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FOPRIDEH
Federación de Organizaciones
No Gubernamentales para
el Desarrollo de Honduras

Decentralization Enabling Environment (DEE)

SEMIANNUAL PERFORMANCE REPORT

Cooperative Agreement No. 522-A-11-00001

July - December 2013

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Acronyms

AMHON Honduran Municipal Association
AMVAS (Ocotepeque) Association of Municipalities from the Sesecapa Valley
CSO Civil Society Organizations
DEE Decentralization Enabling Environment
FAI Fiscal Autonomy Indicator
FEDECAMARA Chamber of Commerce Federation of Honduras
FOPRIDEH Federation of non-Governmental Organizations for Honduran Development
GOH Central Government of Honduras
LCAM Municipal Service Law
MANOFM (Francisco Morazán) Mancomunidad of Municipalities of the Northwest of Francisco Morazán
MANSUCOPA (La Paz & Comayagua) Mancomunidad of Municipalities of the Southwest Valley of Comayagua and La Paz
MANVASEN (Ocotepeque) Mancomunidad of Municipalities of the Sensentí Valley
MUNASBAR (Santa Bárbara) Mancomunidad of Municipalities from the South Region of Santa Bárbara
MAMSA (Olancho) Mancomunidad of Municipalities Martyrs from the Sierra of Agalta
MANCURISJ Mancomunidad from the Cuenca del Rio San Juan
MAMLESIP Mancomunidad of Municipalities Lencas from la Sierra de La Paz
OMM Municipal Woman's Office (OMM)
PMP Performance Monitoring Plan
POA Annual Work plan
SAFT Tax and Finances Management System
SAMI Municipal Integrated Management System
SIGMA Municipal Management Information System
SEFIN Ministry of Finance
SEIP Ministry of Interior and Population
SEPLAN Technical Ministry of Internal Cooperation
SETCAM Technical Ministry of Municipal Service
SISERA Audit Follow-up System
URSAC Registration and Tracking Unit of Civil Partnerships
UTD Decentralization Technical Unit
UTI Inter Municipal Technical Unit
UFIM Mancomunada Finance Unit
USG United States Government

*Acronyms in Spanish

I. Executive Summary

This document includes the methodological process, significant achievements and the main obstacles identified within the Decentralization Enabling Environment Program during the second half of 2013 (July – December).

Methodology used for the program was developed around individual and group technical assistance and workshops. These workshops were implemented by project employees, facilitators and other institutions like AMHON, SEIP/ UTD, Superior Accounts Tribunal (TSC), and the UFIMs.

A highlighted result for policies developed through project support inland donation to the youth committee in Jesús De Otoro and in Marcala and Yorito, the financial support for a campaign against violence.

The most important achievement related to the implementation of the Laws was the greater understanding of the process to recover of back taxes through mediation. This was effectively demonstrated in in MANSUCOPA and MANOFM, who were able to recuperate an estimate of L. 1,601,071.45 equivalent to 58% of the total L. 2,736,345.78 that the municipality had presented to the court for recovery.

A focus for the program through the last half of 2013 was on sustainable information systems. Municipal employees, technicians and officials were trained on systems like, SAFT and SIGMA. These trainings resulted in higher than expected collection of own-source revenue and proper implementation of fiscal laws.

During this semester, communications efforts have been enhanced in order to increase media coverage to communicate advancements in decentralization.

II. Introduction

This Semi-Annual report for the period of July through December will present the accomplishments and areas for improvement for the Federation of Non-Governmental Organizations for Honduran Development (FOPRIDEH) Decentralization Enabling Environment Project (DEE) that will be referred to as DEE.

This document will show the most important activities implemented during this period, in relation to the progress of the implementation of results in the framework of the Cooperative Agreement No. 522-A-11-00001 signed between FOPRIDEH and the United States Agency for International Development (USAID).

General Objective

The general objective of the Project DEE is to strengthen national institutions, local governments and civil society's capacities to promote, enact and apply the legislative reforms that allow decentralization. These goals are attained through the accompaniment of the Central Government, Local Government, Civil Society Organizations (CSOs) and other strategic partners associated with the project. Achieving a legal framework for decentralization involves the approval of new and/or reformed public policies and laws.

Specific Objectives

1. Train local people to promote decentralization laws skillfully and representatively.
2. Strengthen local government capacities through: 1) The adoption and implementation of the legal, fiscal and administrative reforms, 2) Monitor and report quarterly, on national government transfers to local governments and verify the application of the law stated in the article 91 of the Municipal Law to citizens, 3) The capacity to finance municipal operative costs and invest with own source funds.
3. Advocate with fellow CSOs for clear legal framework that supports decentralization.

III. Results

- Performance Monitoring Plan Results Table

AO, IR or Sub-IR	Indicator	Unit of Measurement	Disaggregation	2013Target	2013 Actual	Average
Result 1: Comprehensive legal framework for increased municipal autonomy strengthened						
IR 1.1	Indicator 1.1: Total resources managed by local government as percentage of total public resources	Percentage Points or Percentage Change	Municipalities	10%	8%	Below Expectations
IR 1.2	Indicator 1.2 Percentage of laws and reforms passed by the GOH and drafted with USG assistance to promote decentralization compared to introduce initiatives.	Percentage		$4/10 \times 100 = 40\%$	40%	Acceptable
IR 1.3	Index of Implementation of the Municipal Administrative Career Law by Local Government to promote municipal autonomy	Scale	Municipalities	$(1/4 \times 100) = 25\%$	0	Below Expectations
Result 2: Legal framework for municipal fiscal autonomy strengthened						
IR 2.1	Index of fiscal municipal autonomy of municipalities (own source revenue/total income)	Percentage of fiscal autonomy	Municipalities by quarter	5 % of index Increase	-39%	Below Expectations

IR 2.2	Percentage of laws and reforms passed the GOH and drafted with USG assistance to promote fiscal autonomy compared to introduced initiatives	Percentage of laws or policies approved		$(2/10 \times 100) = 20\%$	10%	Below Expectations
IR 2.3	Score of implementation of legislation to promote fiscal autonomy, implemented by the municipalities	Percentage points (pp)	Municipalities quarterly by	10 pp increase	8 pp	Below Expectations
AO, IR or Sub-IR	Indicator	Unit Measurement	Disaggregation	2013Target	2013 Actual	Average
Result 3: Cross-cutting actions of civil society participation in the decentralization processes increased						
IR 3.1	Indicator 3.1 Number of representatives from civil society organizations who contribute to project activities.	Percentage	Percentage points or exchange rate	500	458	Below Expectations
IR 3.2	Percentage of civil society perception on decentralization and municipal autonomy	Percentage points or exchange rate	Perception Opinions	20% increase from previous year	17%	Below Expectations
F INDICATOR						
F1	F Indicator 1: Number of laws or amendments promoting decentralization drafted with USG assistance	Number	None	4	4	Acceptable
F2	Indicator F2: Number of individuals who received USG assisted training, including management skills and fiscal management, to strengthen local government and/or decentralization	Number of participants	Number of participants by gender	250	1019	Beyond Expectations

- **Methodology**

The DEE project uses technical training, workshops, and advocacy to reach the aforementioned projects results. This methodology is broken down into:

- a) Technical assistance performed by the Superior Accounts Tribunal (TSC) and AMHON, through workshops, experience exchanges, and trainings aimed at employees and municipal officials who work in financial, accounting areas, and UFIM.
- b) Technical assistance through at the employees in the field on: Budget Administration, Accounting, Tax and Internal Control, Accountability, and other topics related to municipal finances.
- c) Discussion of the new Law of Municipalities by experts from SEIP/UTD and AMHON.
- d) Technical assistance provided through workshops to draft of public policies and advocating strategies.
- e) Research studies about the Perception of Decentralization and the Systematized experiences, concerning water resources and environment protection, of coordination between Local Governments and NGOs through specialized consulting.
- f) Coordination with regional partners.



- **Laws and Public Policies: Advocacy and Implementation**

During the July – December 2013 period several advocacy actions aimed at the approval of the Decentralization Draft Law and the Law of Municipalities by the National Congress were executed by the DEE project. The advocacy by FOPRIDEH and AMHON attained the following results:

- a) In search for a stronger advocacy strategy, the presence of project DEE was more noticeable during November and December in the media. Through a more active participation on over 10 aired presentations in TV and radio programs, promoting the benefits, roles of principal actors and other important content in the Law of Decentralization.
- b) Civil Society Organizations from the different partner Mancomunidades were taught about the content of the Law of Municipalities Draft and are willing to participate in the process of political advocacy that will encourage approval by the National Congress.
- c) Presented the Law of Municipalities Project with the business sector, resulting in important feedback from FEDECAMARA's Board of Directors whose proposal included addition of 'the responsibility of municipalities that prior to the delivery of the operating permit, the business should be registered in the corresponding chamber of commerce' and was timely delivered to the technical commission.
- d) The MANSUCOPA Board of Directors began the implementation of the process of recovery of back taxes through legal mediation, according to the Law of Municipalities.
- e) MANOFM also enforced the implementation of the process of recovery tax of arrears through legal mediation according to the existent Law of Municipalities.

Public Policies:

- a) 25 Youth trained on Public Policies, developed and presented the Local Youth's Public Policy proposal to the authorities of the Local Governments of Jesús de Otoro, Marcala and Yorito. This achievement was possible with the support and coordination with the Project *Con Derecho a un Futuro*.

Resulting in the donation of a piece of land to the youth committee to develop community projects from municipalities of Jesús De Otoro and in Marcala, the financial support for a campaign against violence.

Implementation of the laws:

- a) Law implementation was effectively demonstrated when MANSUCOPA submitted 36 cases to the court, recovering an estimate of L. 1,497,241.18 equivalent to 70% of the total L. 2,736,345.78 that the municipality had presented to the court for recovery.
- b) 43 cases were sent to court in MANOFM, recovering an estimate of L. 103,830.27 equivalent to 17% of the total sum.

- **Workshops and Technical Assistance**

During the second half of 2013, workshops were performed on subjects such as: Methodology in Advocacy for Public Policy, Formulation of Local Public Policies, Law of Municipalities Draft, Financial and Tax Management, Accountability and Internal Controls are detailed below:

- a) Representatives of Affiliates to FOPRIDEH and CSO's were trained in Methodology in Advocacy for Public Policy and Formulation of Local Public Policies and now apply this knowledge from the workshop in their daily routine.
- b) The draft of the new Law of Municipalities was analyzed and proposals were presented to the technical committee in congress for the improvement of the document.
- c) 769 CSO representatives contributed to Project DEE activities, exceeding the target. According to the indicator, 1019 people received USG assistance in developing their tax administration skills strengthening Local Governments and consequently the Decentralization process.
- d) Identified the strengths, weaknesses, threats and opportunities related to rural and urban cadasters of the Municipalities of Gualaco, Dulce Nombre de Culmí, Santa María del Real and Manto in Olancho. Support was provided for local decision-making to implement new cadaster values that will result in increased tax collection.

- e) Promoted the modernization of Municipal financial and tax management, fiscal transparency, implementation of municipal regulations, improvement of collection of own source revenues and the rationalization of expenses through project DEE with the implementation of Financial Systems (SAFT) for the first time in 8 municipalities. Provided technical assistance in the 12 municipalities that already had the system.
- f) Implementation of good practices in preventive audit and internal controls in order to make municipal administration more efficient with emphasis in trusty and legitimate bank reconciliations, control of receivables, enforce State Contracting Law, cycles of project management and the implementation of SISERA (Audit Follow-up System) methodology.
- g) Reduced municipal dependence from external financial assistance by delegating these responsibilities in the UFIM promoted by DEE.
- h) Approved by Superior Accounts Tribunal (TSC) the Local Government (GL) Accountability corresponding to the third trimester of 2013 of the 12 municipalities that have the SAMI financial system.
- i) Promoted the update of the tax arrears, easing the mediation process.
- j) Promoted the update in tax based charges through the update of the Municipal Taxation Plan.
- k) Reduced tax arrears in MANSUCOPA and MANOFM through mediation with contributors, recovering 70% in MANSUCOPA and 17% in MANOFM.
- l) Recovery beyond expectations in terms of the percentage of own source revenues collected L. 32,213,083.49 during 2012, versus a collection of L. 173,163,787.49 in 2013, showing an increase of L. 140,950,704.29 equivalent to 437.56% PP although the Fiscal Autonomy Indicator show results below expectations, due mainly to the fluctuations between own source and total income that make up the IAF.
- m) Increased 17% in positive perception on Decentralization and Municipal Autonomy in citizens, cooperation, civil society and the Mancomunidades involved with Project DEE according to the results from the investigation considered acceptable in the PMP indicator table.

IV. Communications

The main achievements related to the communications area, concern the overall specialized operation of the Decentralization Observatory, producing firsthand information that showed during the last Congressional approval period there were more than 5 laws were approved, and 3 amended. Follow-up on Laws, reports and municipal transfers from the Central Government were discussed in TV, radio and electronically creating awareness in citizens, radio programs and project material that enforced of our project's message:

- a) Strengthening of the connections between the strategic allies (AMHON, SEIP/UTD, Municipalities and Mancomunidades) through timely dissemination of valuable information in current subjects of interest through email and the webpage.
- b) Inform the general population about the progress of Decentralization in Honduras through news, videos, law initiatives, public policies, press releases, informative alerts of the legislative and executive agendas and newsletters.
- c) Developed quarterly reports with information provided by SEIP, SEFIN, Municipalities and AMHON, about the payments made by the Central Government to the Municipalities through Municipal transfer according to article 91 of the Law of Municipalities.
- d) Adjustments were implemented in the communication strategy of the radio programs promoted by the Project concerning Decentralization subjects. Every program, had participation of congressman, presidential candidates from 2013, local authorities and most importantly, experts on the subject providing detailed yet understandable information for the audience.
- e) Implemented a communication strategy for political incidence with the intention to promote the Law of the Municipalities and Decentralization within the National Congress.
- f) Visualization and perception of the Decentralization subject with gender focus through the development of material distributed in events and workshops.

V. Gender Strategy

During this semester, actions oriented to motivate woman`s participation in different activities developed by the project resulted in the participation of Woman Mayors, *Vice-Alcaldesas*, Women in Municipal Commissions, Municipal Office Coordinators (OMM), Municipal Woman Alliance of Honduras, Woman Network of Transparency Commissions of Francisco Morazán in different subjects addressed by the project.

In political advocacy, the outstanding participation of woman resulted in active proposals, observations and approaches that generated discussion and agreements in subjects related to the Law of Municipalities and the Law of Decentralization for the Municipality.

In municipal finances, local authorities have promoted the participation of women in the development and implementation processes of municipal budgets, considering the female point of view in projects with cross-cutting inclusion of gender.

In general terms at quantitative level, participation under results 2 and 3 for July to December of 2013 was 426 total participants of which 234 were woman, representing the 55% and 192 men 45%. It is important to note that the relationship between men and woman has been constant and is kept within the 40% and 60% range established by the program. The program feels this tendency is acceptable and recognizes the need to make greater effort to promote a greater participation of women during the next period.

VI. Implementation of laws aids progress in Villa de San Antonio

The implementation of the laws in the municipality has enabled projects benefiting the people



Community working on project's first stage

Located 60 minutes from Tegucigalpa, the town Villa de San Antonio a municipality within Comayagua has a welcoming atmosphere, with friendly people.

Decentralization Enabling Environment Project (DEE-USAID), has supported the recovery of tax arrears by mediation, in the municipality of Villa de San Antonio part of MANSUCOPA adding up to a total of L. 1,601,071.45 equivalent to 58% of the total debt.

With recover resources, the municipality implemented the project “*Adoquinado de la calle principal del Barrio San Carmen del Casco Urbano*” investing L. 111,857.00. The ‘*casco urbano*’ has the central plaza, two kindergartens, two elementary schools, and one middle-high school, where most students attend and two orphanages.

In this initial phase about 30 homes and 120 habitants have been benefited directly although the tangible result is evident to all the people in the municipality mainly because these improvements in road infrastructure will encourage local economic development, tourism and therefore better life conditions for citizens. DEE has contributed to raise credibility and trust of the citizens towards their local authorities as resources that originate from the tax payments are managed transparently promoting a better tax-paying culture.

VII. Obstacles

The following obstacles are considered:

- a) The non-compliance with the Access of Public Information Law in timely manner by the Government institutions in information requests by the Project for accurate data on Municipal transfers and other subjects that helps feed the Social Observatory webpage.
- b) Economic proposals presented by different bidders according to the terms of reference to carry out the “Job classification and wages” manuals in 13 Municipalities exceeded the budget assigned to the activity.
- c) Local authorities, executives, NGOs, Municipalities officials and other key actors did not participate or meet the requirements of participation in the events promoted by the project due to lack of political will resulting in the interruption of the process and diminishing the expected goal. Lack of participation from Mayors of the MANOFM and the UTI during the technical assistance during mediation provided by DEE project.
- d) Lack of update in the collection of own source, municipal tax arrears and other records related to the legal mediation, delaying the development and/or update of the indicators of Result 2.

VIII. Conclusions and Recomendations

After reviewing the accomplishments and obstacles of 2013 the program, the program has come to these conclusions and next steps

- a) As a result of the technical assistance provided by the project to the Municipalities and *Mancomunidades* some goals were achieved beyond expectations in the collection of own source revenue due to fluctuations in own source income and transfers from the Central Government.
- b) These are the main reasons why the presented PMP shows indicators considered "below expectations"; several activities undertaken by the municipal employees during the political campaign because of political commitments caused carelessness in goal project activities. The lack of up-to-date information in the income records by the municipal employees. The project will maintain an improved relationship with the UFIM and the UTI in the field.
- c) In order to obtain the results set in the political advocacy process, it is crucial to have the political will of the key decision-making actors within the Legislative and Executive powers.
- d) Maintain active relations with the Advocacy Commission of FOPRIDEH and key decision-makers in subjects of interest for the project. Other important valuable relations with technical and strategic partner coordination with SEIP/UTD, FND, AMHON.
- e) Continue the presentation of strategies for the Law of Decentralization and Municipalities Law, taking into consideration the results obtained from the consultancy of Perception on Decentralization.
- f) In order to have Laws with full legitimacy, it is necessary to extend presentation spaces for further discussions with actors linked to the subject.
- g) Show local authorities the advantages and benefits that an information tool (SAFT) can provide and how to install and access technical assistance provided by AMHON, opposed to having other information systems that generate high costs in technical assistance.

- h) The identification of municipal government's circumstances allows the strengthening of local public policies formulation, in order to guide adequately their own local development.
- i) Implementation of programs that strengthen the municipalities in subjects of local political policies aimed at providing professional training of employees and civil society.
- j) In order to comprehend effective decentralization, municipal autonomy and technical capacities of the municipalities, it is advisable to suggest Mayors raising employee's education levels, specially UTI personnel, assuring competent and capable staff able to adapt to new management models for development.
- k) Evidence has shown, that through correct use of information tools consistent with current demands (on local public administration), they may strengthen the autonomy improving the tax management, resulting in more transparent and increased tax collection and expense rationalization.
- l) Relevant experiences and good practices in decentralization acknowledged by Mayors and officials must be shared with other municipalities. Success stories will be gathered and rescued through interviews and photographic documentation for published newsletters.
- m) Limited availability of professionals with knowledge and experience in laws the project handles and some of them are not willing to provide their services out of the city. The project proposes induction meetings about subjects of interest directed to professionals interested, in order to inform the project requirements for future TOR proposals.

IX. Main Activities for Next Period

Important activities foreseen for next semester July-December 2014 with in the work plan approved by the agency, show the importance of National Congress advocacy for the approval of laws drafted in 2013; Development of Municipal Service Laws Manuals of Job Classification and Wages. Through the Social Decentralization Observatory the project provides and shares information on the constant monitoring of the new Congress. Provide technical assistance for development of a consultancy oriented in performing a proposal-generating analysis of the current draft of the Municipal Finance Administration Law. Continue actions in the mediation for recovery of tax arrears benefiting at least two *Mancomunidades*. Dissemination of initiatives and experiences relevant generated at local level in the project. Promote planning actions aimed at the creation of the Commissions programs.

X. Annexes

- Training

Trainings (16hrs or more)		Integration of Workshops and Origin (The Σ of G a Q = F)															
		Date	Gender					# according to action			# according to participant				# according to Organization/Institution		
			Absolute			%		In training	Technical Assistance	Other	Youth	Technicians	Directives	Officials	Affiliates	Non Affiliates	Public Institutions
No	Themes	M	W	TOTAL	M	W											
1	Public Policies Formulation in Comayagua	July 17 & 18, 2013	5	12	17	29%	71%	17				5	9	3	10	3	1
2	Law of Municipalities Socialization San Marcos de Ocotepeque (MANVASEN)	July 17 & 18, 2013	11	17	28	39%	61%	28				19	9		3	12	
3	Law of Municipalities Socialization in San Fco. La Paz, Olancho (MAMSA)	29 y 30 de Julio	5	11	16	31%	69%	16				11	5			5	

Trainings (16hrs or more)		Integregation of Workshops and Origin (The \sum of G a Q = F)																
		Date	Gender						# according to action			# according to participant				# according to Organization/Institution		
			Absolute			%			In training	Technical Assistance	Others	Youth	Technitians	Directives	Officials	Affiliates	Non Affiliates	Public Institutions
			M	W	TOTAL	M	W											
No	Themes																	
4	Law of Municipalities Socializations, for the Citizen Transparency Network in Tegucigalpa	August 13 & 14, 2013	20	5	25	80%	20%	25				22	3			1		
5	Law of Municipalities Socialization for CSOs of Santa Rosa de Copàn	August 22 & 23, 2013	22	8	30	73%	27%	30				19	2	9	8	2	5	
6	Law of Municipalities Socialization for CSOs of MANCURISJ	August 29 & 30, 2013	8	14	22	36%	64%	22					3	19			5	

Trainings (16hrs or more)		Integration of Workshops and Origin (The \sum of G a Q = F)																
		Date	Gender						# according to action			# according to participant				# according to Organization/Institution		
			Absoluto			%			In Training	Technical Assistance	Others	Youth	Technicians	Directives	Officials	Affiliates	Non Affiliates	Public Institutions
			M	W	TOTAL	M	W											
No	Theme																	
7	Local Public Policies Workshop for the Comisión Regional de Olancho and CSOs, in Juticalpa, Olancho	August 29 & 30, 2013	7	14	21	33%	67%	21				4	5	12	1		5	
8	Law of Municipalities Socialization for CSOs in Santa Bárbara (MUNASBAR)	September 12 & 13, 2013	11	13	24	46%	54%	24			7	5	4	8	1		4	
9	Law of Municipalities Socialization for CSOs in Márcala, La Paz (MAMLESIP)	September 19 & 20 2013	3	10	13	23%	77%	13				1		12			3	
10	Public Policy Methodology for affiliates in the Northern Region and the UCRISH	September 23 & 24, 2013	14	13	27	52%	48%	27				14	13		7	2		
11	Public Policy Methodology for CSOs in La Esperanza, Intibucá (MANCURISJ)	September 26 & 27 2013	14	12	26	54%	46%	26				4		22	1		6	

Trainings (16hrs or more)		Integration of Workshops and Origin (The Σ of G a Q = F)																
		Fecha	Gender						# according to action			# according to participant				# according to Organization/Institution		
			Absolute			%			In Training	Technical Assistance	Others	Youth	Technicians	Directives	Officials	Affiliates	Non Affiliates	Public Institutions
			M	W	TOTAL	M	W											
No	Themes																	
12	Law of Municipalities Socialization for CSOs in MANOFM	October 24 & 25, 2013	8	3	11	73%	27%	11			2	9					4	
13	Law of Municipalities Socialization in San Pedro Sula for affiliates of the Northern Region Commission and other Organizations	October 24 & 25, 2013	11	6	17	65%	35%	17				11	6		4	1	1	
14	SAFT System Strengthening Workshop	July 9 - 11, 2013	22	12	34	65%	35%		34			-					-	

Trainings (16hrs or more)		Integration of Workshops and Origin (The \sum of G a Q = F)																
		Date	Gender					# according to action			# according to participant				# according to Organization/Institutions			
			Absoluto			%		In training	Technical Assistance	Others	Youth	Technicians	Directives	Officials	Affiliates	Non Affiliates	Public Institutions	
			M	W	TOTAL	M	W											
No	Theme																	
15	SAFT strengthening Workshop	July 23 & 25, 2013	13	6	19	68%	32%		19			19				19		
16	Municipal Taxes Workshop in Marcala	July 8 & 9, 2013	7	7	14	50%	50%		14			14				14		
17	Taller de Controles Internos Municipales	del 26 al 30 de ago	23	8	31	74%	26%		31			31				31		
18	Financial Planning 2014 Workshop	September 17-20, 2013	8	3	11	73%	27%		11			11				11		
19	Financial Planning 2014 Workshop	September 24 - 27, 2013	9	7	16	56%	44%		16			16				16		
20	Municipal Accountability Workshop	October 7-10, 2013	13	11	24	54%	46%		24			24				24		
TOTAL			234	192	426	55%	45%		311			9	273	59	85	35	26	183

- Charts

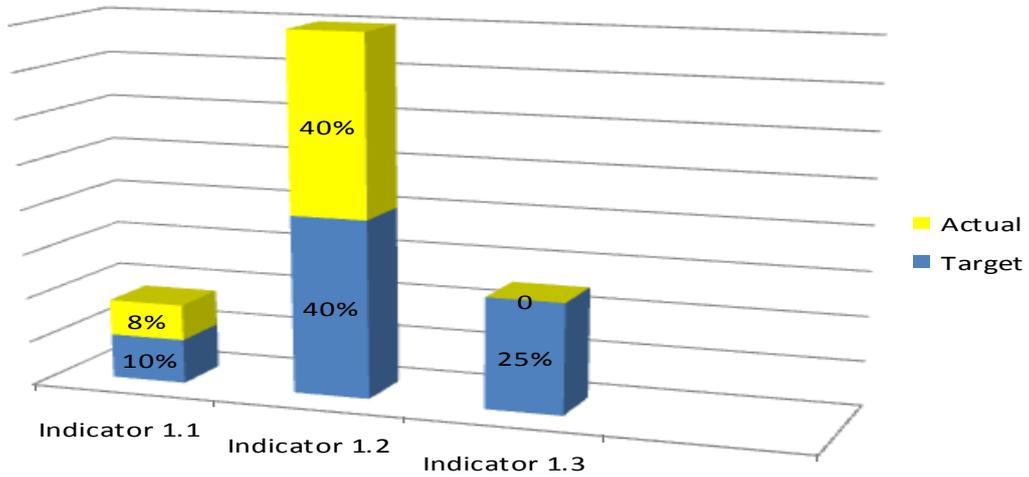


Chart 1: Target Result 1: Comprehensive legal framework for increased municipal autonomy strengthened

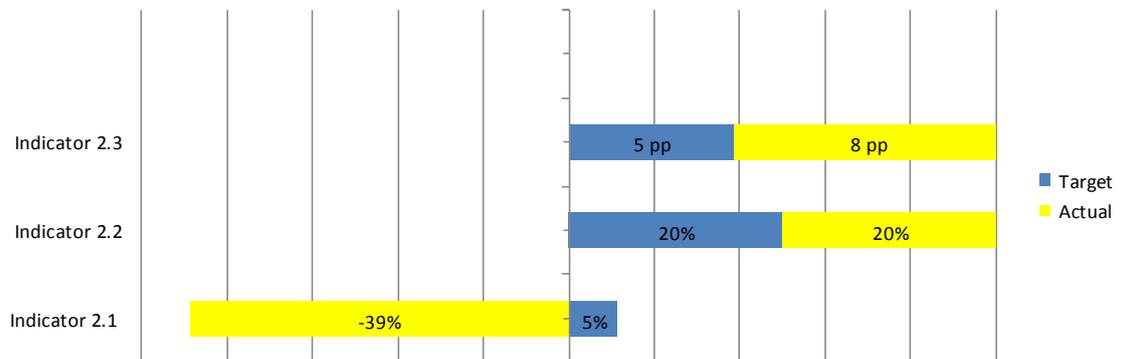


Chart 2: Target Result 2: Legal framework for municipal fiscal autonomy strengthened

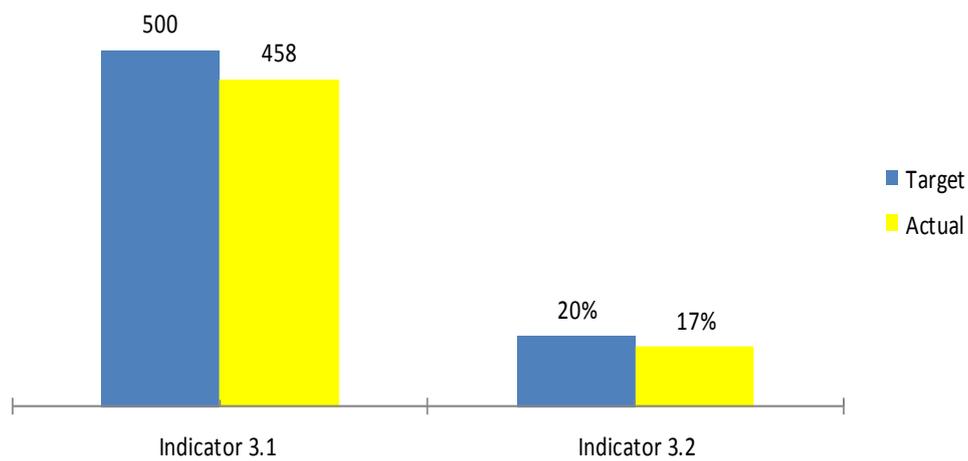


Chart 3: Target Result 3: Cross-cutting actions of civil society participation in the decentralization processes increased

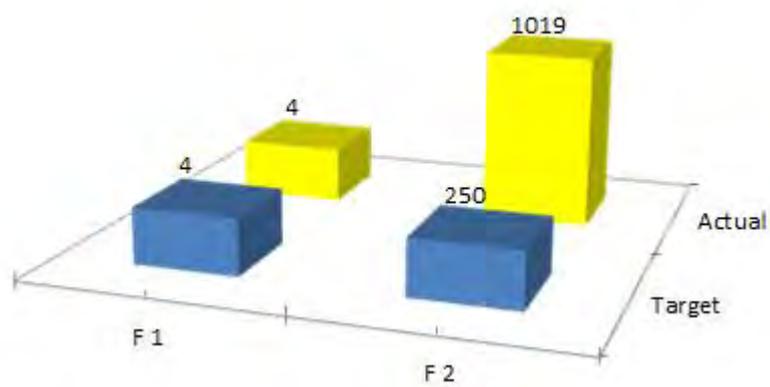


Chart 4: Target F INDICATOR

- **Photographic Documentation**



Law of Municipalities meeting with CSOs from MUNASBAR, September 2013



Local Public Policies Workshop with CSOs and FOPRIDEH affiliates, July 2013



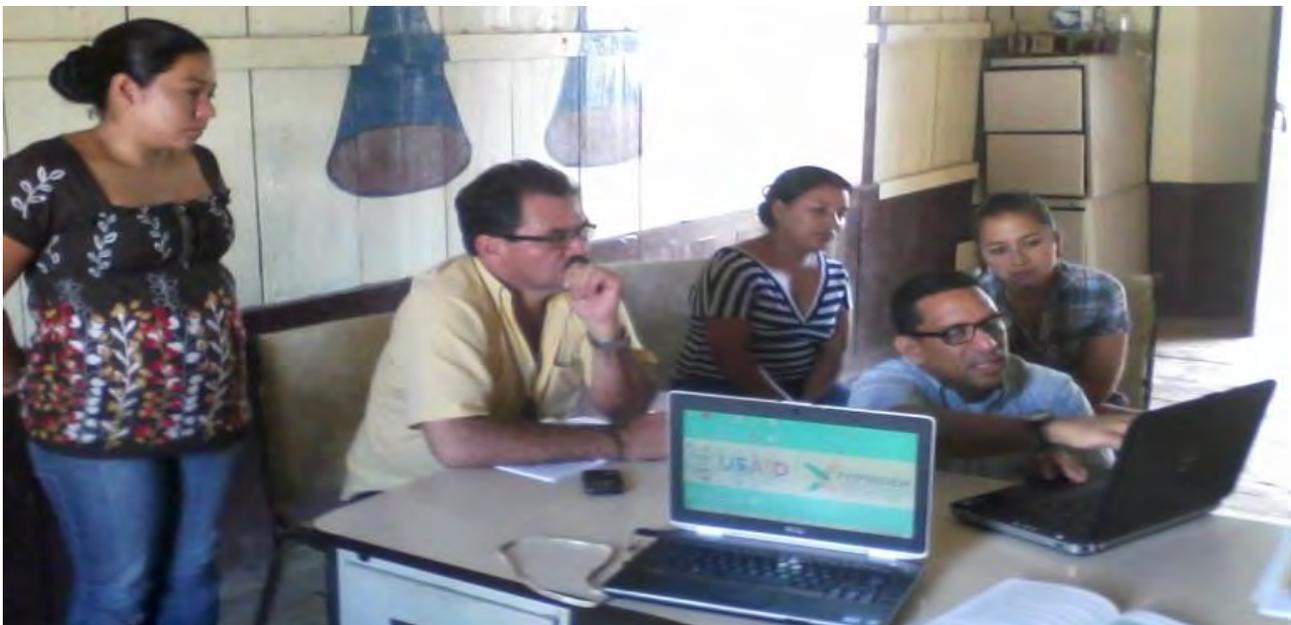
Public Policy Advocacy Methodology Workshop, September 2013



Group proposals "X Encuentro de Directores", November 2013



Budget Workshop (Initial Evaluation), September 2013



Assistance during Transition in Erandique, Lempira, October 2013



Legal Meditation in MANOFM August 2013



SUCCESS STORY: First phase complete Project: “*Adoquinado de calles Barrio San Carmen*” in Villa de San Antonio, Comayagua part of MANSUCOPA with debt recovered

- **Other Financial Data**

Municipal Transfer Payments

In the revenue and expenditure Budget approved by National Congress for 2013, projected the payment of transfers by 4,661,000,000.00 million lempiras representing the 10% mandated by the Law of Municipalities in article 91.

The Government of Honduras has paid in 2013 L. 3,756,534,209.13 million lempiras corresponding to an 8% execution of the 10% expected, and the 2% left pending for the first trimester of 2014.

Recorded detailed debt accumulated by transfers:

- Debt 2012: 727.5 million lempiras.
- Debt 2013: 904,465,780.87 million lempiras.
- Total debt (2012, 2013): L.1,631,965,790.87 million lempiras.

The information above-mentioned was provided by the head of Decentralization (AMHON), Local Strengthening Direction (SEIP) and the web page Transparency Portal from SEFIN (http://www.sefin.gob.hn/?page_id=15080).

Tax Recovery Process

TAX RECOVERY SUMMARY IN MANSUCOPA Values in lempiras updated to 16th of December 2013

No.	MUNICIPALITIES	PROJECTED SUES (L)	RECOVERY TOTAL (L)	% OF RECOVERY	OBSERVATIONS
1	LA PAZ	240.523,45	28.000,00	12%	
2	SAN PEDRO DE TUTULE	13.851,00	-	0%	Requires follow up of the process of resolution in respective court.
3	AJUTERIQUE	19.107,87	3.922,83	21%	
4	LAMANI	632.313,13	632.313,13	100%	The contributors and the municipality have signed an agreement as to pay the debt in construction materials.
5	LEJAMANI	124.832,96	36.567,93	29%	
6	SAN SEBASTIAN	944.969,92	684.580,31	72%	Additional to the value recovered the contributor has the compromise to pay L 200,461.27 according to the payment plan with expiration date in December 2013.
7	VILLA DE SAN ANTONIO	152.462,02	111.856,98	73%	
	TOTAL	2.128.060,35	1.497.241,18	70%	Through amnesty in 2013 some expected payments in the projection of the recovery may vary.

General Observation: In the municipalities of Humuya and Cane the legal mediation did not take place because they were not up-to-date with the administration which is a previous requirement of the legal mediation

TAX RECOVERY SUMMARY IN MANOFM
Values in lempiras updated to 20th of October 2013

No.	MUNICIPALITIES	PROJECTED SUES (L)	RECOVERY TOTAL (L)	% OF RECOVERY	OBSERVATIONS
1	CANTARRANAS	372.323,28	93.408,95	25%	From 8 requested charges in the corresponding court
2	SAN IGNACIO	235.960,95	10.421,32	4%	From 35 requested charges in the corresponding courts
TOTAL		608.284,23	103.830,27	17%	

General Observation: Previous to the mediation a total of 5 Mayors approved the mediation process in their municipalities, but in the actual development of the activity only two municipalities aided in the process.

Behavioral analysis of own source income and total income (FAI)

While performing the analysis of the result of the indicator, inconsistencies may be presented derived from the variation in the denominator represented in the Fiscal Autonomy Indicator (FAI) by the Total Income where the capital income is included because most municipalities can eventually have extraordinary incomes due to grants, transference, loans and/or donations. Increase in the total income vs the own source income that was not parallel to the first, one can suppose a downfall shown in the indicator. Without an analysis, municipal management would demerit the collection of revenues obtained. On another hand, the case in which the nonfulfillment of the municipal transfers, would show a decrease in the total income and therefore an increase in the total income, resulting in that any increase of the own source will show a positive increase in the indicator translated in the improvement of the level in fiscal autonomy.

For 2013, the increase in the capital inflows were greater than 2012 as with the own source at the end of 2013 in relation to the past year. As shown in Chart 5.

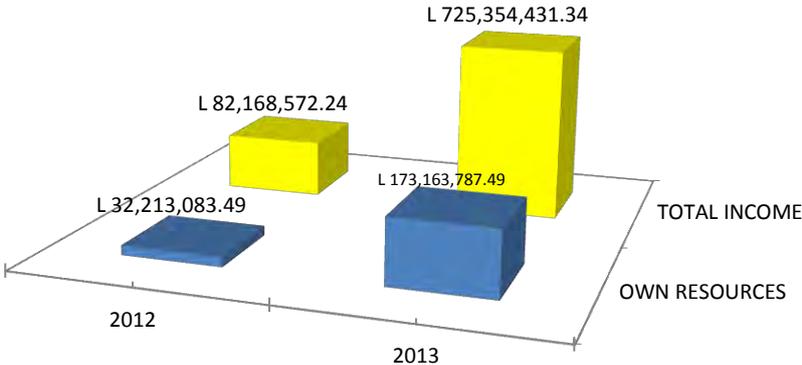


Chart 5: Comparative own source income and total income for 2012-2013

According to the chart above, during this semester the collection of own source is reported as beyond expectations in 2013 with a total amount raised of L.173,163,787.49 overcoming the L.140,950,704.29 equivalent to an 437.56% increase in relation to the L.32,213,083.49 raised in 2012. However, the FAI scored below the expectations and not a 5% increase as expected in the 39.20% from 2012. This year, the FAI scored a 23.87% with a drop in PP in relation to 2012 of -39%, that justifies the disproportional increase of the total income three times over the own source contrary to 2012 where the total income reached a difference of 155% vs own source.

Because the FAI depends on variations of the variables composed by the numerator (own source) vs the denominator (total income) the last one determined by the behavior of the transfers; it is concluded that if the numerator does not suffer changes or if it is increased but the denominator increases more the result in the FAI will be low as reported in 2013 and vice versa meaning a decrease or less increase in the denominator resulting in an increase of the FAI as reported in 2012.

Financial Autonomy Indicator (FAI) Municipal, Mancomunado and averaged

MUNICIPALITY	ACCUMULATED JANUARY to DECEMBER 2013		
	OWN RESOURCES	TOTAL INCOME	IAF
Ajuterique	1.484.339,25	8.641.873,49	17,18%
Humuya	436.099,98	11.122.835,99	3,92%
Lamaní	1.391.359,34	7.327.789,18	18,99%
Lejamani	886.238,43	14.467.043,68	6,13%
San Sebastian	3.410.528,71	16.264.649,76	20,97%
Villa de San Antonio	5.941.954,65	19.748.336,32	30,09%
La Paz	11.699.030,75	28.059.888,81	41,69%
Cane	1.366.390,19	14.303.241,28	9,55%
San Pedro de Tutule	1.117.149,11	16.747.003,31	6,67%
TOTAL MANSUCOPA	27.733.090,41	136.682.661,82	20,29%
El Porvenir	1.500.188,17	5.675.563,82	26,43%
Guaimaca	10.211.786,77	25.633.639,70	39,84%
Marale	690.119,30	689.719,30	100,06%
Orica	2.242.333,40	9.807.439,16	22,86%
San Ignacio	2.830.817,57	12.595.693,07	22,47%
San Juan de Flores *	6.692.250,79	12.076.947,48	55,41%
Valle de Angeles	10.422.823,27	11.427.922,18	91,20%
Villa de San Francisco	3.031.974,32	12.839.120,41	23,62%
Vallecillos	777.665,56	10.477.075,40	7,42%
TOTAL MANOFM	38.399.959,15	101.223.120,52	37,94%
Catacamas	34.992.945,62	59.298.350,00	59,01%
Dulce Nombre de Culmí	2.111.227,86	13.282.675,17	15,89%
Gualaco	2.294.446,47	17.087.492,47	13,43%
Guarizama	120.375,40	8.866.468,70	1,36%
Manto	784.553,92	7.335.990,42	10,69%
San Esteban	0,00	0,00	#DIV/0!
San Francisco de la Paz	1.329.291,76	6.580.786,17	20,20%
Santa María del Real	4.491.292,23	20.712.858,30	21,68%
TOTAL MAMSA	46.124.133,26	133.164.621,23	34,64%
Dolores	618.206,80	31.371.263,84	1,97%
Erandique	1.249.342,03	13.262.480,39	9,42%
San Juan	2.281.115,39	7.209.521,34	31,64%
San Miguelito	180.471,23	9.922.080,62	1,82%
Yamaranguila	0,00	0,00	#DIV/0!
San Francisco de Opalaca	149.517,51	10.641.037,77	1,41%
TOTAL MANCURISJ	4.478.652,96	72.406.383,96	6,19%
Cabañas	893.433,67	15.938.126,93	5,61%
Marcala	18.159.967,87	29.851.666,38	60,83%
Opatoro	841.595,33	13.723.911,72	6,13%
Santa Ana	794.503,50	13.055.778,75	6,09%
Santa Elena	251.732,53	6.834.298,68	3,68%
Yarula	1.296.649,72	22.949.369,68	5,65%
TOTAL MAMLESIP	22.237.882,62	102.353.152,14	21,73%
Ocotepeque	11.932.749,17	24.951.157,47	47,82%
Santa Fe	1.308.963,43	9.979.826,03	13,12%
Sinuapa	1.993.655,56	9.179.000,99	21,72%
Concepcion	653.427,60	11.335.746,96	5,76%
TOTAL AMVAS	15.888.795,76	55.445.731,45	28,66%
Mercedes	1.086.854,36	14.258.727,79	7,62%
San Francisco del Valle	1.278.978,47	11.653.036,28	10,98%
San Marcos	7.325.479,73	23.357.422,27	31,36%
TOTAL MANVASEN	9.691.312,56	49.269.186,34	19,67%
San Nicolás	1.931.400,33	18.549.082,34	10,41%
Arada	1.220.522,29	8.645.749,64	14,12%
Atima	1.446.775,00	17.545.098,92	8,25%
El Níspero	2.208.973,67	8.222.263,86	26,87%
Nueva Celilac	903.524,54	11.787.485,00	7,67%
San Vicente Centenario	898.764,94	10.059.894,12	8,93%
TOTAL MUNASBAR	8.609.960,77	74.809.573,88	11,51%
TOTAL AVERAGE	173.163.787,49	725.354.431,34	23,87%

Budget Implementation

FEDERATION OF NON GOVERNMENTAL ORGANIZATIONS FOR THE DEVELOPMENT OF HONDURAS
 FOPRIDEH
 SUMMARY OF EXPENSES PARTIAL
 PROYECTO: DECENTRALIZATION ENABLING ENVIROMANT (DEE)
 PERIOD: JULY - DECEMBER 2013
 VALUE IN DOLLARS (Monthly Variation Lps of \$1,00)

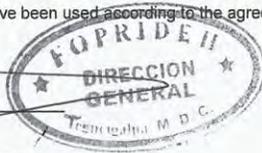
Budget Line	Executed July	Executed August	Executed September	Executed October	Executed November	Executed December	TOTAL executed (July- Dec 2013)
Result 1, Comprehensive legal framework for increased municipal autonomy strengthened	27,984.11	21,577.63	9,036.71	17,537.12	11,062.02	18,899.60	106,097.18
Result 2: Legal framework for municipal fiscal autonomy	24,826.40	21,481.57	9,396.82	13,303.93	12,619.09	23,276.13	104,903.95
Result 3: Cross-cutting actions of civil society participation in the decentralization processes increased	18,537.87	22,663.11	17,433.50	11,038.14	10,745.14	16,740.96	97,158.71
Subtotal	71,348.38	65,722.31	35,867.03	41,879.19	34,426.24	58,916.69	308,159.84
FOPRIDEH COST SHARE AMOUNT	7,284.13	7,809.66	5,930.02	4,455.94	6,725.41	7,022.67	39,227.82
TOTAL	78,632.51	73,531.97	41,797.05	46,335.12	41,151.65	65,939.36	347,387.66

Certify that all these expenses have been used according to the agreement and also in concurrence with the manuals of procedures of FOPRIDEH

BY: _____

TITLE: _____

DATE: 30 January 2014



FEDERATION OF NON GOVERNMENTAL ORGANIZATIONS FOR THE DEVELOPMENT OF HONDURAS
The Decentralization Enabling Environment Program (DEE) Agreement No. AID- 522-A-11-00001

SHARED COST

The January 01 the December 31, 2013

Concept	Unit cost	Quarter				Total Contribution (Jan-Dec) Dolares	Total Contribution (Jan-Dec) Lps	Contribucion acumulada desde inicio convenio al 31/12/2013 \$
		Quarter (01 January -31 March)	Quarter (April 01 - June 30)	Quarter (Jul 01 - Sep 30)	Quarter (oct 01 - Dec 31)			
Support staff								
Use of office by project staff	30,000.00	4,520.34	4,520.34	4,407.44	4,407.44	17,855.57	360,000.00	52,791.28
Use of accounting, financial software	3,000.00	-	-	-	-	-	-	-
Receptionist	8,200.00	419.61	658.87	683.54	628.85	2,390.87	44,840.48	6,048.73
Director assistant	21,000.00	1,679.95	1,909.35	1,750.52	1,610.48	6,950.31	140,094.70	14,484.32
Administratiave assistant	-	-	-	-	-	-	-	-
Driver	7,504.89	573.08	719.39	625.59	575.55	2,493.62	50,260.47	5,941.98
General Accountant	12,285.00	982.77	1,085.89	1,024.06	942.13	4,034.85	81,336.60	9,497.23
Insurance for indirect employees	5,177.65	-	-	147.30	23.79	171.10	3,493.79	423.09
Benefits for indirect employees		-	633.77	186.85	3,274.32	4,094.94	83,295.45	9,240.47
Board of Directors	125.00	-	312.50	343.75	375.00	1,031.25	20,898.75	2,516.25
Directors of affiliates	125.00	2,953.13	1,140.63	2,562.50	2,984.38	9,640.63	194,773.75	17,219.38
Affiliates participation in logistics support	105.82	-	-	-	-	-	-	211.64
Affiliates participation in technical processes	75.00		10,959.38	6,637.50	2,193.75	19,790.63	509,595.75	52,063.50
Rent of events and meeting room (average 3 monthly meetings per area)	2,000.00	753.39	966.85	563.17	281.59	2,565.00	51,500.00	6,361.44
Hi lux Toyota, two-cab, vehicle	5,716.67	861.38	861.38	839.86	839.86	3,402.48	68,600.00	10,059.67
Other inputs		-	-	-	-	-	-	-
Partnership with other institutions (SEIP, MANCOMUNIDADES Y AMHON)		-	482.79	1,251.71	125.05	1,859.56	37,725.90	2,786.87
Furniture and equipment (computers, desks, chairs, filing cabinets) (feb- agos)		-	-	-	-	-	-	942.71
Rental of data and portable for events		-	-	-	-	-	-	2,275.13
COUNTERPART TOTAL		12,743.65	23,768.34	21,023.81	18,262.19	76,280.78	1646,415.64	192,863.67

BY:

TITLE: *Coordinador General*

DATE: *10 de marzo 2014*

