal law.	1) Cases investigated and resolved by the Fiscal Technical Directorate.	1,878 Cases Resolved	L. 106,833,500
		2) Prepare clinical, pathologic and psychiatric Findings.	12,320 Findings	L. 206,399,999
2	Ensure the respect and compliance of rights and constitutional guarantees and for rule of law of the constitution and laws.	1) Findings prepared and presented to the Supreme Court of Justice (shelter, habeas corpus, anti-constitutional, review, pre-trial, auto parteáis, pardon)	325 Cases	L. 18,487,976
		2) Cases presented to the Supreme Court for resolution.	96 Cases	L. 5,461,183
3	Fight against drug trafficking and corruption in any of its forms.	1) Minutes of sequestered assets are prepared and presented, that were the result of performing operations against drug trafficking.	123 Documents	L. 73,500,000
4	Ensure, protect and defend the consumer of basic necessities and public services. As well as contribute to protect the environment, ecosystems, ethnic minorities, human rights and other collective rights, in order to guarantee the application of the general and	1) Fiscal requirements presented to the appropriate courts.	9,862 Cases	L. 561,024,442

²⁴ In fiscal year 2014 the Public Prosecutors office achieved a incremental budget modification in the amount of L. 68,600,000 approved by the National Congress. Therefore the 2014 MP budget increased to L. 1,065,307,100.

Strategic Objective	Management Results	Quantity	Budget
specific laws of the country that benefit them.			
Budget total for 2012 fiscal year			L. 971,707,100

Figure 9 – 2011 POA

Strategic Objective	Management Results	Quantity	Budget
1 Undertake crime investigations until those responsible are found, and require that the appropriate courts apply the law, through penal code actions.	1) Claims investigated by the Fiscal Technical Directorate.	29,139 Claims	L. 93,830,921
	2) Fiscal findings presented	9,646 Cases	L. 220,807,907
	3) Participations by prosecutors in oral trials.	1,630 Cases	L. 37,313,796
	4) Formalized accusations in preliminary hearings.	2,920 Audiences	L. 2,337,515
	5) Sentences obtained	1,507 Sentences	L. 1,206,311
	6) Prison sentences or guilty verdicts applied.	4,004 Cases	L. 3,205,325
	7) Opportunity criteria applied.	2,067 Cases	L. 1,654,692
	8) Fast-tracking procedures applied.	1,254 Cases	L. 1,003,826
	9) <i>Ministerio Público</i> interventions formally initiated.	1,964 Cases	L. 44,958,899
	10) Forensic clinical findings performed.	9,245 Findings	L. 80,968,877
	11) Fact finding as a result of participating in oral trials (forensic medicine)	326 Cases	L. 2,855,954
	12) Forensic psychological findings performed	384 Findings	L. 3,363,681
	13) Autopsies practiced.	4,634 Autopsies	L. 38,235,801
	14) Legal action assisted through the practice of exhumations.	96 Reports	L. 841,267
	15) Forensic psychological findings performed	426 Findings	L. 3,734,421
2 Ensure the respect and compliance of constitutional rights and application of rule of law of the constitution and laws.	1) Findings presented to the Supreme Court of Justice (shelter, habeas, etc)	287 Findings	L. 6,569,692
	2) Appeals presented to the Supreme Court.	83 Cases	L. 1,899,705
3 Fight against drug trafficking and corruption in any of its manifestations.	1) Interdiction operations and highway registrations performed.	63 Operations	L. 22,941,203
	2) Maritime, terrestrial and air operations performed.	47 Operations	L. 17,058,797
4 Investigate, verify and determine ownership of public use national assets.	1) Participation of prosecutors in hearings.	5,674 Hearings	L. 4,542,332
5 Enforce the application of protection of the environment, the ecosystem, ethnic minorities, preservation of archeological, cultural and other collective interest assets.	1) Environment protection operations performed.	185 Investigations	L. 595,858
6 Protect and defend basic needs consumers, applying the general and special laws of the country to their benefit.	1) Misleading advertising investigated	20 Investigations	L. 64,392
	2) Quality and quantity of fuels investigated.	39 Investigations	L. 125,583
	3) Distribution of food products investigated	170 Investigations	L. 547,451
	4) Public services investigated.	732 Investigations	L. 2,356,978
	5) Vehicle parking service investigated	35 Investigations	L. 112,707
	6) Use of artificial coloring in canned products investigated.	5 Investigations	L. 16,110
7 Ensure, protect and defend the rights of minors, handicapped and women to guarantee their safety through the application of	1) Investigations against life performed.	207 Investigations	L. 41,850,000

Strategic Objective		Management Results	Quantity	Budget
	the laws.			
8	Together with other public and private organizations ensure the rights and application of human rights in Honduras	1) Decrease violations of human rights.	2,526 Investigations	L. 16,000,000
9	Support the Public Prosecutor's office in the organization and operation of an efficient system of witness protection that will ensure that those willing to declare regarding crimes are protected as well as their families.	1) Strengthen the <i>Ministerio Público</i> in the witness protection system.	9 Reports	L. 944,800
Budget total for 2011 fiscal year				L. 635,944,801

Annex B– Annual Budget Execution Detail for Fund 110: Government Transfers

Fiscal Year 2013

Figure 10 – Budget Allocation per Program, 2013

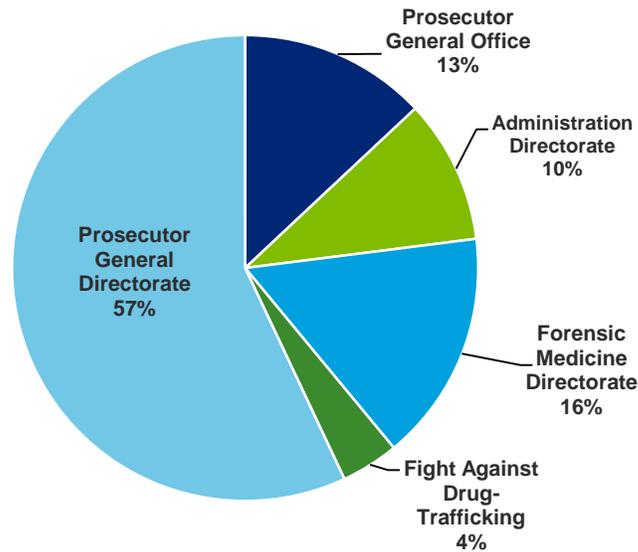
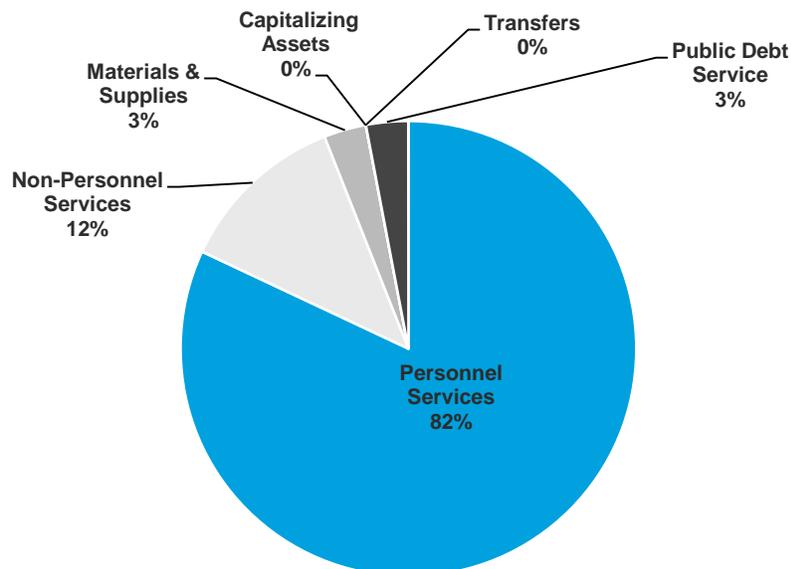


Figure 11 – Budget Allocation per Group, 2013



Source: Public Prosecutor’s office Accountability Portal, 2013 Annual Liquidation
<https://www.mp.hn/transparencia/Finanzas/Gastos2014/ANGAINST2013GRAF.pdf>

Fiscal Year 2012

Figur2 12 – Budget Allocation per **Program**, 2012

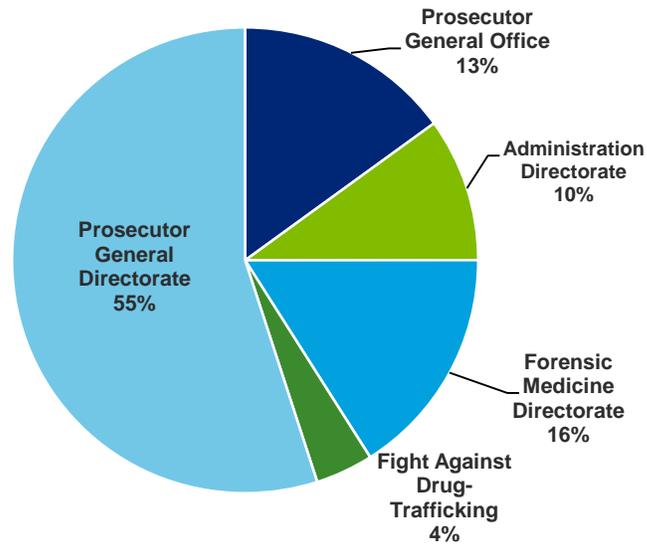
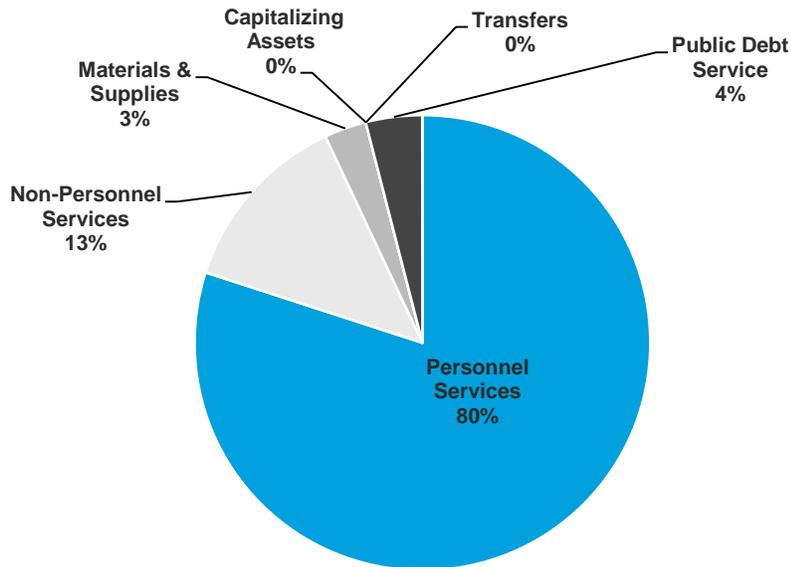


Figure 13 – Budget Allocation per **Group**, 2012



Source: Public Prosecutor’s office Accountability Portal, Annual Settlement 2012
<https://www.mp.hn/transparencia/Finanzas/liqanual2012.pdf>

Fiscal Year 2011

Figure 14 – Budget Allocation per Program, 2011

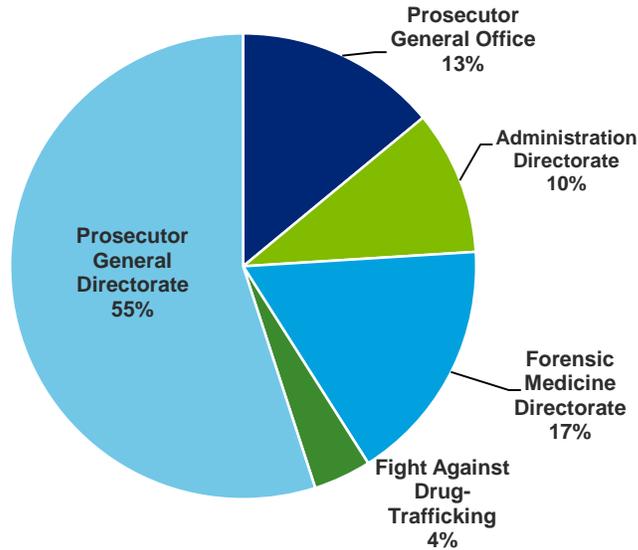
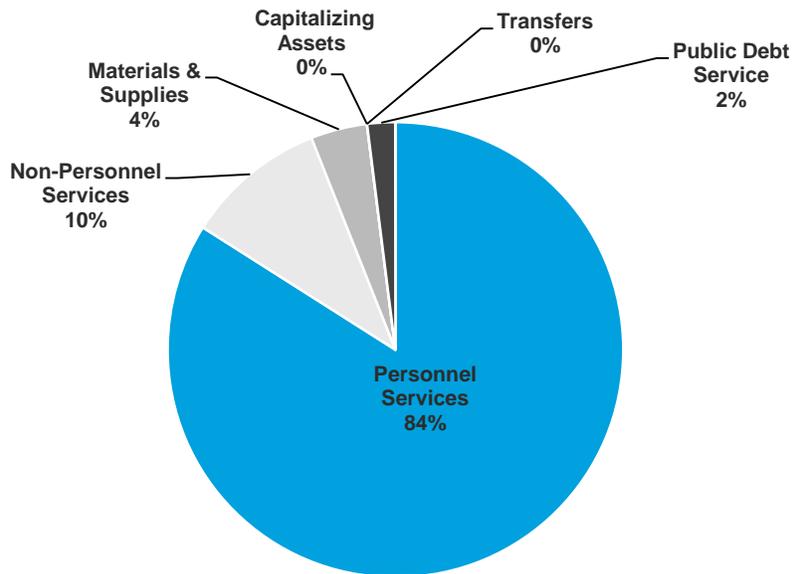


Figure 15 – Budget Allocation per Group, 2011



Source: Public Prosecutor's office Accountability Portal, 2011 Annual Liquidation
https://www.mp.hn/transparencia/Finanzas/Informe_anual_2011.pdf

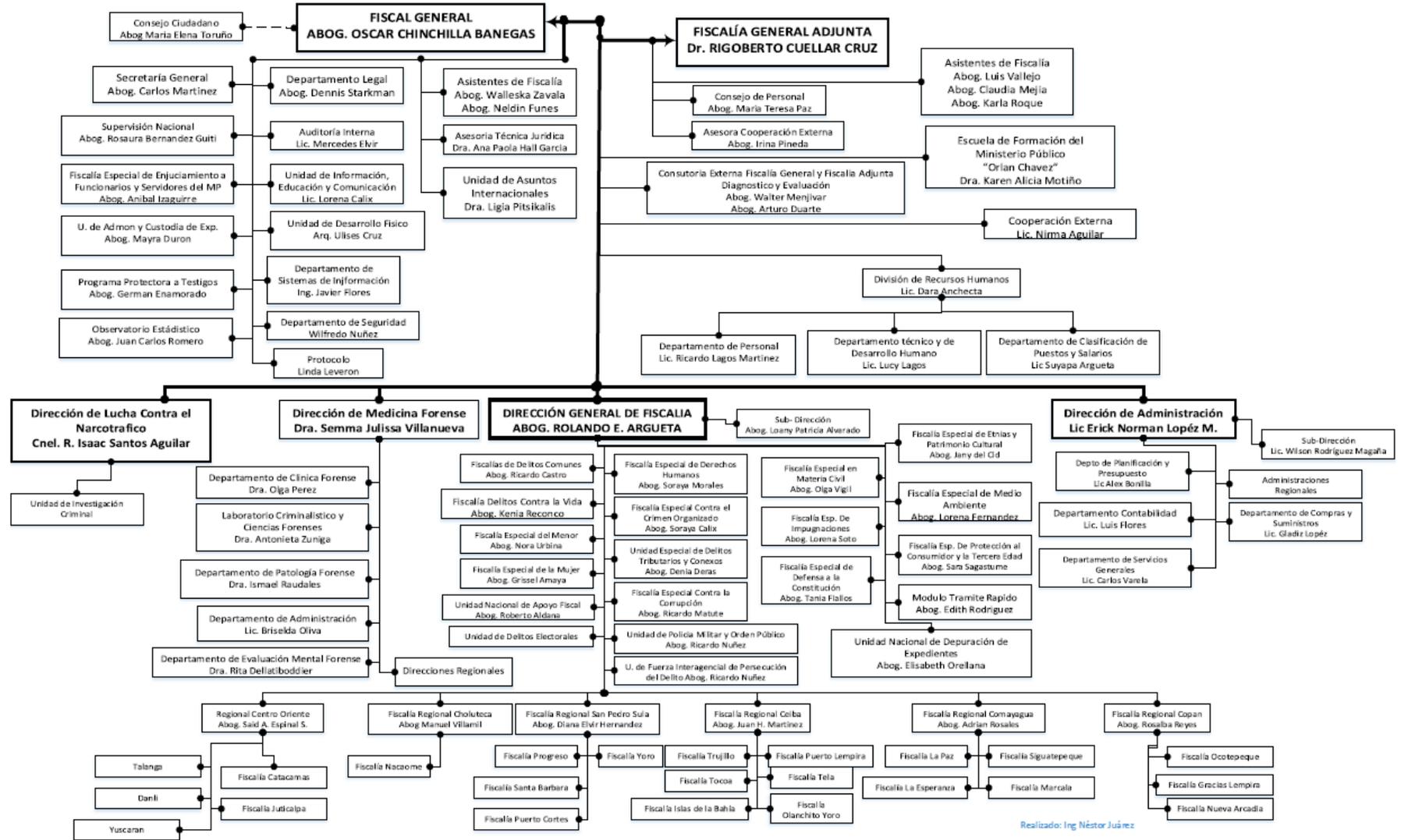
Annex C– Interview Listing

Figure 16 – List of interviews conducted by the consultants

Contact Name	Department / Function	Date	Place
Attorney Irina Pineda	External Cooperation Advisor	23-Jun-14	Tegucigalpa
Lic. Alex Bonilla	Planning and Budget Department	23-Jun-14	Tegucigalpa
Attorney Juan Carlos Romero	Statistical Observatory	24-Jun-14	Tegucigalpa
Lic. Erick Norman López	Administration Directorate	24-Jun-14	Tegucigalpa
Lic. Wilson Rodriguez Magaña	Administration Directorate	24-Jun-14	Tegucigalpa
Attorney Reina Valerio	Prosecutor General Directorate	25-Jun-14	Tegucigalpa
Lic. Francisco Lizardo	Public Prosecutor Sector, Finance Secretariat (SEFIN)	24-Jun-14	Tegucigalpa
Attorney Rene David Diaz	Regional Prosecutor’s Office of San Pedro Sula	26-Jun-14	San Pedro Sula
Lic. Roxana Ramirez	Regional Prosecutor’s Office of San Pedro Sula	26-Jun-14	San Pedro Sula
Attorney Juan Heriberto Martinez	Regional Prosecutor’s Office of La Ceiba	27-Jun-14	La Ceiba
Lic. Marcela Calix	Regional Prosecutor’s Office of La Ceiba	27-Jun-14	La Ceiba
Sigifredo Ramirez	USAID – NEXOS Projects	23-Jun-14	Tegucigalpa
Maribel Suazo	USAID – NEXOS Projects	23-Jun-14	Tegucigalpa
Attorney Gabriela Nunez	Vice President of the Budget Committee, National Congress	25-Jun-14	Tegucigalpa
Lori Fleming	U.S. Treasury –Technical Assistance	25-Jun-14	Tegucigalpa
Gabriela Castellanos	National Anti-Corruption Commission	30-Jun-14	Tegucigalpa
Alejandro Mayrena	Human Rights Investigation and Promotion Center (CIPRODEH)	1-Jul-14	Tegucigalpa
Carlos Hernández	Peace and Justice Alliance	1-Jul-14	Tegucigalpa

Annex D- Organizational Chart

Figure 17 – Ministerio Público Organizational Chart



Realizado: Ing Néstor Juárez