



IMPROVING DEVELOPMENT EFFECTIVENESS

Millennium Challenge Corporation: Honduras Threshold Country Program

## Evaluation Design Report

**October 2015**

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# ACRONYM LIST

Acronym	English	Spanish
ASJ	Association for a More Just Society	Asociación para una Sociedad más Justa
CUT	Single Treasury Account	Cuenta Única de Tesorería
DEI	Executive Directorate of Revenues	Dirección Ejecutiva de Ingresos
DGP	Directorate General of Budget	Dirección General del Presupuesto
ENEE	National Electrical Energy Company	Empresa Nacional de Energía Eléctrica
FGD	Focus Group Discussion	
GOH	Government of Honduras	
IMF	International Monetary Fund	
INSEP	Infrastructure and Public Services Secretariat	Secretaría de Infraestructura y Servicios Públicos
KII	Key Informant Interview	
M&E	Monitoring and Evaluation	
MCA-H	Millennium Challenge Account - Honduras	
MCC	Millennium Challenge Corporation	
MTPEF	Mid Term Public Expenditures Framework	Marco de Mediano Plazo de Gastos
ONCAE	Acquisition National Office	Oficina Normativa de Contratación y Adquisiciones del Estado
OTA	Office of Technical Assistance of the US Treasury Department	
PEFA	Public Expenditure and Financial Accountability	
PFM	Public Financial Management	
POC	Point of Contact	
PPP	Public Private Partnerships	
SEFIN	Secretariat of Finance	Secretaría de Finanzas
SIAFI	Integrated Administrative and Financial System	Sistema de Administración Financiera Integrada
TCP	Threshold Country Program	

TSC	Supreme Auditing Tribunal	Tribunal Superior de Cuentas
UPEG	Unit of Programming and Evaluation of Government	Unidad de Programación y Evaluación Gubernamental
WB	World Bank	

# 1 EXECUTIVE SUMMARY

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## 1.1 Introduction

On August 28, 2013 the Millennium Challenge Corporation (MCC) and the government of Honduras (GOH) signed a Grant Agreement for an MCC Threshold Country Program (TCP) valued at US\$15,650,000. MCC's Threshold programs are designed to assist countries in becoming Compact eligible by supporting targeted policy and institutional reforms. The Honduras TCP focuses on improving public financial management (PFM) and public private partnerships (PPP). While TCPs typically last for three years (to end in August 2016), due to delays in the start of implementation, it is currently expected that the TCP will be extended and conclude in August 2017. Social Impact was contracted by MCC to develop and conduct an evaluation of the Honduras TCP. This design document lays out a research design and data collection activities for this evaluation.

## 1.2 Threshold Goals and Objectives

The goal of the Threshold Agreement is to assist Honduras to become eligible for a Millennium Challenge Compact. The agreement aims to address constraints to the country's economic growth through institutional and policy reform. The objective of the program is to "increase the efficiency and transparency of the Government" through technical assistance in two areas: public financial management and public private partnerships.

## 1.3 Threshold Activities

The Honduras TCP seeks to support the GOH to improve transparency and government efficiency in four broad areas of PFM:

- **Activity 1.1 Budget and Treasury Management** involves technical assistance and training for the Ministry of Finance and line ministries to improve budget analysis and treasury management. It also entails technical assistance and training for the Congressional Budget Committee to improve congressional budget oversight capacity.
- **Activity 1.2 Improving Procurement Capacity, Planning and Controls** entails technical assistance to the Regulatory Office of Contracting and Acquisitions of Honduras (ONCAE) and other Government entities to improve procurement transparency. This activity also involves expansion of ONCAE's online supply catalogue and improving coordination between ONCAE and the Tribunal Superior de Cuentas (TSC) to ensure that established procurement norms are properly audited to ensure compliance.
- **Activity 1.3 Improving Capacity of the TSC** is designed to strengthen the capacity of the TSC in specialized auditing, particularly performance auditing.
- **Activity 1.4 Grant Facility for Social Accountability** provides grants to Honduran civil society organizations (CSOs) to undertake social accountability projects that assess the quality of spending and service delivery in order to increase government accountability.

The PPP aspects of the TCP are divided into two sets of activities:

- **Activity 2.1 Develop Core PPP Capacity** is designed to improve the capacity of, and procedures utilized by, GOH agencies with key PPP responsibilities to develop and implement PPPs in accordance with best practice, including by supporting the institutional responsibility for structuring PPPs (COALIANZA) in developing manuals and internal procedures and supporting the Finance Secretariat (SEFIN) in properly identifying and managing fiscal risks in its PPP portfolio.
- **Activity 2.2 Design and Implementation of PPPs** provides specialized technical assistance for the GOH to facilitate the administration of current PPPs and to identify and analyse options for structuring a new PPP. This activity will focus on the Secretaría de Infaestructura y Servicios Públicos (INSEP).

## 1.4 Evaluation and Research Questions

Social Impact has been tasked to “assess the program design and implementation to develop the most rigorous evaluation design feasible.” SI proposes a mixed methods performance evaluation that seeks to answer the following evaluation questions:

**Table 1: Evaluation questions**

Relevant activities	Revised question	Evaluation methodology
<b>Core evaluation questions</b>		
TCP	<ol style="list-style-type: none"> <li>1. Were the Threshold Country Program Goals and Outcomes, as outlined in the Threshold Country Program document and M&amp;E Plan, achieved? Why or why not?               <ol style="list-style-type: none"> <li>a. Did the TCP assist Honduras to become eligible for a Millennium Challenge Compact?<sup>1</sup></li> <li>b. Did PFM Project increase the efficiency and transparency of public financial management?<sup>2</sup></li> <li>c. Did the TCP improve the efficiency and transparency of PPPs?</li> </ol> </li> </ol>	<p>Changes in Honduras’s country scorecard; PFM and PPP group interviews focused on efficiency (Budget, audits, PPP, FIDE, treasury); Comparison between budgeted and outturns of public revenues and expenditures and other fiscal variables; Document reviews and content analysis focused on transparency (budgeting, treasury, procurement, Congress); Process evaluation; key informant interviews (KIIs); Document reviews.</p>

<sup>1</sup> Because of changes in Honduras’s income status, it is unlikely that the country will be eligible for a Compact.

<sup>2</sup> Efficiency improvements are understood as performing operations with reduced time and effort. Effectiveness improvements are understood as better accomplishing PFM objectives. For this evaluation, we will be looking at both efficiency and effectiveness.

TCP	2. What were the results of the interventions – intended and unintended, positive or negative? <sup>3</sup>	Monitoring data on select indicators supported by qualitative data from KIIs with consultants, Government of Honduras (GOH) points of contact (POCs), and MCC/MCA-H.
TCP	3. What are the lessons learned and are they applicable to other similar projects?	KIIs with consultants, GOH POCs, and MCC/MCA-H.
TCP	4. What is the likelihood that the results of the Project will be sustained over time?	KIIs with consultants, GOH POCs, and MCC/MCA-H.
Activities 1.1, 1.2, 2.2	5. Does the Program result in an increase in public sector cost savings, without resulting in deterioration in the quality or value of public expenditure?	Document and financial data with particular reference to potential value for money assessments of PPPs; Perceptive measures: Survey of vendors and survey of public employees; focus on specific interventions with likely cost savings (e.g. e-catalogue; payment arrears).
Activities 1.3, 1.4, 2.2	6. Does the Program result in an improvement in the quality of public service provision?	PPP: focus on roads through INSEP document reviews and perceptions in KIIs. PFM: Asociación para una Sociedad más Justa (ASJ) findings; survey of vendors; survey of public employees; review of implementation of TSC, ASJ, assessment recommendations.
TCP	7. How sustainable are the interventions?	Document reviews; process mapping; KIIs; surveys of vendors and public employees.
<b>Public Financial Management</b>		
Activity 1.1	8. Do partner institutions realize improvement in the effectiveness and efficiency in the processing of invoices and cash management?	PEFA PI-4, PI-17; document review of consultant deliverables; group interviews with Treasury personnel; KII with consultant

<sup>3</sup> MCC uses "results" in its logic model and "results" in the question somewhat differently. In the logic model "results" are very high level outcomes; however, here "results" are understood broadly.

Activity 1.1	9. Does the accuracy of financial forecasting increase? Why or why not?	PEFA PI-1, PI-2, PI-3, PI-7; KIIs with consultant and government forecasters
Activity 1.1	10. Does the accuracy of budgeting increase in partner institutions? Why or why not?	PEFA PI-1, PI-2, PI-3 and PI-7; document review of consultant deliverables and budget reporting documentation; KIIs with consultants and budget personnel
Activity 1.1	11. Does the budget reporting and reporting of budget challenges improve in partner institutions? Why or why not?	Congressional document review; PEFA PI-5, PI-10, PI-22, PI-25; KIIs with consultants and budget personnel
Activity 1.2	12. Do procurement assessment recommendations lead to changes in practices? a. Do procurement assessments lead to relevant recommendations that could improve procurement? b. Are these recommendations implemented?	Document review of consultant deliverables and procurement assessments; Group interviews with ONCAE personnel and procurement personnel in select institutions; KII with consultant
Activity 1.2	13. Does business confidence in public procurements and participation in procurements increase? Why or why not? What explains variation in perceptions of fairness of the procurement process?	Vendors' survey; group interviews with procurement personnel in select institutions; KII with consultant.
Activity 1.2, 1.4	14. Do changes to systems and processes reduce opportunities for corruption and/or improve perceptions of corruption?	Document review of ASJ and consultant deliverables; KIIs, including with members of civil society; surveys of vendors; survey of public employees; and follow-up focus groups
Activity 1.3	15. Do performance audit recommendations lead to changes in practices? c. Do performance audits conducted by the TSC with TCP support lead to relevant recommendations that could improve service delivery?	Document reviews of audit reports and recommendations and consultant deliverables;; group interview with TSC auditors; KIIs with personnel in audited institutions; survey of public employees; follow-up focus groups

	d. Are these recommendations implemented?	
Activity 1.4	16. Does civil society oversight and recommendations lead to changes in targeted institutions?	Document review of ASJ reports and recommendations; interviews with ASJ researchers; interviews with officials from relevant institutions; survey of public employees; follow-up focus groups
Activity 1.4	17. Are there improvements in public employees' perceptions of human resources practices and procurement practices in targeted institutions?	Survey of public employees and follow-up focus groups
<b>Public Private Partnerships</b>		
Activity 2.1, 2.2	18. Does the PPP project procurement process adhere to best practice?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs
Activity 2.1, 2.2	19. Are there improvements in the efficiency and effectiveness of the PPP development and structuring process?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs
Activity 2.1, 2.2	20. Are there improvements in the efficiency and effectiveness of the process for managing PPP?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs
Activity 2.1, 2.2	21. To what extent does the project facilitate greater capacity and coordination for PPPs within GOH?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs
Activity 2.1, 2.2	22. Do the systems put in place by the project reduce opportunities for corruption or improve perceptions regarding corruption?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs; INSEP portion of the public sector employee survey.
Activity 2.1, 2.2	23. Does the project result in greater transparency and awareness of PPP procedures for government, private sector and civil society groups?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs

## 1.5 PFM Performance Evaluation Design

As discussed above, the PFM project encompasses four sets of activities with several sub-activities. Given the variety of interventions under each activity we will focus evaluation efforts on the most relevant interventions and build customized evaluation methodologies around each. In the discussion that follows we explain the additional data collection activities that will be undertaken for each activity.

### 1.1 Budget and Treasury Management

- Data collected as part of the Public Expenditure and Financial Accountability (PEFA) will be used to monitor improvements in the budgeting process. Qualitative baseline data collection will build on documentation produced by the OTA consultant and consist of semi-structured group interviews with TCP supported consultants and the budget analysts that have benefited from the intervention to date in three government institutions. It will also include group interviews with budget analysts from an additional three institutions that will benefit from TCP activities in 2016. Endline data collection will entail follow-up group interviews with these same individuals across all six institutions.
- The evaluation team will compare revenue actuals to forecasts over the lifetime of the TCP and in the years preceding the TCP to observe any predictive improvements in revenue forecasting. This will be complemented by interviews with the consultant and GOH officials to explore the challenges in revenue forecasting, explanations for improvements in revenue forecasting, and the contribution of the consultancy to any improvements.
- M&E Plan indicators will assist the evaluation team in determining if the problem of payment arrears is decreasing. SI will conduct an extended group interview with Treasury personnel to explore the consultancy objectives of developing a transparent payment process and improving cash management. Complementary interviews will also be conducted with the TCP supported consultant and with finance personnel from at least three institutions to understand the invoicing process prior to arriving at Treasury.
- Through a review of documents and public resources, the evaluation will be able to determine if the budget hearing and oversight process becomes more efficient and effective, if citizens have access to more and better quality information, and if members of Congress and citizens are better able to participate in the budgetary and oversight process. Interviews with budget personnel mentioned above will also be used to explore reporting to Congress.

### Activity 1.2 Improving Procurement Capacity, Planning and Controls

- To verify if the e-catalogue, whose launch is partially supported by the TCP, is saving the GOH money, the evaluation will attempt to compare prices for select items purchased prior to and after the establishment of the e-catalogue. Efforts will also be made to estimate the savings in transaction costs.
- Given that procurement assessments will be a central focus of Activity 1.2, the evaluation team will select three institutions that will undergo ONCAE procurement assessments. The

evaluation team will conduct interviews with ONCAE procurement assessors and conduct group interviews with these institutions' procurement teams at both baseline and endline. The evaluation team will review assessment reports and focus on if and how assessment recommendations have been used.

- ONCAE is required to maintain a registry of supplier and contractors of the government, and SI proposes to conduct a survey of 900 registered vendors at baseline and endline to observe changes in the experiences and perceptions of vendors.

### **Activity 1.3 Improving Capacity of the TSC**

- Initial data collection will consist of a review of documentation produced by the consultant and forward looking interviews with the consultant and the TSC auditors about the performance audit process that has been developed. In approximately October 2016, the evaluation team will conduct activities focused on the performance audits conducted between September 2015 and June 2016. The team will review audit reports and conduct interviews with TSC individuals responsible for follow-up on audit recommendations to understand what changes might have come about as a result of the audit. These will be complemented with interviews with counterparts in the respective institutions.
- During this midline period, the team will also conduct an extended group interview with auditors to discuss performance audits of INSEP, DEI, INA, and ENEE, including challenges in conducting the audits and expected results.
- At endline, the evaluation team will further explore what performance audit recommendations have been implemented, review any new audit reports, and conduct a group interview with TSC auditors to explore issues of process, effectiveness, and sustainability.

### **Activity 1.4 Grant Facility for Social Accountability**

- The evaluation team will use a similar approach described above for the TSC's performance audits. The team will examine the recommendations offered by the Asociación para una Sociedad más Justa (ASJ) in their reports, and conduct follow-up interviews with ASJ authors and personnel in relevant government institutions to track if recommendations are likely to result in service improvements and if recommendations have been followed.
- The evaluation team also proposes to use a survey of government employees conducted at baseline and endline in select institutions to test for changes over time in perceptions of corruption and political influence in procurement and human resource processes among other indicators of good governance. SI's final sampling methodology will depend on information currently requested from SEFIN; however, SI recommends a sample of approximately 2,600 respondents divided across five government institutions. Of the institutions, two will benefit from both the ASJ and TSC interventions and three will benefit from only ASJ interventions.
- Absent a comparison group, the evaluation team will not be able to easily determine from the survey data if any observed changes are due to the TCP or some other factor. As such, after

data analysis, the evaluation team will conduct focus groups as needed in the surveyed institutions to explore findings from the survey. Similarly, where baseline surveys are administered at institutions for which ASJ has already released a recommendation report, evaluation results will have a strong focus on learning to account for potential biases among employees.

## 1.6 PPP Evaluation Design

### Capacity

- The evaluation team will also conduct a systematic review of manuals, regulations, and guidance materials in these four institutions at both baseline and endline to measure changes in formal policy.
- Through a review of documentation and KIIs, the evaluation team will identify the “critical path,” or the process, for PPPs in Honduras. At baseline, the evaluation team will place Honduras’s PPP process in comparative perspective and consider its strengths and weaknesses in comparison with international best practices. This exercise will be repeated at endline to determine if and how the process has changed.

### Road concessions

- The evaluation team will conduct a comparative study of four to six current and future road concessions, including (1) two first generation concessions: the Logistic Corridor and Touristic Corridor, (2) one to two second generation concessions: CA-4 (Carretera de Occidente) and possibly CA-11A (Carretera de Gracias) or an alternative, and (3) two third generation concessions: including the Pacific Corridor and a potential additional concession yet to be determined. The evaluation team will begin with conducting a review of the project documentation in each of these six cases. For each of these cases, the evaluation will lay out the steps that were followed and conduct a group interview within each institution to understand the process, efficiencies or inefficiencies, the availability of information, risk allocation, quality concerns, financial concerns, and any improvements from the first to the third generation of concessions.

### FIDE Single Window for Importers and Exporters

- The World Bank’s *Doing Business* reports provide an effective baseline and FIDE’s own monitoring data will measure these same indicators and allow the evaluation team to determine if there have been improvements over the life of the TCP.
- In addition, the evaluation team will conduct a group interview with FIDE personnel at baseline and at endline to discuss improvements to the process, any continued bottlenecks, and the obstacles to a more efficient, effective, and transparent system with reduced opportunities for corruption.

- Findings from these data collection activities will be verified by interviews with businesses importing and exporting goods.

# 2 INTRODUCTION AND THE MCC THRESHOLD PROGRAM IN HONDURAS

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## 2.1 Introduction

On August 28, 2013 the Millennium Challenge Corporation (MCC) and the government of Honduras (GOH) signed a Grant Agreement for an MCC Threshold Country Program (TCP) valued at US\$15,650,000. MCC's Threshold programs are designed to assist countries in becoming Compact eligible by supporting targeted policy and institutional reforms. The Honduras TCP focuses on improving public financial management (PFM) and public private partnerships (PPP). While TCPs typically last for four years (to end in August 2017), due to delays in the start of implementation, it is currently expected that the TCP will be extended and conclude in December 2017.

Social Impact was contracted by MCC to develop and conduct an evaluation of the Honduras TCP. This design document lays out a research design and data collection activities for this evaluation. In the forthcoming sections of the Design Report, Social Impact (SI) outlines a methodology for a mixed methods performance evaluation of the program. The Report begins with background information on PFM and PPP challenges in Honduras and then explores the TCP response to these challenges, including the goals and objectives of the TCP and the activities under the Threshold Agreement. Building on questions proposed by MCC, we then provide a list of revised questions and a detailed methodology for how the evaluation team will answer these questions as they relate to both the PFM and PPP projects. The later sections of this report include a timeline, budget, Institutional Review Board (IRB) requirements, an overview of the evaluation team roles and responsibilities, protocols on data access, privacy and documentation, and a dissemination plan.

## 2.2 Background

### 2.2.1 PFM

Honduras faces a number of economic, social and political challenges that negatively affect investment and economic growth. These include crime and insecurity, increased public debt, a weakening of the currency, the high cost of local and international financing, poor infrastructure, and government bureaucracy and regulations. From among these challenges, MCC's constraints to economic growth analysis, carried out in the lead up to the Threshold Program in 2013, found that (1) crime and security and (2) transparency and government inefficiency were the most important constraints to economic growth.<sup>4</sup>

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<sup>4</sup>U.S. Millennium Challenge Corporation, *Honduras Constraints Analysis*, (Washington DC: 2013), 18. A recent World Bank report indicates that violence generates costs of up to 10% of GDP annually to businesses. See World Bank. "Overview" (2014) <http://www.worldbank.org/en/country/honduras/overview>.

The Threshold Country Program (TCP) focuses on this second constraint. Honduras did not meet MCCs performance standards for the government effectiveness, rule of law, and control of corruption indicators that would have made it eligible for a Compact. As evidenced by the following, corruption and government inefficiency have emerged as major problems for Honduras.

- In the 2014 Corruption Perceptions Index, Honduras scored 29 out of 100 and ranked 126 out of 175 countries.<sup>5</sup>
- Ongoing political protests in the wake of a major corruption scandal in the Honduran Social Security Institute.<sup>6</sup>
- Businesses surveyed as part of the World Economic Forum Global Competitiveness Index reported that after crime and theft, corruption and inefficient government bureaucracy were two most commonly listed obstacles to doing business in Honduras.<sup>7</sup>
- The World Bank's Doing Business Report ranks Honduras as among some of the worst countries in the world in terms of enforcing contracts, protecting investors, and starting a business.<sup>8</sup>

A recent Public Expenditure and Financial Accountability (PEFA 2012) assessment on the soundness of Public Financial Management (PFM) found important practices that explain some important government inefficiencies and potential corruption.<sup>9</sup> For example, the PEFA finds that budget formulation and execution were found to be of poor quality and had led to: (a) payment arrears, which in turn cause vendors to set higher prices of goods and services and (b) prioritization of payments based on political influence, subjective criteria, or bribes, which also increases costs in terms of both time and money. According to the IMF, arrears in Honduras accounted 3.0% of GDP in 2013.<sup>10</sup>

Provided challenges in corruption, budgeting, payment arrears, registering new businesses, and other aspects of public financial management, the TCP has developed a series of activities to help address these problems.

## 2.2.2 PPP

During the presidency of Porfirio Lobo Sosa (2010-2014) of the National Party, there was a strong push to develop PPPs in Honduras. Legislation passed in 2010 created the Comisión para la Promoción de la Alianza Público-Privada (COALIANZA) to develop and structure PPPs. To a significant extent, the overall structure of the Honduran PPP program is based on a PPP model

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<sup>5</sup> Transparency International. Corruption Perceptions Index 2014. (2015) <http://www.transparency.org/country#HND>

<sup>6</sup> Malkin, Elisabeth. "Wave of Protests Spreads to Scandal-Weary Honduras and Guatemala." *The New York Times*: (2015, June 12).

<sup>7</sup> U.S. MCC, *Honduras Constraints Analysis*, 19

<sup>8</sup> World Bank. *Doing Business in Honduras* (2015) <http://www.doingbusiness.org/data/exploreeconomies/honduras/>

<sup>9</sup> Renee Hendley, *Honduras Informe del Desempeño de la Gestión de las Finanzas Públicas (PEFA) Informe Final*, (NORC University of Chicago, 2013), 1-4

<sup>10</sup> International Monetary Fund, *Honduras Request for a Stand-By Arrangement and an Arrangement under the Standby Credit Facility --staff report; Press Release*, (Washington D.C.: International Monetary Fund, 2014), 9-10.

developed in Peru, with COALIANZA playing a PPP-structuring role comparable to the part played by PROINVERSION in Peru. To date, COALIANZA has awarded five PPP projects, including two highway expansion and maintenance concessions along what is known as the Logistics Corridor and the Tourist Corridor, and currently is assessing an additional 25 potential PPP projects.

The establishment of COALIANZA as a central PPP project development entity, reporting directly to the Presidency, was seen as a means to prioritize PPPs and ensure that they did not fall victim to the institutional weaknesses and delays that were common in GOH ministries. The Lobo administration moved quickly to advance the PPPs. As the projects required Congressional approval, the decision was taken to push through as many potential infrastructure projects as possible while the National Party controlled the Congress. Although the projects themselves were not necessarily ready, the administration and its allies in Congress approved the transfer of projects to trusts (*fideicomisos*) controlled by the GOH but managed by a financial institutions, which would act as agent for the GOH to develop the project and run the tenders. The recourse to the *fideicomiso* arrangement would permit the GOH to avoid having to submit the final contracts to Congress for their examination. Some 25 – 29 trusts were created at that time.

While establishing a new agency to develop and structure the PPPs has advantages, scoping trip interviews suggest that current PPP efforts suffer from many of the same weaknesses experienced by Peru in the early years of its program. For example, there has been inadequate inter-institutional coordination and consultation with the Finance Secretariat (Secretaría de Finanzas - SEFIN) and the sponsoring ministry responsible for overseeing the eventual contract (e.g. the Infrastructure and Public Services Secretariat (Secretaría de Infraestructura y Servicios Públicos - INSEP)). At the time of the negotiation and conclusion of the first PPP/concession projects, SEFIN was apparently not consulted about the fiscal implications of the liabilities being underwritten through the contracts. Because INSEP was not involved in the initial concessions and because of low regulatory capacity, they have run into a number of difficulties in managing the contract. Furthermore, because COALIANZA receives a commission of 3% of the contract value on contract signature, there are strong incentives for COALIANZA to get deals signed regardless of the terms. As a result, there are doubts about the quality of existing projects.

Some of these limitations have been addressed. For example, recent legislation created a Fiscal Contingencies Unit (Unidad de Contingencias Fiscales – UCF) within SEFIN to assess the risk of potential concessions at different phases of the process (e.g. planning, design and preparation of bidding documents, tendering, contract negotiation and construction and operation).<sup>11</sup> This is expected to improve the PPP development process by providing SEFIN with veto power within the Cabinet in the event that the PPP project does not conform to international best practice.

Scoping trip interviews suggest that contracts to date in the roads sector were weakly structured with many of their terms and conditions outdated. Preliminary assessments indicate that little attention was paid to the practicability of the contracts. For example, the contracts gave the

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<sup>11</sup> Decreto 115-2014. La Gaceta (2014, Dec. 30)  
[http://www.tsc.gob.hn/leyes/Ref\\_articulos\\_ley\\_promocion\\_alianza\\_publico\\_privada.pdf](http://www.tsc.gob.hn/leyes/Ref_articulos_ley_promocion_alianza_publico_privada.pdf)

government insufficient time to acquire land titles or environmental permits, which had the effect of generating significant delays and consequent cost overruns. In addition, the basis of calculation for the Minimum Guaranteed Income mechanism was inadequate and the contracts contain very little provision for contract amendments.

As a result of these deficiencies, there is clearly the need for external support from MCC. Rather than move quickly on numerous projects, the GOH needs a means to prioritize projects. While SEFIN has new-found authority to consider the fiscal risks, the agency needs technical support to take on this new responsibility. Although there is recognition that INSEP needs to play a larger role in roads concession, it lacks the necessary human capacity to manage such contracts. As such, the TCP PPP intervention has been developed to target these deficiencies.

### **2.3 Threshold Goals and Objectives**

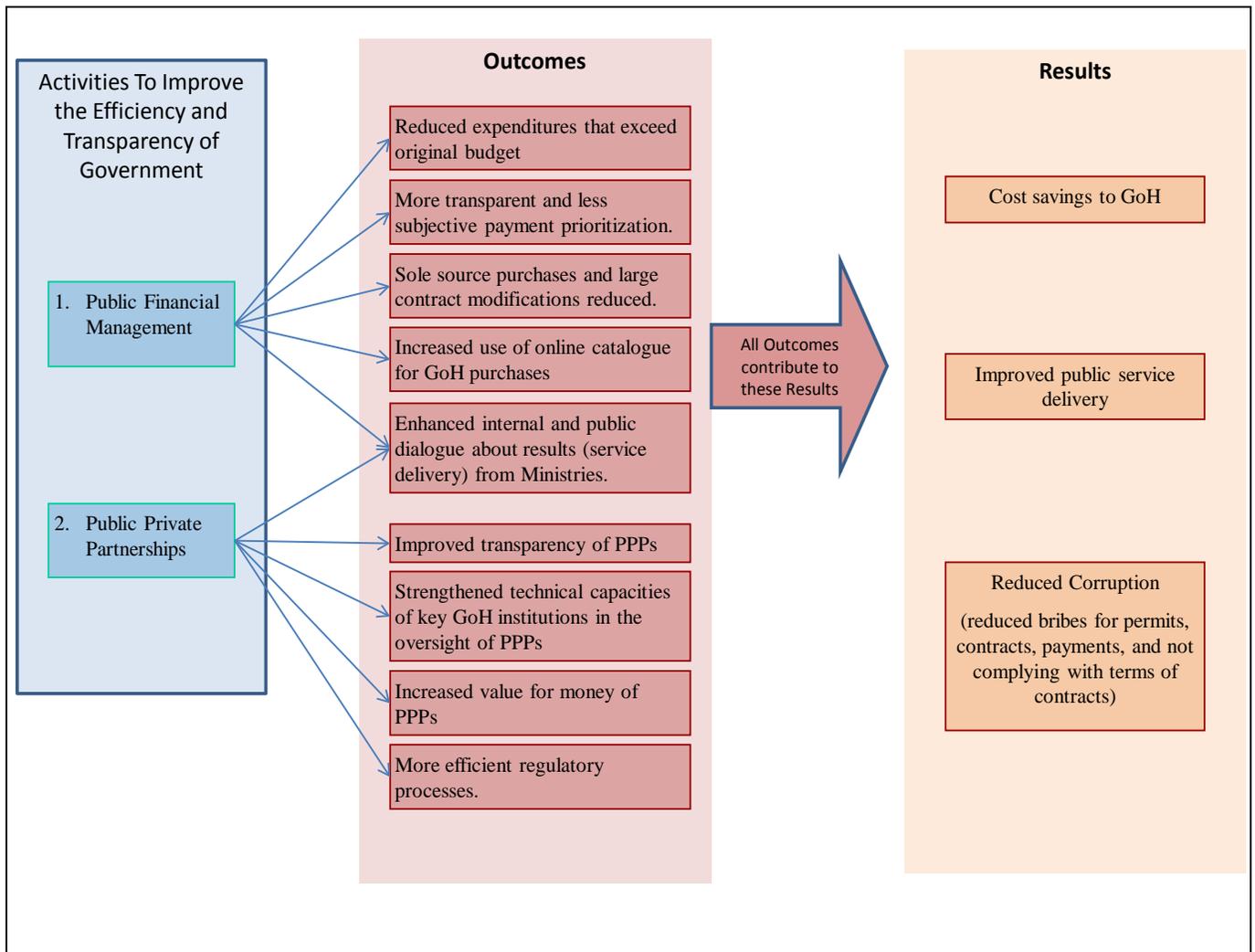
The goal of the Threshold Agreement is to assist Honduras to become eligible for a Millennium Challenge Compact. The agreement aims to address constraints to the country's economic growth through institutional and policy reform. The objective of the program is to "increase the efficiency and transparency of the Government" through technical assistance in two areas: public financial management and public private partnerships.<sup>12</sup>

The expected outcomes and higher level results of the PFM and PPP projects are summed up in Figure 1. As shown in the figure, the TCP aims to increase cost savings, improve public service delivery, and reduce corruption. The TCP seeks to obtain these objectives through a wide range of interventions, primarily based on embedding international experts as consultants within Honduran government institutions.

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<sup>12</sup> U.S. Millennium Challenge Corporation. *"Millennium Challenge Account Threshold Program Grant Agreement"*, (2013) 1.

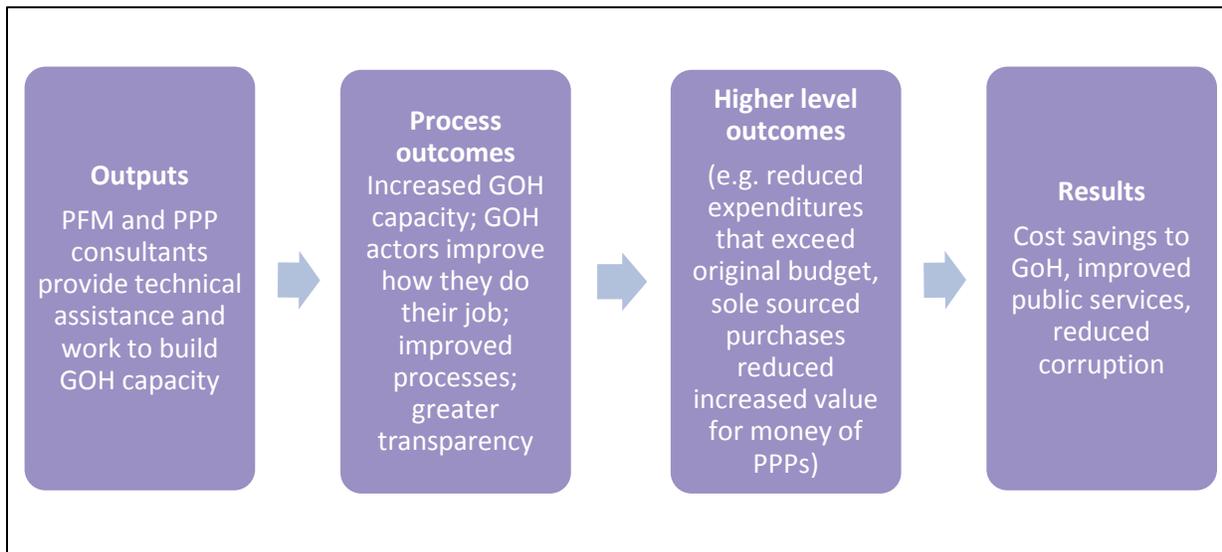
**Figure 1: Honduras Threshold Program Logic**



Source: Honduras Threshold M&E Plan

In Figure 2, we provide a slightly modified version of this program logic that breaks the “outcomes” in the logic model into “process based outcomes” and “higher level outcomes.” Several of the outcomes listed above in the logic model are actually improvements to the process, such as increased transparency and more efficient regulatory processes, whereas others are higher level outcomes, such as reduced expenditures that exceed the original budget and increased value for money of PPPs, It is important to recognize that the “higher level outcomes” and “results” will be dependent on these improvements at the process level. If technical capacity does not increase, transparency does not increase, and processes do not improve, then the higher level outcomes and the results are less likely to be realized.

**Figure 2: Modified Honduras Threshold Program Logic Separating Process and Higher Level Outcomes**



Source: Authors' elaboration

The evaluation team's understanding of the theory of change implicit in the TCP is that PFM and PPP consultants are providing technical assistance and working to improve the capacity of GOH officials. This in turn should result in improvements in how GOH officials do their job, which in turn will lead to measurable improvements in their output. This will in turn lead to cost savings and improved public service delivery. As a result, the evaluation design will aim to include data collection activities to address all four of these steps in the theory of change.

## 2.4 Threshold Activities

### 2.4.1 PFM

Government inefficiency, corruption, and a lack of transparency impose direct and indirect costs to businesses in time, money, and poor quality services and infrastructure. They also result in less value for money for government investments in infrastructure development and service provision. The Honduras TCP therefore seeks to support the GOH to improve transparency and government efficiency in four broad areas of PFM: budget, procurement, audit control and civil society oversight as a means to foster economic growth and help Honduras become eligible for an MCC Compact Program.<sup>13</sup> We draw on the Threshold Agreement, the M&E Plan, the PFM Project Description, and interviews in providing the following summaries.

<sup>13</sup> *Ibid.*

#### **2.4.1.1 Activity 1.1 Budget and Treasury Management.**

“This Activity is designed to strengthen budget formulation and execution in the executive and legislative branches by:

- Supporting technical assistance and training for the Ministry of Finance and line ministries to improve budget analysis and treasury management, including budget forecasting, establishing adequate controls, strengthening the Treasury Single Account and payment prioritization.
- Supporting technical assistance and training for the Congressional Budget Committee to improve congressional budget oversight capacity; improve congressional budget discipline by developing safeguards to ensure planned deficit targets are not breached; and provide better analysis and transparency regarding the cost implications of congressional mandates.”<sup>14</sup>

With one residential advisor and a number of short term technical advisors, the Office of Technical Assistance (OTA) of the U.S. Department of Treasury is the primary implementing partner carrying out these activities. In the area of improving discipline in the budget process, OTA advisors are providing training and technical assistance in the use of new budget forecasting and fiscal impact analysis methodologies and working with SEFIN to improve the reliability of multi-year revenue and expenditure forecasts, improve government strategy around the use of these forecasts, and analyse the fiscal impact of new policies and investment projects. OTA is also working to improve treasury management and reduce payment arrears by developing a transparent process for prioritizing payments, implementing standardized banking agreements, and integrating government agencies into the single treasury account (Cuenta Única de Tesoro – CUT). OTA is also partnering with the Budget Committee of the National Congress to improve the process for budget hearings and the information provided before, during, and after. TCP funded efforts aim to improve congressional budget discipline by structuring procedures to analyze the budgetary and economic impacts.

#### **2.4.1.2 Activity 1.2 Improving Procurement Capacity, Planning and Controls.**

“This Activity is designed to increase the transparency, accountability and quality of public procurement and service delivery by:

- Supporting technical assistance for the Regulatory Office of Contracting and Acquisitions of Honduras (“ONCAE”) and other Government entities to improve procurement transparency and controls by promoting compliance with existing national law and international agreements and, where needed, changing norms and/or current practices and providing training in areas such as sole source contracting, proper oversight of contract modifications and ensuring fund availability;

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<sup>14</sup> *Ibid.*

- Supporting the expansion of ONCAE’s online supply catalogue (an application within Honduras’s e-procurement system, HonduCompras) to enable ministries to purchase goods and services at lower prices and with reduced administrative burden and fiduciary risk.
- Increasing coordination between ONCAE and the Tribunal Superior de Cuentas to ensure that established procurement norms are properly audited to ensure compliance.”<sup>15</sup>

One short term technical advisor has almost completed his work on the catalogue and MCC/MCA-H is currently initiating procurement to contract with two additional procurement advisors to conduct the other activities. MCC is also providing funding for ONCAE’s Online Catalogue Help Desk staff and its Procurement Statistics and Evaluation Unit.

#### **2.4.1.3 Activity 1.3 Improving Capacity of the Tribunal Superior de Cuentas (“TSC”).**

“This Activity is designed to strengthen the capacity of the TSC in specialized auditing and to support audits of the new controls introduced under the Public Financial Management Project. Proposed interventions include:

- Support for audit training, including in performance audits, forensic audits (in coordination with the Public Ministry) and procurement audits, as well as the potential provision of associated equipment. In each case, Grant funding will not be used for a training under this Activity until the TSC has established a plan acceptable to MCC for how such new skills will be utilized in future audits, detailing the timeline and staff for such audits; and
- Support for specific audits of new controls introduced, either under the Program or by the Government, in procurement, budget commitments, payments or other areas of public financial management.”<sup>16</sup>

While performance audits have not yet begun, a TCP supported consultant is currently working with the TSC on finalizing the methodology for the audits and building technical capacity.

#### **2.4.1.4 Activity 1.4 Grant Facility for Social Accountability.**

“This Activity is designed to increase demand for greater accountability and responsiveness from Honduran public officials and service providers with the ultimate objective of improving national and/or municipal government efficiency and/or effectiveness. To do so, the Activity will support grants to Honduran civil society organizations (“CSOs”) to undertake social accountability projects that assess the quality of spending and service delivery in order to increase government accountability.

- Selected CSOs will receive financial support, training and external expertise to undertake a social accountability activity with the objective of improving the delivery of a specific national or municipal service. Because social accountability mechanisms are particularly effective

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<sup>15</sup> *Ibid.*

<sup>16</sup> *Ibid.*

when designed to give stronger voice to women and vulnerable groups, selected CSOs will be required to demonstrate how women and vulnerable groups will be involved.”

At the time of data collection, MCC/MCA-H was in the process of awarding a grant to the Asociación para una Sociedad más Justa (Association for a More Just Society – ASJ) to conduct a series of civil society led audits of government agencies. Additional awards are expected in 2015.

## **2.4.2 PPP**

The PPP aspects of the TCP are divided into two sets of activities: Activity 2.1: Develop Core PPP Capacity and Activity 2.2: Design and Implementation of PPPs. We draw on the Threshold Agreement, the M&E Plan, and the PPP Project Description in providing the following summaries.

### **2.4.2.1 Activity 2.1 Develop Core PPP Capacity.**

“This Activity is designed to improve the capacity of, and procedures utilized by GOH agencies with key PPP responsibilities to develop and implement PPPs in accordance with best practice, including by:

- Supporting COALIANZA in developing manuals and internal procedures needed to properly: (i) select, prioritize, structure and award PPP projects, and (ii) disseminate information about PPP projects in order to sustain public support and investor interest in PPPs; and
- Supporting SEFIN in properly identifying and managing fiscal risks in its PPP portfolio, including the development of internal procedures and manuals and implementation of related training.”<sup>17</sup>

More specifically, MCC is funding:

- A Multiyear Road Investment Plan (Plurianual Plan de Inversiones Viales - PPIV) Consultant, who will build on work funded by the World Bank (WB) and Inter-American Development Bank (IDB), to support the GOH in developing (1) a multiyear road investment plan that will consider both costs and benefits, value for money, and financing options and (2) a strategy for strengthening GOH capacity to continuously update the PPIV and keep it current.
- A PPP Financial Advisor to strengthen the capacity of SEFIN, COALIANZA and other GOH entities (as needed) to effectively conduct the financial analysis required to properly screen, prioritize, select, analyze, structure, tender and implement PPP projects.

MCC and GOH have discussed modifications, including a GOH commitment to hire a consultant to implement the strategy for strengthening government capacity to keep the PPIV current. The parties are considering how this subsequent work will be funded. In addition, because other donors are supporting upstream PPP work, MCC will no longer support upstream activities outside of the PPIV.

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<sup>17</sup> *Ibid.*

Both the Multiyear Road Investment Plan Consultant and PPP Financial Advisor have recently started their work.

#### **2.4.2.2 Activity 2.2 Design and Implementation of PPPs.**

“In order to institutionalize best practices and reinforce Activity 2.1, this Activity is designed to support specific current and potential PPPs by:

- Providing specialized technical assistance for the GOH regarding the administration of current PPPs, specifically, the logistical corridor and tourist corridor concessions, in accordance with best practice; and
- Funding a study to identify and analyze options for structuring a new PPP related to Honduras' electricity sector. Subject to MCC approval of an action plan from the Government demonstrating the Government's commitment to proceeding with the new PPP recommended by the study, this Activity will also assist the Government in developing the selected PPP.”<sup>18</sup>

To carry out these activities, MCC is funding a Road Concessions Advisor to assist INSEP in setting up a PPP unit. This unit will manage the Logistic Corridor and Tourist Corridor concessions as well as prepare for future PPPs and liaise with COALIANZA in the prioritization and development of PPPs. The advisor will also help to build the capacity of the Superintendent of Public Private Partnership (Superintendencia de Alianza Pública Privada- SAPP) to regulate concessions and other signed PPPs.

While the original intention of the agreement had been to focus on a PPP in the electricity sector, the National Electric Energy Company (Empresa Nacional de Energía Eléctrica - ENEE) is instead receiving support from the International Finance Corporation (IFC) in this regard. As a result, MCC will provide support for the Pacific Corridor road maintenance PPP and -- to a lesser extent -- the already well advanced CA-4 road maintenance PPP.

MCC is also providing financial support to FIDE, a Honduran nonprofit organization that has a PPP concession to simplify, automate, and monitor the rules and procedures of three target processes:

- Starting a business: Registering a company, registering at chamber of commerce, registering to pay taxes, obtaining business operation permit, joining the public health system, national training institute and housing savings regime, and any other necessary registration and permits.
- Importing/exporting: Obtaining permits to import/export, including Sanitary licenses, sanitary registrations, the Unified Central American Customs Form (FAUCA), zoosanitary export certificates, phytosanitary export certificates, and other necessary registration and permits.

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<sup>18</sup> *Ibid.*

- Obtaining environmental licenses: This includes licenses for Category 1, 2, 3 and 4 projects and such other necessary registration and permits. MCC is supporting activities to reduce time to obtain an environmental license in San Pedro Sula and Distrito Central.

Businesses and individuals will be able to apply for these permits through a soon to be established website: MiEmpresaEnLínea.

#### **2.4.2.3 Assumptions and risks**

The M&E Plan and TCP documentation do not expressly lay out the assumptions and risks of the TCP; however, there are implicit assumptions and risks that are important to mention.

- Without question the greatest risk to addressing issues of corruption, transparency, and budget discipline is political will. Scoping trip interviewees noted that the GOH has to date shown commitment and political will to undertake necessary actions to improve PFM and PPPs.
- Absent a majority in the Congress, it might difficult for the current government to pass TCP promoted legal changes. For example, it might be challenging to obtain Congressional approval of some sensitive fiscal reforms as the 2017 elections approaches.
- The most recent IMF's Article IV Report states that public finance improvements might be at risk given the political sensitiveness of some fiscal measures schedule in the next few years, such as reduction of the wage bill and reduction of the energy institution's subsidies.<sup>19</sup>

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<sup>19</sup> IMF Country Report No. 14/361, (2014, Dec.)

# 3 EVALUATION TYPE, QUESTIONS, AND CHALLENGES

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Social Impact has been tasked to “assess the program design and implementation to develop the most rigorous evaluation design feasible, whether it is a performance or impact evaluation, and identify the most appropriate evaluation methodology feasible given the context.”<sup>20</sup>

An **impact evaluation** is defined as:

A study that measures the changes in income and/or other aspects of well-being that are attributable to a defined intervention. Impact evaluations require a credible and rigorously defined counterfactual, which estimates what would have happened to the beneficiaries absent the project. Estimated impacts, when contrasted with total related costs, provide an assessment of the intervention’s cost-effectiveness.<sup>21</sup>

Unfortunately, it will not be possible to estimate a credible and rigorously defined counterfactual, and, as such, the evaluation team will conduct a performance evaluation involving a pre and post comparison. A **performance evaluation** is defined as:

A study that seeks to answer descriptive questions, such as: what were the objectives of a particular project or program, what the project or program has achieved; how it has been implemented; how it is perceived and valued; whether expected results are occurring and are sustainable; and other questions that are pertinent to program design, management and operational decision making. MCC’s performance evaluations also address questions of program impact and cost-effectiveness.<sup>22</sup>

As seen in Figure 3, SI’s evaluation approach mirrors the program logic discussed above. SI’s understanding of the theory of change is that consultancies will produce improvements in how GOH officials do their jobs, which will yield improved output (higher level outcomes) and subsequently result in TCP results. As such, data collection activities will focus on each step in this theory of change.

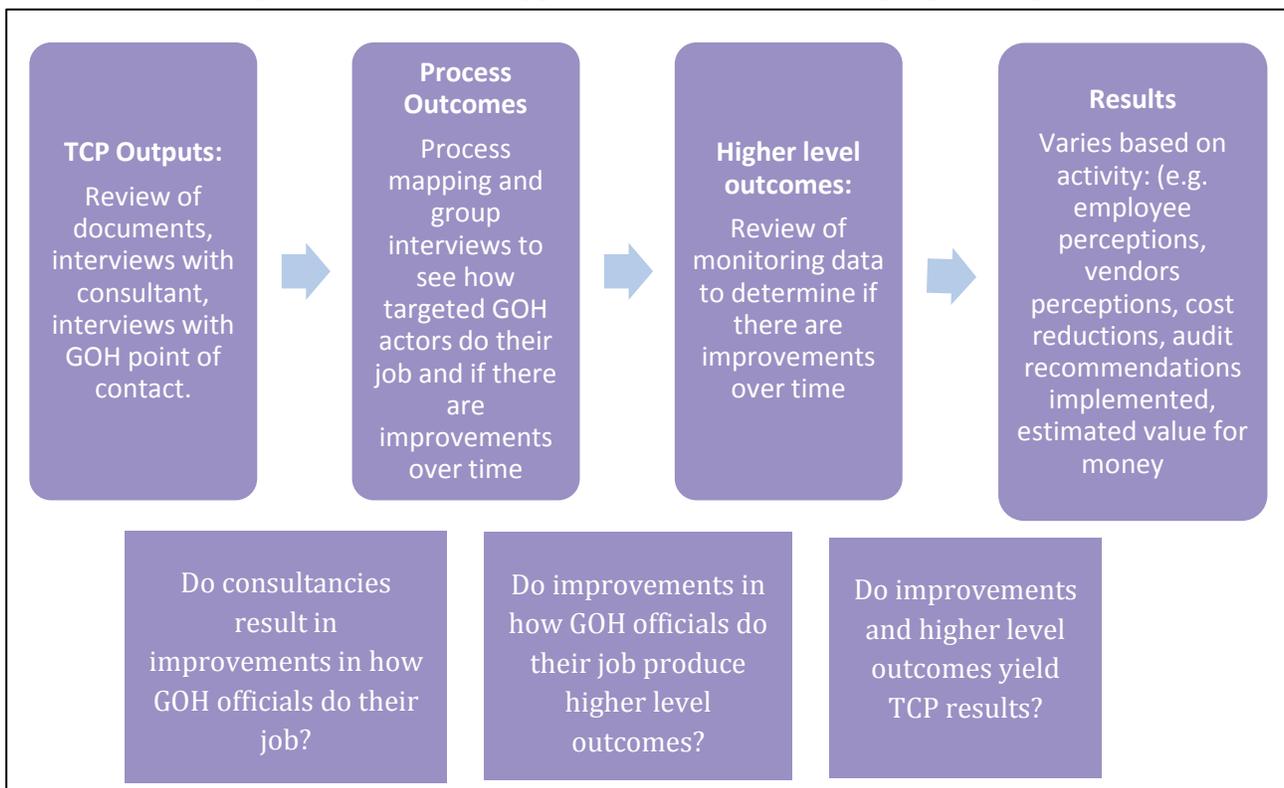
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<sup>20</sup> Social Impact and the Millennium Challenge Corporation. 2014. “Evaluation Design and Implementation Services for Honduras.” – MCC-13-BPA-0017. Sept. 2014. Section: C.2.7.5.1, pg.14.

<sup>21</sup> *Ibid*, C.2.3.1, pg. 5

<sup>22</sup> *Ibid*. C.2.1.3.2, pg. 5

**Figure 3: Evaluation approached matched to the program logic**



Source: Authors' elaboration

1. SI will review consultant documentation, conduct interviews with consultants, points of contact (POCs), and MCC and MCA-H officials to determine if the different components of the TCP have been effectively implemented and to explore the likelihood that TCP consultancies will produce improvements in how GOH officials do their jobs.
2. Second, the evaluation team will conduct a series of data collection activities to measure improvements in how GOH officials do their jobs. These include group interviews, and KIIs with relevant GOH officials. Improvements will be determined by comparing processes at endline with processes at baseline. (See Table 10 below for an evaluation timeline).
3. Third, many of the higher level outcomes listed in the program logic are tracked in the M&E Plan monitoring data. In some cases this will be a simple matter of measuring change in selected MCA-H tracked indicators over the course of the TCP.
4. Finally, SI's measurement of results will vary based on activities but will aim to measure employee perceptions through an employee survey, vendors' perceptions through a survey of vendors, service delivery improvements through recommendations implemented, and estimated value for money of PPPs through a comparison of potential GOH calculations. For example, by comparing employee perceptions at endline with perceptions at baseline, we hope to see a decrease in perceptions of corruption.

While MCC officials are naturally most concerned with the higher level results and perhaps less interested in TCP implementation or process level outcomes, following best practices, the evaluation teams approach is to evaluate each step in the theory of change. This is important for two reasons. First, because there is no rigorously designed counterfactual, the evaluation team has no way to know if any observed reductions in government costs, improvements in public services, or reductions in corruption will be due to the TCP or some other factors. Linking the TCP consultancies to results requires data collection at each stage of the theory of change. Second, the proposed evaluation approach is far more likely to result in valuable learning. Even a rigorous impact evaluation that fails to collect data along the theory of change is only able to say whether the desired impact was achieved or not. It is only by investigating the steps in the theory of change that the evaluation will be able to say why the intervention had an effect or why it did not have an effect.

The inability to define a counterfactual also requires a reformulation of some of the initial evaluation questions originally proposed by MCC, including some core questions included in the SI-MCC contract. Modifications of the activities call for further modification, and still other changes are desirable given the types of data collection activities that will be conducted. In Table 1, SI provides a recommended list of evaluation and research questions that the proposed design will seek to answer. Annex 1 provides a table with the original evaluation questions, comments by SI, and the revised question wording. To the extent possible, SI has attempted to maintain original question wording.

In some cases, there will be limits to the evaluation team's ability to confidently answer the question. For example, TCP program logic posits that the program will lead to cost savings to the GOH and improved public service delivery. The proposed evaluation questions, therefore, ask if the TCP did in fact lead to these benefits. While the evaluation will be able to speak to these questions, the evaluation design will not allow the evaluation team to confidently and completely answer these questions for the TCP as a whole. Instead, the team will look for cost savings and service improvements in specific areas and often rely on the perceptions of key informants and survey respondents.

Also included in Table 1 below is the methodology that will be used to answer the question. These methods will be explained in greater detail below in the methodology section.

**Table 1: Evaluation questions**

Relevant activities	Revised question	Evaluation methodology
<b>Core evaluation questions</b>		
TCP	<ol style="list-style-type: none"> <li>1. Were the Threshold Country Program Goals and Outcomes, as outlined in the Threshold Country Program document and M&amp;E Plan, achieved? Why or why not?               <ol style="list-style-type: none"> <li>a. Did the TCP assist Honduras to become eligible for a Millennium Challenge Compact?<sup>23</sup></li> <li>b. Did PFM Project increase the efficiency and transparency of public financial management?<sup>24</sup></li> <li>c. Did the TCP improve the efficiency and transparency of PPPs?</li> </ol> </li> </ol>	Changes in Honduras’s country scorecard; PFM and PPP group interviews focused on efficiency (Budget, audits, PPP, FIDE, treasury); Comparison between budgeted and outturns of public revenues and expenditures and other fiscal variables; Document reviews and content analysis focused on transparency (budgeting, treasury, procurement, Congress); Process evaluation; KIIs; Document reviews.
TCP	<ol style="list-style-type: none"> <li>2. What were the results of the interventions – intended and unintended, positive or negative?<sup>25</sup></li> </ol>	Monitoring data on select indicators supported by qualitative data from KIIs with consultants, GOH POCs, and MCC/MCA-H.
TCP	<ol style="list-style-type: none"> <li>3. What are the lessons learned and are they applicable to other similar projects?</li> </ol>	KIIs with consultants, GOH POCs, and MCC/MCA-H.
TCP	<ol style="list-style-type: none"> <li>4. What is the likelihood that the results of the Project will be sustained over time?</li> </ol>	KIIs with consultants, GOH POCs, and MCC/MCA-H.
Activities 1.1, 1.2, 2.2	<ol style="list-style-type: none"> <li>5. Does the Program result in an increase in public sector cost savings, without resulting in deterioration in the quality or value of public expenditure?</li> </ol>	Document and financial data with particular reference to potential value for money assessments of PPPs; Perceptive measures: Survey of vendors and survey of public employees; focus on specific

<sup>23</sup> Because of changes in Honduras’s income status, it is unlikely that the country will be eligible for a Compact.

<sup>24</sup> Efficiency improvements are understood as performing operations with reduced time and effort. Effectiveness improvements are understood as better accomplishing PFM objectives. For this evaluation, we will be looking at both efficiency and effectiveness.

<sup>25</sup> MCC uses "results" in its logic model and "results" in the question somewhat differently. In the logic model “results” are very high level outcomes; however, here “results” are understood broadly.

		interventions with likely cost savings (e.g. e-catalogue; payment arrears).
Activities 1.3, 1.4, 2.2	6. Does the Program result in an improvement in the quality of public service provision?	PPP: focus on roads through INSEP document reviews and perceptions in KIIs.  PFM: ASJ findings; survey of vendors; survey of public employees; review of implementation of TSC, ASJ, assessment recommendations.
TCP	7. How sustainable are the interventions?	Document reviews; group interviews; KIIs; surveys of vendors and public employees.
<b>Public Financial Management</b>		
Activity 1.1	8. Do partner institutions realize improvement in the effectiveness and efficiency in the processing of invoices and cash management?	PEFA PI-4, PI-17; document review of consultant deliverables; group interviews with Treasury personnel; KII with consultant
Activity 1.1	9. Does the accuracy of financial forecasting increase? Why or why not?	PEFA PI-1, PI-2, PI-3, PI-7; KIIs with consultant and government forecasters
Activity 1.1	10. Does the accuracy of budgeting increase in partner institutions? Why or why not?	PEFA PI-1, PI-2, PI-3 and PI-7; document review of consultant deliverables and budget reporting documentation; KIIs with consultants and budget personnel
Activity 1.1	11. Does the budget reporting and reporting of budget challenges improve in partner institutions? Why or why not?	Congressional document review; PEFA PI-5, PI-10, PI-22, PI-25; KIIs with consultants and budget personnel
Activity 1.2	12. Do procurement assessment recommendations lead to changes in practices? a. Do procurement assessments lead to relevant recommendations that could improve procurement?	Document review of consultant deliverables and procurement assessments; Group interviews with ONCAE personnel and procurement personnel in select institutions; KII with consultant

	b. Are these recommendations implemented?	
Activity 1.2	13. Does business confidence in public procurements and participation in procurements increase? Why or why not? What explains variation in perceptions of fairness of the procurement process?	Vendors' survey; group interviews with procurement personnel in select institutions; KII with consultant.
Activity 1.2, 1.4	14. Do changes to systems and processes reduce opportunities for corruption and/or improve perceptions of corruption?	Document review of ASJ and consultant deliverables; KIIs, including with members of civil society; surveys of vendors; survey of public employees; and follow-up focus groups
Activity 1.3	15. Do performance audit recommendations lead to changes in practices? a. Do performance audits conducted by the TSC with TCP support lead to relevant recommendations that could improve service delivery? b. Are these recommendations implemented?	Document reviews of audit reports and recommendations and consultant deliverables;; group interview with TSC auditors; KIIs with personnel in audited institutions; survey of public employees; follow-up focus groups
Activity 1.4	Does civil society oversight and recommendations lead to changes in targeted institutions?	Document review of ASJ reports and recommendations; interviews with ASJ researchers; interviews with officials from relevant institutions; survey of public employees; follow-up focus groups
Activity 1.4	16. Are there improvements in public employees' perceptions of human resources practices and procurement practices in targeted institutions?	Survey of public employees and follow-up focus groups
<b>Public Private Partnerships</b>		
Activity 2.1, 2.2	17. Does the PPP project procurement process adhere to best practice?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs

Activity 2.1, 2.2	18. Are there improvements in the efficiency and effectiveness of the PPP development and structuring process?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs
Activity 2.1, 2.2	19. Are there improvements in the efficiency and effectiveness of the process for managing PPP?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs
Activity 2.1, 2.2	20. To what extent does the project facilitate greater capacity and coordination for PPPs within GOH?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs
Activity 2.1, 2.2	21. Do the systems put in place by the project reduce opportunities for corruption or improve perceptions regarding corruption?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs, including with civil society groups; INSEP portion of the public sector employee survey.
Activity 2.1, 2.2	22. Does the project result in greater transparency and awareness of PPP procedures for government, private sector and civil society groups?	Comparative case studies of PPPs involving document reviews; group interviews, and KIIs

Developing an evaluation design to answer these questions confronts several challenges. These are summarized in Table 2, which also includes the evaluation team’s proposed solutions and approaches to dealing with these challenges.

**Table 2: Evaluation challenges and proposed responses**

Challenge	Proposed solution/approach
<b>Timing considerations:</b> Many of the interventions have already started. First, this means that it will be challenging to identify a baseline for several activities. Second, it means that data collection activities have to be mobilized quickly before the interventions progress further.	<ul style="list-style-type: none"> <li>Attempt to develop retrospective baselines for certain activities through group interviews and document reviews (TSC, Congress, PPP road concessions).</li> <li>Fast-track design development and approval. Complete baseline data collection by the end of 2015. (See Table 10 below for a specific timeline)</li> </ul>
<b>Design challenges:</b> The Threshold program includes a diverse array of projects, with numerous consultancies, and diffuse beneficiaries. As a result of this and other factors, it will not be possible to conduct a rigorous impact evaluation. While the pre and	<ul style="list-style-type: none"> <li>Conduct a performance evaluation with a strong focus on learning.</li> <li>Conduct several “mini-evaluations” focused on the diverse aspects of the program.</li> </ul>

<p>post evaluation design presented here will allow the evaluation team to identify changes overtime, it will not be possible to confidently attribute any observed changes to the TCP.</p>	<ul style="list-style-type: none"> <li>• The evaluation team will attempt to determine TCP “contribution” to any observed changes through complementary qualitative data collection and consideration of alternative explanations (e.g. similar projects or initiatives, political changes, leadership, etc...)</li> </ul>
<p><b>Some continued pockets of uncertainty:</b> The Threshold program continues to evolve based on GOH needs and interest and to take advantage of perceived opportunities.</p>	<ul style="list-style-type: none"> <li>• SI will press MCC and implementers to identify institutions that will benefit from the Threshold (e.g. for activities under 1.1 and 1.2 of PFM project).</li> <li>• The evaluation team will consider new information as it become available.</li> </ul>

Data collection activities to answer the evaluation questions include the following:

- Document reviews and systematic analysis of documentation
- Key informant interviews (KIIs)
- Group interviews
- Surveys and mini-surveys

# 4 PFM EVALUATION DESIGN

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## 4.1 Introduction

As discussed above, the PFM project encompasses four sets of activities. Given the variety of interventions under each activity we will focus evaluation efforts on the most relevant interventions. The performance evaluation of the PFM activities will first draw on the data generated through the process evaluation. If consultancies are not implemented as planned, if there are poor working relationships with partners, or if deliverables are not of an adequate quality, then it is unlikely that the consultancies will produce meaningful or sustainable impacts. Additionally the evaluation team will design and conduct a series of methodologies including the following:

- Findings from the process evaluation (document reviews, KIIs with consultant and POC)
- Monitoring data from the M&E Plan
- KIIs
- Group interviews
- Vendors' survey
- Public employees' survey

The evaluation team will seek to validate its findings through triangulation of diverse data sources. In the sections that follow, we organize our presentation of the evaluation methodology by implementation activity. This is necessary because although some data collection activities will overlap initiatives, many are specific to individual initiatives. In many ways, the performance evaluation of the PFM activities can be thought of as several small evaluations. Per the logic model explained above and building on process evaluation data, for each activity, the evaluation team will attempt to understand how the consultancy or grantees have influenced governmental processes, produced higher level outcomes, and yielded results.

## 4.2 Evaluation activities under 1.1 Budget and Treasury Management

Initiatives under 1.1 include a wide range of activities designed to improve budget and treasury management. It will not be possible to design an evaluation that can thoroughly address all aspects of the intervention. We propose to focus on four specific initiatives under 1.1: budget formulation and execution, revenue forecasting, payment arrears, and Congressional oversight. Other aspects of the intervention will be explored in interviewing.

#### 4.2.1 Budget formulation and execution

Consultants	Lori Fleming (OTA), Larry Seale (OTA), Ralph Oberholzer
Period of performance	42 months, Jan. 2014-August 2017
Objectives	<p>Objective 1: Improve discipline in the budget process</p> <ul style="list-style-type: none"> <li>• Sub-Objective 1.1: Strengthen annual and multi-annual budget formulation</li> <li>• Sub-Objective 1.2: Identify and develop plan to address fiscal risks</li> <li>• Sub-Objective 1.3: Strengthen budget execution controls</li> </ul>
Selected activities	<ul style="list-style-type: none"> <li>• Develop improved methodology for budget forecasting.</li> <li>• Develop and deliver training in the use of the budget forecasting methodology.</li> <li>• Develop improved methodology for fiscal impact analysis</li> <li>• Develop and deliver training in the use of the fiscal impact analysis methodology.</li> <li>• Develop assessment tool to highlight potential budgetary control problems in a timely manner for incorporation in the quarterly budget evaluation process.</li> </ul>

OTA is currently working with five pilot government institutions, including the education, health, and environmental agencies, as well as the water utility and the institution responsible for the national lottery, to develop budgetary baselines as part of a push towards program based budgeting. OTA is also working with the five partially overlapping pilot government institutions on budgetary control and budgetary evaluation. These partner institutions include the education and health agencies as well as INSEP, an agriculture institute, and the post office. In each of these institutions OTA is working with the budgetary and planning personnel, ranging from 2-15 individuals per institutions. OTA personnel report an intention to expand the list of institutions for the next budget cycle (2016 execution and 2017 planning); however, this second round of partner institutions has not yet been finalized.

The shift to program based budgeting with budgetary baselines should mean that institutions will have a better sense of their core costs and that proposed and approved budgets will not fall below these basic financial needs. The intervention should lead to improved planning and budgeting, early identification of budget problems, and clearer reporting. This approach is meant to be implemented across the 90+ government offices as a new model of public financial management.

Data collected as part of the Public Expenditure and Financial Accountability (PEFA) will be used to monitor improvements in the budgeting process. Relevant performance indicators that might be used include:<sup>26</sup>

- Aggregate fiscal deficit compared to the original approved budget.
- Composition of budget expenditure out-turn compared to the original approved budget.
- Aggregate revenue out-turn compared to the original approved budget.

<sup>26</sup> OTA and MCC personnel expressed some concerns with the existing indicators, and they are currently exploring the possibility of adding additional indicators that could also be used for evaluation purposes.

- Stock of expenditure arrears; accumulation of new arrears over past year.

While the PEFA will allow the evaluation team to monitor changes over time, additional qualitative research will be needed to explore the potential relationship between the Threshold activities and any observed changes. Qualitative baseline data collection will consist of an interview with the OTA consultant and semi-structured group interviews with the budget analysts that have benefited from the intervention to date in three government institutions. It will also include group interviews with budget analysts from an additional three institutions that will benefit from TCP activities in 2016. Endline data collection will entail follow-up group interviews with these same individuals.

Interviewees will be requested to provide budget information and documentation prior to interviews. Group interviews will use some of the same approaches as a process mapping exercises but will not consist of a full process mapping. Instead the evaluation team will rely on documentation provided by the OTA consultant that includes similar information. Interviews will explore changes in budgeting processes, identify obstacles to change, and explore explanations for baseline and endline PEFA scoring and any changes overtime. Of particular concern will be identifying the potential role of TCP activities in any observed changes.

Qualitative interviewing will also benefit from a review of budget reporting to Congress. Interviews will also be conducted with TCP consultants and SEFIN personnel.

#### 4.2.2 Revenue forecasting

Consultants	Jean Tesche (OTA)
Period of performance	12 Months: January 2015-December 2015
Objectives	Objective 1: Improve discipline in the budget process <ul style="list-style-type: none"> <li>• Sub-Objective 1.1: Strengthen annual and multi-annual budget formulation</li> </ul>
Selected activities	<ul style="list-style-type: none"> <li>• Compare revenue actuals to forecast for 3 years</li> <li>• Strengthen and clarify the institutional structure for forecasting revenues and expenditures</li> <li>• Assist forecasting unit in developing forecast procedures and necessary capacity building on forecasting techniques.</li> </ul>

TCP is supporting a consultancy to work with the recently renamed Unidad de Programación y Evaluación Gubernamental (Unit of Programming and Evaluation of Government – UPEG) and the Dirección General del Presupuesto (Directorate General of Budget – DGP) within SEFIN as well as Dirección Ejecutiva de Ingresos (Executive Directorate of Revenues - DEI) to improve the accuracy of revenue forecasting. Interviews suggest that absent a conservative, consensus revenue estimate, Congressional budget debates have at times revolved around overly optimistic revenue estimates. As the first task of the consultancy was to compare revenue actuals to forecast for 3 years, baseline data has already been collected. Complemented by PI-3 of the PEFA indicators (aggregate revenue out-turn compared to original approved budget), the evaluation team will compare revenue actuals to forecasts over the lifetime of the TCP to observe any predictive improvements. This will be complemented by interviews with the consultant, UPEG, DPG, and DEI officials to explore the

challenges in revenue forecasting, explanations for improvements in revenue forecasting, and the contribution of the consultancy to any improvements.

### 4.2.3 Payment arrears

Consultants	John Small
<b>Period of performance</b>	34 Months: October 2014-August 2017
<b>Objectives</b>	Objective 2: Increase transparency and efficiency of the Treasury <ul style="list-style-type: none"> <li>• Sub-objective 1: Develop transparent payment process</li> <li>• Sub-objective 2: Improve cash management</li> </ul>
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Recommend a transparent process for prioritizing payments.</li> <li>• Develop and implement an automated process for prioritizing payments through the Sistema de Administración Financiera Integrada (Integrated Administrative and Financial System – SIAFI).</li> <li>• Implement standardized banking agreements that specify performance measures and fees for revenue collections.</li> <li>• Integrate major government agencies into the CUT.</li> <li>• Integrate special accounts into the CUT that are not restricted by external donors.</li> </ul>

Upon receipt of an invoice, three approvals are required within the institution to confirm that the payment is consistent with the budget and that money is available for the purchase. An F-01 form is then submitted to the Treasury for payment to the vendor. According to Treasury policy, vendors are to be paid within 45 days of submission of the F-01 form.<sup>27</sup> According to scoping trip interviews, often times the Treasury does not have the cash on hand to meet all the payment requests. As a consequence, payments are not made on time (an estimated 20% of total due is late) and there is room for political influence in determining who gets paid when. The likelihood of late payment is believed to deter many companies, particularly small and medium sized firms, from responding to government bids.

PEFA indicator PI-4 (stock and monitoring of expenditure payment arrears) will assist the evaluation team in determining if the problem of payment arrears is decreasing. Additional qualitative research will be required to explore the relative, potential contribution of the TCP activities. SI proposes to conduct an interview with the consultant and an extended group interview with Treasury personnel to explore the process from reception of an invoice to payment and how it changes from baseline and endline. The interview will focus on the objectives of the consultancy: developing a transparent payment process and improving cash management. The interview will explore the extent to which there is a set invoicing process, identify bottlenecks in the process and produce time estimates for

<sup>27</sup> While Treasury policy is to pay vendors within 45 days of F-01 receipt, the GOH should be paying vendors within 45 days of receiving invoices.

distinct steps in the process. Improvements in cash management and to the process itself should result in reductions in these time estimates over the life of the TCP. Complementary interviews will also be conducted with finance personnel from at least three institutions to understand the invoicing process prior to arriving at Treasury.

#### 4.2.4 Congressional budget committee

<b>Consultants</b>	<b>Jeff Holland and Jennifer Fox (was Gail Millar)</b>
<b>Period of performance</b>	39 Months: May 2014 to August 2017
<b>Objectives</b>	Objective 1: Strengthen the budget hearing process Objective 2: Improve Congressional rules and procedures for consideration of the budget
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Produce reports that summarize the hearings after they have been completed to make information more accessible to members and the general public</li> <li>• Develop internal practices to require that the Executive provide information to the Congress in advance of hearings so that the Congress has time to evaluate the information and formulate appropriate questions</li> <li>• Develop and recommend fiscal rule to prevent net new spending that exceeds the planned budget deficit targets</li> <li>• Adoption of Congressional fiscal rule to prevent consideration of spending legislation that exceeds the planned budget deficit targets</li> <li>• Standardize the provision of a fiscal impact assessment in a timely manner for proposed legislation</li> </ul>

TCP supported activities with the Congressional Budget Committee revolve around hearings for budget formulation and oversight of budget execution. Through a review of documents and observation of a small sample of hearings (whether in person or through recordings), the evaluation will be able to determine if the budget hearing and oversight process becomes more efficient and effective, if citizens have access to more and better quality information, and if members of Congress and citizens are better able to participate in the budgetary and oversight process. Even though the TCP intervention has already begun, because public hearings have been conducted for the last five years, it will be possible to use the public record to produce an imperfect but useful retrospective baseline. Moving forward, the evaluation team will conduct an annual analysis of the budget process in 2015, 2016, and 2017. The evaluation of this aspect of the TCP will include the following:

**Documents given in advance of public hearings and summary reports:** In public hearings, representatives from government institutions explain their budget execution and defend their formulation for the coming year. A review of documentation for the 2014 fiscal year will explore variation between scheduled budget hearings and actual hearings, publication of agendas and schedules, the type of information presented in reports, the quantity and quality of information, the extent of public access (e.g. availability of documentation on a website, shown on television, videos available on the internet), and

outreach/awareness. A comparison overtime will look for improvements in the quantity and quality of information available to the public.

**Documents containing bills presented by Congressmen, the response "Technical Opinion" given by SEFIN and the final approval or refusal by Congress in plenary session.** By law, Honduran Congressmen have the right to present bills in order to be approved by Congress in a plenary session. This action has a direct effect in budget formulation, as it has led to last minute expansion of the budget to include pet projects and has undermined fiscal conservatism. Recent policy changes empower and require SEFIN to issue a technical opinion to these proposals. By selecting a sample of these Congressional proposals from key institutions (e.g. education, health, INSEP), the evaluation will track whether or not these technical opinions are taken into consideration.

**The Budget Approval and Oversight Processes:** The Congressional Budget Committee has designed a type of flowchart that provides a general idea of the procedure for analyzing the nine documents that compose the General Budget. The evaluation team will conduct a group interview with members of the Budget Committee Staff to discuss this process and findings from the document review. Interviews will cover issues of transparency, civil society participation, the role of SEFIN's technical opinion, changes to the budget approval process, and obstacles to a more efficient and effective process. Responses will be compared at baseline and endline to attempt to measure changes in the approval and oversight processes and the potential role of the TCP in these changes.

The evaluation team will also conduct KIIs with members of civil society, including potential and actual participants in the budgeting process to obtain their external perspective on the process and changes in the process. Additional interviews will be conducted with members of the budget unit from SEFIN that participate in budget formulation and elaboration of technical opinions, budget personnel from key institutions, and other governmental and civil society organizations that oversee the process of budget approval by participating in the public hearings. These might include the Tribunal Superior de Cuentas, Consejo Nacional Anticorrupción, Instituto de Acceso a la Información Pública, Foro Social de la Deuda Externa y Desarrollo de Honduras, and the Foro Nacional de Convergencia, among others.

### 4.3 Evaluation activities under 1.2 Improving Procurement Capacity, Planning, and Controls

<b>Consultants</b>	Kenneth Torp (previously Kenneth Kehl), OTA
<b>Period of performance</b>	November 2014 – August 2017
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Provide general procurement consulting advice to ONCAE.</li> <li>• Assist ONCAE with the initiation of its e-catalogue for goods and supplies.</li> <li>• Work with INSEP to improve construction and maintenance contracting.</li> </ul>
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Assisting ONCAE with the conversion of existing contract positions to civil service status.</li> <li>• Conduct train-the-trainer seminar for ONCAE staff to train on the e-catalogue system.</li> </ul>

While this aspect of the TCP involves diverse forms of technical assistance, of particular importance to ONCAE is the e-catalogue. The e-catalogue attempts to reduce the transaction costs and the actual cost of regularly procured items, such as office supplies, printers and copy machines, and food and drinks. In addition to support for technical assistance on the implementation of the e-catalogue, there is a possibility that the TCP will also fund short term employees to assist GOH institutions in learning and using the e-catalogue. To verify if the e-catalogue is saving the GOH money, the evaluation will attempt to compare prices for select items purchased prior to and after the establishment of the e-catalogue. As discussed below, the evaluation team will be reaching out to two to three government institutions for more in-depth qualitative research. With these same institutions we will request access to procurement information prior to and after the establishment of the e-catalogue to conduct a very simple analysis of cost savings on the purchase price of these basic goods. Efforts will also be made to estimate the savings in transaction costs. This evaluation activity will depend on the cooperation of selected government institutions.

Consultants	Resident Procurement Advisors
<b>Period of performance</b>	24 months, TBD
<b>Objectives</b>	The objective of the consultancy is to increase ONCAE’s ability to meet its legal mandate and therefore increase transparency, accountability and quality of public procurement.
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Initial Assessment and Inception Report.</li> <li>• Establish the capacity to undertake procurement assessments.</li> <li>• Support ONCAE to reduce sole source procurements and contract modifications.</li> <li>• Develop an Action Plan to improve the efficiency and transparency of government procurement.</li> <li>• Support ONCAE to provide training.</li> <li>• Final Report that documents the support provided, results achieved, lessons learned and recommendations for ONCAE to sustain and build upon the results achieved.</li> </ul>

Evaluation efforts under 1.2 related activities will focus on ONCAE, procurement teams in government institutions, and vendors. The evaluation will rely on data from the following sources: MCC/MCA-H monitoring data, reports produced by the resident procurement advisors, complementary qualitative interviewing, a review of procurement assessments, a vendors’ survey, and a survey of public employees.

**Monitoring data:** Some results will be able to be tracked using MCC/MCA-H’s monitoring data. One of the tasks of the procurement advisors is to reduce sole sourced procurements and contract modifications, both of which are tracked as part of the M&E Plan.

**Process focused group interviews and review of recommendations:** The benefits of the intervention, should not just be observable within ONCAE itself but within the government institutions that ONCAE oversees. Procurement in government institutions should benefit from Procurement Assessments and potentially other activities included within the contemplated Action Plan. The evaluation team will select three institutions that have undergone procurement assessments. In these institutions, the evaluation team will conduct a group interview with procurement personnel focused on the procurement process both at baseline and at endline. Through this group interview, the evaluation team would seek to determine what has changed in the procurement process over the life of the Threshold in the targeted institutions and what role the procurement assessments might have played in these changes. Specifically, the evaluation team will identify the recommendations offered in procurement assessments and explore to what extent recommendations have been accepted and implemented by the assessed institutions.

SI requests MCC/MCA-H recommendations on institutions that can be expected to be the focus of Threshold supported procurement assessments.

**Vendors' survey:** ONCAE is required to maintain a registry of supplier and contractors of the government, and as such, it will be possible to conduct a survey of vendors. ONCAE reports 5,276 registered vendors since 2005 and 4,538 active vendors certified in the last three years.

SI proposes a survey of 900 randomly selected vendors, which will yield a margin of error of 2.9% and allow the evaluation to detect a change of 4.1 percentage points between baseline and midline. Table 4 presents margin of error calculations and minimal detectable effect sizes for diverse sample sizes with and without adjustment for a finite population. The following formulas were used:

$$(1) \text{Margin of error} = 1.96 \left( \sqrt{(pq/n)(pq/n)} \right)$$

$$(2) \text{Margin of error for finite population} = 1.96 \left( \sqrt{(pq/n)(pq/n)} \right) * \sqrt{\left[ \frac{N-n}{N-1} \right]}$$

$$(3) \text{Minimal detectable effect size} = \sqrt{(\text{margin of error}^2 + \text{margin of error}^2)}$$

“p” represents a given proportion of respondents answering a question a particular way, and “q” = (1-p). A capitalized “N” refers to the size of the entire population and lower case “n” refers to the sample size. The total number of vendors is set at 4,500. The margin of error is simply the standard error multiplied by 1.96, yielding a 95% confidence interval. “p” and “q” are assumed to be equal to 0.5. This would occur if 50% of the respondents agreed with a statement and 50% disagreed. This is a conservative estimate, as less equal variation would result in smaller standard errors.

**Table 4: Sample size calculations for the vendors' survey (N=4,500)**

Sample size	Margin of error	Pre and post minimum detectable effect size	Margin of error adjusted for population	Pre and post minimum detectable effect size
1100	3.0%	4.2%	2.6%	3.6%
<b>900</b>	<b>3.3%</b>	<b>4.6%</b>	<b>2.9%</b>	<b>4.1%</b>
700	3.7%	5.2%	3.4%	4.8%

The survey will be conducted once at the beginning of 2016 and again at the end of 2017. Such a survey would address the following topics and would require 30-40 minutes:

Broad topic	Concept to measure
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Experience with government procurement	Number of bids submitted
	Government agencies submitted to
	Number of procurements one
	Size of procurement (Lempira)
	Type of good provided
Satisfaction and overall evaluation	Satisfaction with the registration process and perception of change
	Satisfaction with the procurement process as a whole and perception of change
	Evaluation of the clarity of request for quotes and perception of change
	Perception that the procurement process is fair and perception of change
Knowledge	Knowledge of procurement rules and policies
Time	Time typically given between RFQ and bid due date
	Time typically given between bid due data and decision
	Time typically given between decision and purchase order
	Time typically given for the delivery of goods
	Evaluation of the efficiency of the process
Corruption	Personal experience with corruption in the procurement process (e.g. Has a procurement officer ever solicited a gift or informal payment from you?)
	Payment of a bribe (using survey experiment)
	Perception of corruption in the procurement process
	Perception of political influence in the procurement process
	Perception of whether corruption is increasing or decreasing in the procurement process
	Perception of whether political influence is increasing or decreasing in the procurement process
ONCAE	Knowledge of ONCAE
	Confidence in ONCAE
	Knowledge of the e-catalogue
	Evaluation of the e-catalogue
Company information	Years in existence
	Years supplying for the government
	Type of firm
	Frequency of supplying
	Intention to supply in the future
	Personnel specialized in bidding
	Total employees

	Total revenue (in ranges)
Personal information	Gender
	Education
	Age
	Years working with government procurements

**Public employees' survey:** The final component of the evaluation of 1.2 activities will be a survey of public employees in select institutions. This survey is discussed in greater detail below as procurement is a primary focus of the ASJ's TCP supported work.

#### 4.4 Evaluation activities under 1.3: Improving the Capacity of the Tribunal Superior de Cuentas (TSC)

<b>Consultants</b>	Elsa Lozano Rodríguez, Tribunal Superior de Cuentas Advisor
<b>Period of performance</b>	7 months: May/18/2015 – Dec/05/2015
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Help the Tribunal Superior de Cuentas (TSC) of Honduras to strengthen its technical capacity to develop and implement performance audits, by assessing capacity and formulating the appropriate recommendations</li> </ul>
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Increase capacity of Tribunal Superior de Cuentas audit staff</li> <li>• Technical assistance to plan, execute, and develop four Pilot Audits of performance</li> <li>• Update the Management Manual according to the Professional Norms of Audit Entities (ISSAI)</li> <li>• Establish a methodology of application, analysis, and interpretation of indicators to evaluate the efficiency, effectiveness, and quality of audits</li> <li>• Define the reporting structure of performance audits, strategy for communicating results and implementing recommendations</li> </ul>

With support from the TCP the TSC will be conducting pilot performance audits with four institutions: INSEP, DEI, Instituto Nacional Agrario (National Agriculture Institute - INA), and the electrical utility ENEE. These are scheduled to take place between September 2015 and June 2016.

Qualitative data collection will take place in three phases for this activity and be complemented with data from the public employees survey discussed below. The initial phase will occur at baseline and include interviews with the consultant and the TSC auditors about the performance evaluation process, challenges, and expectations.

The second phase of data collection will focus on the performance audits conducted between September 2015 and June 2016. After these have been completed and a period of at least four months has passed (approximately October 2016), which will allow for the institution to begin to respond to the recommendations, the evaluation team will:

- Review the performance audit reports and conduct a cursory comparison with traditional financial and legal compliance reports. Of particular interest will be the difference in the methods used, the type of findings, and the types of recommendations.
- The team will conduct interviews with TSC individuals responsible for follow-up on audit recommendations to understand what changes might have come about to date as a result of

the audit. These will be complemented with interviews with counterparts in the respective institutions.

- Finally, the team will conduct an extended group interview with auditors to discuss performance audits of INSEP, DEI, INA, and ENEE, including challenges in conducting the audits and expected results.

A third phase of data collection will occur at endline.

- During this time, the evaluation team will conduct an additional round of interviews with TSC personnel responsible for following-up on recommendations and counterparts in the institutions to monitor what recommendations have been implemented from the earlier round of audits.
- The team will conduct a group interview with TSC performance auditors to discuss improvements in the process following the initial pilot, perception of effectiveness and cost effectiveness, and sustainability.

## 4.5 Evaluation activities under 1.4: Grant Facility for Social Accountability

Consultants ASJ	
<b>Period of performance</b>	From finalization of agreement until August 31, 2017
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Conduct independent monitoring and performance evaluation of public sectors including health, education, infrastructure, and tax</li> <li>• Strengthen civil society oversight of public finances</li> </ul>
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Baseline assessment of each sector               <ul style="list-style-type: none"> <li>○ Definition of performance indicators</li> <li>○ Data collection through field work, interviews, and document review</li> <li>○ Survey sample design</li> <li>○ Develop a points-based system for evaluation and analysis</li> <li>○ Develop an institutional assessment report</li> <li>○ Updating baseline scores twice per year</li> </ul> </li> <li>• Compile an Annual Report Transparency Index and Good Governance (INTBG), which will assess performance of the health, education, infrastructure, and tax sectors on indicators including human resources management, procurement, transparency, and accountability</li> <li>• Specific research to deepen aspects of the performance research</li> <li>• Social Audit by civil society organizations</li> <li>• Technical assistance for the design of a National Reporting System for anonymous complaints</li> <li>• A Communications Campaign to disseminate findings of the ASJ to civil society and society at large</li> </ul>

Through the TCP, four civil society organizations will be provided grants to foster social accountability. The evaluation will focus on the main grant, which has been awarded to ASJ for annual institutional assessments in transparency, procurement, and human resource management. The evaluation team proposes to use a survey of government employees in select institutions to test for changes over time in perceptions of corruption and political influence in procurement and human resource processes among other indicators of good governance. The survey will also speak to other aspects of the Threshold program, including:

- Auditing by the TSC (performance audits)
- Auditing by ONCAE (procurement assessments)
- Budget execution
- Budget formulation

**The overall design and selecting institutions:** The evaluation team will use a simple Pre and Post design, including a baseline survey, to be conducted as soon as possible, and an endline survey, to be conducted at the end of TCP. There are limitations to this approach, as any change observed from baseline to endline could be due to factors unrelated to the Threshold program. This might include factors within the institution itself (e.g. change in leadership or internal initiative) or factors affecting

Honduras as a whole (e.g. corruption scandals). The inclusion of comparison institutions would provide some means to control for country level factors; however, doing so would still not allow the evaluation team to rule out factors specific to the institution. As such, comparison institutions will not be included in the study.

It is important to recognize that by surveying employees from only a small number of institutions, this evaluation methodology will be statistically underpowered and should be understood as a comparative-case study that uses survey data rather than as robust impact evaluation methodology. As such, regardless of the approach, “learning” will be a primary objective of the survey, and the questionnaire will be designed to provide information that will be useful to the institutions and implementers.

Furthermore, because of the small number of cases, it will be important to complement the survey with qualitative research activities to help interpret the results. For example, if the evaluation team was to observe an improvement in corruption perceptions overtime, key informant interviews and focus groups could help shed light on potential causes of that change more generally and the contribution of Threshold interventions specifically. As such, after baseline data has been collected and analyzed, the evaluation team will organize a series of focus groups in each of the institutions to discuss the findings and explore issues raised in the data analysis. The evaluation team will also conduct interviews with ASJ researchers and carefully review ASJ reporting.

The evaluation team recommends selecting three institutions that will benefit from the ASJ intervention. Different options are presented in Table 6, and SI’s recommendations are marked in bold. We have included the Secretaría de Educación and the Secretaría de Seguridad from the ASJ group, however it is important to note that ASJ reports on these two institutions are expected to come out before possible baseline data collection occurs. As such, surveying in these institutions will not capture a meaningful baseline and subsequent analysis will focus heavily on learning. There are timing challenges in the other ASJ institutions as well. ASJ baseline reports for INSEP were originally planned for the end of October 2015 and for the Secretaría de Salud and DEI in November of 2015, although it now appears likely that these will be delayed into February and March of 2016.

**Table 6: Potential study institutions**

Treatment group	Pop. size	Sample size	Potential institutions
<b>Benefit from both ASJ and TSC</b>	<b>3,787</b>	<b>500</b>	<b>Secretaría de Infraestructura y Servicios Públicos (INSEP)</b>
<b>Benefit from both ASJ and TSC</b>	<b>2,401</b>	<b>450</b>	<b>Dirección Ejecutiva de Ingresos (DEI)</b>
<b>Benefit from only ASJ</b>	<b>20,631</b>	<b>550</b>	<b>Secretaría de Salud</b>
<b>Benefit from only ASJ</b>	<b>65,033</b>	<b>550</b>	<b>Secretaría de Educación</b>
<b>Benefit from only ASJ</b>	<b>15,559</b>	<b>550</b>	<b>Secretaría de Seguridad</b>
<b>Benefit from only TSC</b>	980	0	Instituto Nacional Agrario (INA)
<b>Benefit from only TSC</b>	2,473	0	Empresa Nacional de Energía Eléctrica (ENEE)

<b>Benefit from other PFM activities</b>	925	0	Secretaría de Finanzas (SEFIN)
<b>Total</b>		2,600	

Sample sizes for each institution are included in Table 6. Recommended sample sizes vary depending on the size of the “population” of employees in the institution. Adjusting for finite populations, larger institutions, such as the Secretaría de Salud require a larger sample size to obtain the same margin of error as in smaller institutions. To demonstrate, Table 7 provides estimated margins of error across different within institution sample sizes using formulas 1, 2, and 3 presented above for the populations presented in Table 6. The recommended sample sizes will allow the evaluation team to be confident in changes in sample proportions of 6% between baseline and endline within each institution and of 3% across the sample as a whole.

**Table 7: Potential Sample Sizes and Margins of Error**

Institution	Sample size	Unadjusted margin of error	Pre and post minimum detectable effect size	Margin of error adjusted for population	Pre and post minimum detectable effect size
<b>INSEP</b>	<b>500</b>	<b>4.4%</b>	<b>6.2%</b>	<b>4.1%</b>	<b>5.8%</b>
	450	4.6%	6.5%	4.3%	6.1%
	400	4.9%	6.9%	4.6%	6.6%
	350	5.2%	7.4%	5.0%	7.1%
<b>DEI</b>	<b>500</b>	<b>4.4%</b>	<b>6.2%</b>	<b>3.9%</b>	<b>5.5%</b>
	<b>450</b>	<b>4.6%</b>	<b>6.5%</b>	<b>4.2%</b>	<b>5.9%</b>
	400	4.9%	6.9%	4.5%	6.3%
	350	5.2%	7.4%	4.8%	6.8%
<b>Salud</b>	<b>550</b>	<b>4.2%</b>	<b>5.9%</b>	<b>4.1%</b>	<b>5.8%</b>
	500	4.4%	6.2%	4.3%	6.1%
	450	4.6%	6.5%	4.6%	6.5%
	400	4.9%	6.9%	4.9%	6.9%
<b>Educación</b>	<b>550</b>	<b>4.2%</b>	<b>5.9%</b>	<b>4.2%</b>	<b>5.9%</b>
	450	4.6%	6.5%	4.6%	6.5%
	400	4.9%	6.9%	4.9%	6.9%
	<b>350</b>	<b>5.2%</b>	<b>7.4%</b>	<b>5.2%</b>	<b>7.4%</b>
<b>Seguridad</b>	<b>550</b>	<b>4.2%</b>	<b>5.9%</b>	<b>4.1%</b>	<b>5.8%</b>
	450	4.6%	6.5%	4.6%	6.4%
	400	4.9%	6.9%	4.8%	6.8%
	<b>350</b>	<b>5.2%</b>	<b>7.4%</b>	<b>5.2%</b>	<b>7.3%</b>
<b>Total</b>	2,600	1.9%	2.7%	1.9%	2.7%

SI will require considerable support from MCC/MCA-H to ensure the political support necessary to carry out the survey. Such a survey can only be possible with the support of the selected institutions, who will be asked to provide personnel information and support implementation of the survey.

**Selecting individuals:** Once the institutions have been selected and with MCC/MCA-H support, the evaluation team will work with government authorities to produce a sampling frame for each institution. Since 2014, the Unidad de Modernización (Modernization Unit - UDEM) under SEFIN has maintained a database of all public sector employees called the Sistema de Registro y Control de Empleados Públicos (Public Employees System for Registration and Control - SIREP), which will provide at a minimum employee names, gender, and position within the organization. As shown in Figure 4, the database offers many additional fields; however, as the system is relatively new, it is the evaluation team’s understanding that not all institutions have taken full advantage of the system. Once the institutions of interest have been identified, SI will work UDEM to develop the sampling frame. With MCC/MCA-H support, SI will also work with the individual institutions and their human resource departments to refine the sampling frame.

Figure 4: Registration pages in the SIREP

**INGRESANDO REGISTRO**

**Datos Generales** | **Datos Laborales**

Ficha Número: FICHA No 1  
 País Identificación: HN  
 Tipo Identificación: TARJETA IDENTIDAD  
 Número Identificación: 1602196300144  
 Estado del Proceso: PENDIENTE

Primer Nombre: BLANCA  
 Segundo Nombre: ROSA  
 Primer Apellido: PINEDA  
 Segundo Apellido: CABALLERO

Fecha Nacimiento: SELECCIONE UNO  
 Género: SELECCIONE UNO  
 Nacionalidad: SELECCIONE UNO

Grupo Sanguíneo: SELECCIONE UNO  
 Teléfono Fijo:  
 Celular:  
 Estado de Empleado: VIGENTE

Lugar de Nacimiento:  
 Lugar de Residencia:  
 Grado de Escolaridad:  
 Número SIAFE:

**REGISTRADO EN SIARH**

Aceredo	Int	Estructura Organica	Puesto	Descripcion Puesto	Division	Departamento	Seccion	Unidad	
01/04/87	ACU-3640	83	REGIÓN SANITARIA DEPARTAMENTAL SANTA BARBARA	00210	OFICINISTA I	CESAMO ARADA	CESAMO ARADA	CESAMO ARADA	Validar

**REGISTRO VALIDADO**

[Cambiar Contraseña](#)

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**INGRESANDO REGISTRO**

**Datos Generales** | **Datos Laborales**

Puesto de trabajo para el que se le contrató al ingresar: AUXILIAR DE CONTABILIDAD  
 Fecha ingreso al puesto (dd/mm/aaaa): 01/02/2010  
 Lugar trabajo inicial: DEPARTAMENTO DE CONTABILIDAD

Puesto de trabajo para el que tiene contrato actualmente (nominal): OFICINISTA I  
 Modalidad de Contratación: PERMANENTE

Puesto de trabajo que actualmente desempeña (funcional): OFICINISTA I  
 Lugar trabajo actual: ADMINISTRACION CESAMO, ARADA

Gerencia en la que se desempeña: GERENCIA CENTRAL  
 Departamento en el que se desempeña: ADMINISTRACION CESAMO, ARADA  
 Jefatura en la que se desempeña: DEPARTAMENTO DE ADMINISTRACION

Nombre del jefe inmediato: ROBERTO ORDOÑEZ  
 Hora Entrada: 08:00 AM  
 Hora Salida: 02:00 PM

Forma de trabajo: Presencial  
 Tipo de Cuenta: CUENTA DE AHORRO

Lugar donde recibe su pago: SANTA BARBARA  
 Forma de pago: TRANSFERENCIA BANCARIA  
 Banco donde se recibe pago: BANCATLAN - BANCO ATLANTIDA

Descripción de Funciones:  
 REVISAR, ORDENAR Y ACTUALIZAR EXPEDIENTES DE PACIENTES, LLEVAR CONTROL DE PACIENTES, LLEVAR CONTROL DE MEDICAMENTOS Y VACUNAS, LLEVAR CONTROL DE FLUJO DE CAJA, ATENCION GENERAL A PACIENTES.

El empleado BLANCA PINEDA fue guardado correctamente

**REGISTRADO EN SIARH**

Aceredo	Int	Estructura Organica	Puesto	Descripcion Puesto	Division	Departamento	Seccion	Unidad	
01/04/87	ACU-3640	83	REGIÓN SANITARIA DEPARTAMENTAL SANTA BARBARA	00210	OFICINISTA I	CESAMO ARADA	CESAMO ARADA	CESAMO ARADA	Validar

**REGISTRO VALIDADO**

[Cambiar Contraseña](#)

Source: Unidad de Modernización. 2014. Manual de Usuario

There are three potential approaches to sampling within institutions:

- **Representative sample of the institution (recommended):** Under this approach, the evaluation would randomly sample from the list of employees and all employees in the institution would be eligible to be surveyed.
- **Representative sample of the institution above a certain labor category:** Under this approach, the population would be more limited. Excluding lower level employees might yield a population more likely to offer informed opinions regarding human resource, procurement, corruption, and political influence issues. This is expected to be difficult because of non-standardized labor categories across institutions.
- **Representative sample of the institution's administrative staff:** A final option would be to limit the sample to administrative personnel, which are more likely to be based in Tegucigalpa, reducing the costs of data collection substantially and offering a population that will be informed about the survey questions.

**Interviewing individuals:** Once the sampling frame has been developed, data will be collected at the offices of the selected institutions. With MCC/MCA-H support, institutions will be asked to provide the evaluation team with a place (e.g. unused offices) in which to privately and confidentially conduct the survey. This would greatly reduce the cost of the survey. As part of their protocols, enumerators will have to clearly explain to the respondents that the survey is being conducted independently and that responses will be kept confidential.<sup>28</sup>

**Learning:** Given the limitations to this aspect of the design, the evaluation team recommends a strong focus on learning. Essentially, the survey should be providing information that is useful for the GOH and MCC rather than merely informing the evaluation. Statistical analyses of the data could be used to address several questions of potential interest. For example:

- What types of respondents are more likely to perceive corruption and political influence within the institution? For example are newer or older employees or lower or higher level employees more likely to perceive corruption and political influence?
- What impact does perceptions of corruption or political influence have on job satisfaction and intention to remain in public service?

Concepts to be measured in the survey are provided in Table 8.

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<sup>28</sup> There are two potential interviewing strategies including a traditional face-to-face interview and a self-administered tablet survey. A decision on this will be made with the selected data collection firm; however, the evaluation team's preference is for a self-administered, anonymous survey (no identifying information collected). Survey firm enumerators would ensure only sampled individuals take the survey, provide assistance in using the tablets, and conduct face to face interviews with those uncomfortable with the tablets.

**Table 8: Survey concepts**

Broad topic	Concept to measure
<b>Satisfaction</b>	With the job/supervisors/employees
<b>Services</b>	Evaluation of the efficiency/quality of services produced the respondent/colleagues/the institution as a whole
	Evaluation of the efficiency/quality of services produced by other institutions (e.g. the other institutions surveyed)
	Agency specific
<b>Corruption general</b>	Personal experience (potentially using survey experiments)
	Perception of corruption in the institution/ government as a whole
	Perception of whether corruption is increasing or decreasing in the institution/government as a whole
	Agency specific
<b>Human resources</b>	Knowledge of/involvement with human resource processes
	Evaluation of the hiring process
	Satisfaction with training
	Perception of corruption/political influence/merit in the hiring process
	Perception if there are ghost workers
	Wages/benefits and satisfaction with wages and benefits
	Perception of corruption/political influence/merit in promotion
	Agency specific
<b>Procurement</b>	Knowledge of/involvement with procurement processes
	Perception of corruption/political influence/merit in procurement
	Evaluation of the efficiency/quality of procured process and procured goods
	Agency specific
<b>Agency specific</b>	TBD
<b>Trust/effectiveness</b>	Trust and effectiveness of distinct actors (e.g. ASJ, TSC, ONCAE, MCC, IDB, WB)
<b>Employee information</b>	Years of service
	Position/hierarchy
	Training received
	Future career intentions
<b>Personal information</b>	Gender
	Household income
	Education
	Age

**Minimizing social desirability bias:** As mentioned above, given that the survey will deal with sensitive topics, direct questions will likely result in social desirability bias. There are several survey options to minimize (although not eliminate) such bias. One option, as suggested above, is to ask respondents about the behavior of others in the institution, about their perceptions, and whether or

not they think certain problems are increasing or decreasing. Another option is to use survey experiments. One particular survey experiment is known as a list experiment. In a list experiment, respondents might be asked a question like, “Now I will provide a number of measures people take to get government jobs. Please tell me the total number of measures you took. Do not tell me the specific answers, only how many.” Then respondents will be randomly selected into one of two groups. These two groups will be presented with the same four options; however, one of the groups will be presented with an extra option, in this case “Made a payment or gift to a public authority.” By only listing the *number* of options, respondents are not openly admitting to having made a payment.

Now I will provide a number of measures people take to get government jobs. Please tell me the total number of measures you took. Do not tell me the specific answers, only how many.	
Options given to half of the sample	Options given to the other half of the sample
<ol style="list-style-type: none"> <li>1. Took a training course</li> <li>2. Filled out an application</li> <li>3. Attended secondary school</li> <li>4. Spoke with a high level government official</li> </ol>	<ol style="list-style-type: none"> <li>1. Took a training course</li> <li>2. Filled out an application</li> <li>3. Attended secondary school</li> <li>4. Spoke with a high level government official</li> <li>5. Made a payment or gift to a public authority</li> </ol>

If employees are paying bribes to join an institution, then the average number provided will be higher in the group with five options than the group with only four. If this is not a problem, then the averages should be the same. If we observe that the average is 2.2 in the group with four options and 2.6 in the group with five options, then this would suggest that 40% of employees had paid a bribe, plus or minus random error. It should be noted that this approach would only work well for the sample as a whole rather than for individual institutions because of the small sample sizes at the institutional level.

**Qualitative follow-up:** If a change is observed overtime in selected institutions, the survey data itself will only offer a limited to means to determine whether the changes observed were due to the Threshold or some other cause. As such, following the completion of endline data collection and data analysis, the evaluation team will conduct a series of interviews and focus groups in the targeted institutions. The target audience for these discussions and the topics to be discussed will depend on the findings in the survey. For example, if there is a perception of improvements in human resource processes in INSEP, then the evaluation team will conduct interviews with HR staff and conduct a focus group with INSEP employees. For budgetary purposes, we assume three interviews and two focus groups per institution, or eighteen interviews and twelve focus groups. Interviews will also be conducted with ASJ researchers and ASJ documentation will be reviewed.

**Other grants:** Other grants are yet to be determined and not included in this design.

## 4.6 Risks and Design Limitations

There are several risks and limitations that should be clearly noted:

- Many of the PFM activities have already begun, and while the evaluation will attempt to develop retrospective baselines, these will be inherently limited. The timing is a particular concern with the survey of public employees, as this activity will have to be fast-tracked to ensure that surveys are conducted prior to the release of ASJ reporting. This survey will have to take place before the end of 2015.
- The survey will also depend on the willingness of government institutions to participate. Given the focus on sensitive issues, such as corruption, MCC-MCA-H involvement will be required to foster GOH collaboration.
- The vendors' survey will also face limitations, as it will depend on the quality of the existing registry. Even if businesses can be easily sampled there will be challenges in ensuring an appropriate respondent to the survey.
- The evaluation design focuses on measuring changes in the process and will be very limited in its ability to determine if the TCP led to cost savings for the government and improved public service. The evaluation team will attempt to speak to these two issues through perceptions of key informants and survey respondents, but the evaluation will not be able to objectively measure improvements in these two core areas nor attribute them to the TCP.
- Many of the qualitative research methodologies will rely on subjective measurements of respondents (e.g. the amount of time a certain activity takes). While the evaluation team will attempt to minimize error in such measurements through confirmatory questioning and verification with other sources, there will be a degree of error in such data that will be compounded when trying to compare endline and baseline data. Such methodologies will not be able to confidently measure small changes over time and are better suited to detecting major improvements.
- Many of the data collection activities will likely require considerable time and support of key actors in key institutions. This will require MCC and MCA-H support to encourage participation.

# 5 PPP EVALUATION DESIGN

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## 5.1 Introduction

PPPs are on the one hand a procurement process, and on the other, a procurement model selected for their ability to provide two major benefits, namely: improved “value for money” in the application of public sector fiscal resources and improved service to the consumer. Unfortunately, from an evaluation point of view, the final determination of “value for money” and service to the customer can only be determined on the last day of the last year of the concession (potentially 20 years in the future). As such, the evaluation will have to focus its attention on *projected* value for money (over a traditional public sector procurement) and *potential* improvements in service.<sup>29</sup> While value for money and improved service will be difficult to determine and link to the TCP, the TCP is more likely to produce immediate and attributable benefits in the PPP process, or the manner in which PPP projects are identified, evaluated, selected, developed, procured, and managed after contract signature.

The TCP seeks to ensure the progressive adoption of “best PPP practice” in the key public sector institutions relevant to PPPs in Honduras, namely COALIANZA, INSEP, SEFIN and SAPP. As such, the efforts of the TCP are focused on creating the necessary technical capacities in these core institutions to ensure that they play their full part at every appropriate stage of the PPP Project Cycle. TCP efforts will therefore be directed towards creating the necessary human capacity in these institutions, refining and improving procedures and systems, and producing and disseminating appropriate manuals and guidelines. These initiatives should produce measureable improvements in the PPP process, including gains in efficiency and effectiveness (quality), increases in transparency, and reductions in opportunities for corruption.

Evaluation methodologies used in the PPP evaluation include:

- Thorough document reviews of PPP-related material (e.g. contracts, value for money studies, bidding documents, manuals)
- A mini-survey of technical PPP personnel in COALIANZA, SAPP, SEFIN, and INSEP.
- A comparative case study of four-six road concessions via a PPP. These will involve document reviews, process mapping activities, and key informant interviews.
- In the case of the FIDE project, group interviews will be conducted with FIDE personnel on changes to the process to obtain import and export related permits and authorizations.
- A potential survey or key informant interviews with users of the single window import/export window.

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<sup>29</sup> Even projected value for money will depend on GOH VFM studies, and the evaluation team was not clear if the GOH will be undertaking VFM studies as part of its PPP process.

## 5.2 Evaluation activities under 2.1 Develop Core PPP Capacity and 2.2 Design and Implementation of PPPs

<b>Consultants</b>	Ronny Venegas, PPP Financial Advisor
<b>Period of performance</b>	23 Months: Sept/2015 –August/2017
<b>Objectives</b>	The Consultant’s objective is to strengthen the capacity of SEFIN (and other GoH entities as needed) to conduct financial assessment of projects (including contingent liabilities) in order enable the GoH to structure PPP’s projects that offer optimal value for money while responsibly limiting fiscal costs and risks arising from PPPs.
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Develop and implement a plan for the establishment of the “Unidad de Contingencias Fiscales (UCF).”</li> <li>• Development of a Contingent Liability monitoring system</li> <li>• Facilitate Coordination between SEFIN, COALIANZA, Ministry of Environment (SERNA), Ministry of Infrastructure and Public Services (INSEP) and other relevant GoH institutions</li> </ul>

<b>Consultants</b>	Leonel Edmundo Vivallos, Resident Advisor, Road Concessions
<b>Period of performance</b>	12 Months: April/6/2015 – April/5/2016 with likely option periods through late 2017
<b>Objectives</b>	The Consultant’s objective is to strengthen the capacity of the INSEP, SAPP, and Coalianza to manage their respective responsibilities related to the Road Concessions and other ongoing PP contracts according to international best practice.
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Development of a project management plan for each Road Concession and other ongoing PPP contracts</li> <li>• Compliance with the PPP contract for each Road Concession and other ongoing PPP contracts and definitive agreements related thereto</li> <li>• Adherence to the output based specifications and Minimum Performance Standards and Specifications (MPSS)</li> <li>• Development of an early warning system to notify the Government of Honduras when a PPP project company is in danger of becoming non-compliant</li> <li>• Supervision of the maintenance program provided by the PPP project companies to the assets under their management and/or control</li> </ul>

<b>Consultants</b>	<b>Roberto Melitón Armijo Zarricueta, Infrastructure Strategic Planning System Advisor</b>
<b>Period of performance</b>	5 months: July 16,2015 – December 15,2015
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Coordinate utilization of information obtained through outsourced services, which will inform alternative road investment planning</li> <li>• Implement the strategy established by the Secretary of Infrastructure and Public Services (INSEP) for rapid re-establishment of road investment planning, and formulate a Multi-Year Road Investment Plan (PPIV)</li> </ul>
<b>Selected activities</b>	<ul style="list-style-type: none"> <li>• Coordinate on-the-job training of INSEP personnel and consultants involved in preparation of the PPIV</li> <li>• Develop a strategic action plan to facilitate financing as described in the PPIV</li> <li>• Formulate a sustainability plan for the INSEP and SEFIN</li> <li>• Prepare presentations to obtain feedback on findings from relevant authorities</li> </ul>

Activities under 2.1 and 2.2 aim to strengthen the capacity of relevant government institutions, including COALIANZA, SAPP, SEFIN, and INSEP, to properly screen, prioritize, and select potential PPP projects. As such, evaluation activities under this aspect of the TCP will focus on the capacity and processes within these institutions both at baseline and at the end of the TCP. This aspect of the evaluation will focus on the following:

Example PPP Process



Source: N. Livingston

1. **Formal manuals, guidance material, and documentation:** The evaluation team will also conduct a systematic review of manuals, regulations, and guidance materials in these four institutions at both baseline and endline to measure changes in formal policy. Institutions will be requested to provide this documentation electronically.

2. **Institutional architecture and PPP process:** Using the above mentioned manuals and guidance documentation, complemented by reporting by TCP consultants and KIIs, the evaluation team will identify the “critical path,” or the process, for PPPs in Honduras. A typical PPP process is presented in the Figure to the left. At baseline, the evaluation team will place Honduras’s PPP process in comparative perspective and consider its strengths and weaknesses in comparison with international best practices. This exercise will be repeated at endline to determine if and how the process has changed. Of particular concern will be improvements in efficiency, effectiveness (quality), approach to risk allocation, transparency, and decreased opportunities for corruption. Example areas where the evaluation would expect to find improvements as a result of the TCP consultancies include:

- Upstream investment planning and project prioritization (Multiyear Road Investment Plan Consultant and PPIV Capacity Building Consultant)
- SEFIN capacity for financial analysis (PPP Financial Advisor to SEFIN)
- Management capacity and management of existing contracts by SAPP and INSEP (Road Concession advisor)

In addition, bearing in mind historic concerns about the level of consultation between COALIANZA and sponsoring ministries, attention will be particularly paid to such issues as inter-institutional protocols governing the establishment of project working groups, exchange of information, consultation, and decision-taking processes. These evaluation activities will also be complemented by the following activities more specific to the various road concessions.

The evaluation team will place the Honduran experience within comparative perspective and consider how Honduras’s PPP regime compares with other regimes in Latin America and globally.

### 5.2.1 Road concessions

While the evaluation activities above will be more abstractly focused on the process in general, activities under 2.2. Design and Implementation of PPPs will focus on more concrete cases. The evaluation team will conduct a comparative study of four to six current and future road concessions. SI welcomes MCC/MCA-H input on appropriate concessions; however, we would propose: (1) two first generation concessions: the Logistic Corridor and Touristic Corridor, (2) one to two second generation concessions: CA-4 (Carretera de Occidente) and possibly CA-11A (Carretera de Gracias or Lincoln Corridor) or an alternative, and (3) two third generation concessions: including the Pacific Corridor and a potential additional concession yet to be determined. The Logistic Corridor and Tourist Corridor were among the GOH's first PPPs, adjudicated in March 2012 and December 2012 respectively. This experience will represent an early baseline without MCC support and with minimal prior experience in PPPs. Tenders for CA-4 and CA-11A were released later and represent a second generation of PPPs, after the learning from the initial round, but without the benefit of MCC supported consultancies. The CA-4 bid eventually had to be cancelled in early 2015, and while the original project development did not benefit from TCP support, TCP consultants will provide technical assistance to COALIANZA moving forward. In the case of the Pacific Corridor, TCP consultants will be supporting COALIANZA from an early stage in the project cycle.

The evaluation team will begin with conducting a review of the project documentation in each of these four to six cases. Much of this documentation is available on the COALIANZA website, and institutions will be asked to provide additional documentation, including items such as financial analyses and value for money studies, which will help the evaluation better understand if the GOH is likely to achieve cost savings as a result of the TCP.

For each of these cases, the evaluation will map out the broad steps in the process that was followed (which may or may not deviate from the general process identified above) and note the dates of critical milestones along the way. The team will do this first based on the documentation but then conduct an extended group interview within each institution. The mapping process will seek to achieve the following:

- Confirm the process that was followed for the PPP.
- Identify bottlenecks that slowed down efficiency or obstacles that hampered quality or effectiveness in the process. For example, the evaluation team will ask participants to consider if there was inadequate technical capacity at particular points in the process. Participants will be asked to consider to what extent these bottlenecks and obstacles are common features of all projects or specific to a given project.
- Evaluate the quality of inputs received from other institutions and of outputs sent to other institutions.
- Consider risk allocations between government and the private sector.
- Evaluate the importance of any outside technical assistance, including that of MCC supported consultants.

- Consider potential or expected outcomes of the process to date, including amount invested, tolls charged, evidence or otherwise of cost overruns or delays in project implementation, and customer satisfaction, and consider to what extent these were a result of the process itself or of other factors.

Comparing across the cases, the evaluation team will look for improvements over time in terms of the process (efficiency, effectiveness/quality, and transparency) and – to the extent possible – outcomes (value for money, service quality). For example, a comparison in the contracts could demonstrate evidence of contractual improvements in remuneration (in relation to traffic flow), performance indicators (e.g. availability, average speeds, safety), mechanisms for dispute resolution, and overall bilateral contract management responsibilities. To offer another example, given the current limitations of INSEP in providing input into the PPP process, the evaluation team will look for an increasingly effective role of INSEP in the process. We would also expect to see an increase in the amount and quality of information made available to the public. For example, current public documentation does not include a justification or scoring system for how existing contracts were awarded.

Baseline data collection activities will emphasize the two initial concessions and include a complete document review and process mapping. A baseline document review will also occur with the second generation concessions, although as these are not as far along in the process, the process mapping will be conducted at midline with KIIs conducted at baseline and endline. A reduced document review will also be conducted with the Pacific Corridor along with key information interviews; however, the process mapping will not likely occur until endline.

It is expected that many of the informants will be the same across the four to six cases as well as the evaluation activities under 2.1. Sequencing the focus of process mapping efforts will reduce the burden on these individuals. In cases where key individuals have since left the relevant institutions, the evaluation team will attempt to conduct separate interviews with these potential key informants.

## 5.2.2 FIDE

FIDE, Investments and Exports is a non-profit organization that aims to promote investment and develop exports. Through a PPP, FIDE is developing a single window to assist businesses and allow for inter-governmental cooperation in the import and export process. Through the system, users will be able to process all the registration, authorizations, declarations, permissions, certifications, and payments.<sup>30</sup> The World Bank's *Doing Business* reports provide an effective baseline delineating the number of document submissions required (7), the estimated time to prepare documents (8 days), the time to import (16 days), the number of documents to export (5), the time to prepare documents

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<sup>30</sup> COALIANZA. Nd. "Implementación de la Ventanilla Única de Comercio Exterior de Honduras (VUCEH)." <http://COALIANZA.gob.hn/v2/wp-content/uploads/2013/07/Presentaci%C3%B3n-VUCEH.pdf>

(8 days), and the time to export (12 days).<sup>31</sup> FIDE's own monitoring data will measure these same indicators and more and allow the evaluation team to determine if there have been improvements.

At baseline the evaluation team will conduct a group interview with FIDE personnel to using the *Doing Business* report and FIDE metrics as a point of departure. The interview will explore the existing process, the bottlenecks, and the obstacles to a more efficient, effective, and transparent system with reduced opportunities for corruption. At endline, the evaluation team will compare FIDE metrics over time and conduct a follow-up group interview to discuss observed changes.

Both the monitoring and process mapping data will be verified by either a mini-survey or interviews with businesses importing and exporting goods. The survey or interviews would explore the time metrics, informal payments (corruption), use of personal connections, and satisfaction with the process.<sup>32</sup>

### 5.3 Risks and Design Limitations

There are several risks and limitations that should be clearly noted:

- The evaluation design focuses on measuring changes in the process and will be very limited in its ability to determine if the TCP led to cost savings for the government and improved public service. The evaluation team will attempt to speak to these two issues through existing value for money studies and through perceptions of key informants, but the evaluation will not be able to objectively measure improvements in these two core areas nor attribute them to the TCP.
- As with the PFM evaluation activities, many of the qualitative research methodologies will rely on subjective measurements of respondents (e.g. the amount of time a certain activity takes). While the evaluation team will attempt to minimize error in such measurements through confirmatory questioning and verification with other sources, there will be a degree of error in such data that will be compounded when trying to compare endline and baseline data. Such methodologies will not be able to confidently measure small changes over time and are better suited to detecting major improvements.
- Many of the PPP data collection activities will likely require considerable time and support of key actors in COALIANZA, SAPP, SEFIN, and INSEP. This will require MCC and MCA-H support to encourage participation.
- As with the PFM, the PPP evaluation will be concerned with issues of corruption. While the evaluation team will attempt to make respondents comfortable and willing to speak honest

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<sup>31</sup> T De R Consultor. 2015. "Grant Project Description for Implementation of PPP for Single Window for Exports and Imports."

<sup>32</sup> The total number of users is expected to be relatively small and as such we have not made a determination of whether qualitative interviews or a mini-survey would be more effective data collection method. Budget for a survey is still included in data collection cost calculations.

about such topics, the natural tendency of many government respondents will be to understate problems of corruption.

# 6 EVALUATION IMPLEMENTATION

## 6.1 Overall Timeline

SI's evaluation contract is for five years and ends October 31, 2019, well beyond the estimated end of the Threshold program in August 2017. The design presented here focuses on activities conducted through August 2017 and assumes that much of the endline data collection will be completed by this date. Given the liberal contract timeline and pending budget availability it would be desirable to conduct additional data collection activities after the TCP officially ends to test for long term effects. While the public employees' survey would be a natural option for such follow-on evaluation research, it would be premature to make recommendations at this time. This decision should be made following completion of the endline analysis, and data collection activities should be selected to ensure that MCC and the GOH maximize learning.

**Table 10: Calendar**

Activity	Month/Year
Baseline public employees survey	January - February, 2015
Baseline qualitative data collection	December 2015 - January, 2016
Baseline vendors and FIDE survey	March 2016
Public employees survey follow-up focus groups and presentation of initial baseline data	June 2016
Post-pilot TSC data collection	October 2016
Midline selective qualitative data collection	October 2016
Endline qualitative data collection	July 2017
Endline public employee survey	July- August 2017
Endline vendors survey and FIDE survey	September-October 2017
Public employees survey follow-up focus groups and presentation of initial endline data	January 2018

## 6.2 Estimated Budget

Table 11 presents an estimated budget for external data collection costs. This does not include SI's management or internally absorbed data collection costs. As the evaluation is more qualitative than originally envisioned, SI evaluation team members will conduct a substantial percentage of the data collection themselves; however, SI will be able to do this within its original total budget. It is important to note, however, that this will likely require moving some money budgeted from option years three and four into earlier years. It should also be mentioned that this budget is an estimate, and final data collection costs will be determined through a competitive bidding process.

**Table 11: Estimated budget for external data collection costs**

Activity	Baseline	Endline	Total
Vendors' survey	\$58,320	\$59,486	\$ 117,806
Public employees survey	\$131,220	\$133,844	\$ 265,064
Qualitative research assistance	\$4,320	\$4,406	\$8,726
Transcription	\$2,160	\$2,203	\$4,363
FIDE import/export window user satisfaction survey (Optional)	\$21,870	\$22,307	\$44,177
Qualitative research assistance	\$2,160	\$2,203	\$4,363
Transcription	\$810	\$826	\$1,636
<b>Total</b>	<b>\$ 250,560</b>	<b>\$225,277</b>	<b>\$446,137</b>

### 6.3 Evaluation Team Roles and Responsibilities

Social Impact is responsible for the overall design, implementation, and dissemination of the evaluation, including the following responsibilities as outlined on page 14 and 15 of SI's contract with MCC:

- Develop a rigorous evaluation design given rules of Program implementation and feasibility of options
- Support development of the Threshold M&E Plan
- Support MCC and MCA-H to build buy-in and ownership of evaluation
- Develop evaluation materials that are held to international standards
- Ensure appropriate review of evaluation materials and research protocols
- Provide technical assistance on data collection
- Manage the data collection firms
- Provide technical assistance on data collection
- Lead public dissemination efforts

The evaluation team is comprised of technical specialists who provide contributions in their areas of expertise, and headquarters-based staff who support the management and logistics of all aspects of the evaluation. The evaluation team and HQ staff, listed below, work in close collaboration with MCC and MCA-H on all activities and deliverables.

Members of the core evaluation team are responsible for contributing to the evaluation design, design implementation, supporting the data collection efforts and in preparing documentation and reports. The Team Leader is responsible for overseeing and guiding the evaluation team's work to ensure it is of the highest quality, and for compiling and submitting all deliverables to SI HQ for quality assurance. The team's sector experts provide input on issues in governance and institutional reform, Public Private Partnerships, and Public Financial Management. The Qualitative Expert/In-Country Coordinator works directly with MCA-H staff to confirm the team's meetings and interviews, and supports the team with background research and data collection efforts when the team is in Honduras, including translation and interpretation when necessary. The SI evaluation team consists of the following members:

**Team Leader:** Daniel Sabet, PhD

Dr. Daniel Sabet is a Senior Impact Evaluation Advisor at Social Impact with more than 12 years of academic, PE, and IE research experience for a diverse group of institutions including USAID, Georgetown University, University of San Diego California, Oxford Analytica, The Asia Foundation, Tetra Tech ARD, and the Woodrow Wilson Center. Dr. Sabet is currently serving as Chief of Party for the USAID supported Democracy, Rights, and Governance – Learning, Evaluation, and Research (DRG-LER) Project, an initiative involving five impact and numerous performance evaluations as well as ancillary studies and knowledge dissemination activities aimed at advancing knowledge on the global advancement of Democracy, Rights, and Governance. He is also a principal investigator on evaluations in Malawi for MCC and in Bangladesh for the Solidarity Center. Dr. Sabet has governance research experience on a wide range of topics, including public sector reform, corruption, decentralization, civil society development, public participation and civic engagement, business development, and security and rule of law strengthening. This research has led to numerous publications, including *Police Reform in Mexico* (2012, Stanford University Press) and *Nonprofits and their Networks* (2008, Arizona University Press). During his four years as an assistant professor at Georgetown University, he taught and oversaw statistics education in the School of Foreign Service and is co-author of the book *Understanding Political Science Research Methods* (Routledge, 2013). Prior to joining SI, Dr. Sabet was Director of the Center for Enterprise and Society, a university based research institution in Bangladesh. Dr. Sabet is fluent in Spanish and has worked extensively in Mexico, Nicaragua, Panama, and Colombia. He obtained his PhD in Political Science from Indiana University.

**Public Financial Management Expert:** Mario Martinez

Mario Martinez is an economist and experienced project manager with over 25 years of experience in designing, implementing, monitoring and evaluating social and economic development programs, public policies, laws and regulations with a focus on public financial management and fiscal policy. He has worked in Honduras, Guatemala, Nicaragua, Costa Rica, the Dominican Republic, El Salvador and Ecuador. He most recently coordinated the methodology, design, data collection, analysis and reporting of the impact of the Small Business Expansion Program in Macedonia for USAID utilizing propensity score matching. As Chief of Mission for ACE International Consultants in Ecuador, he designed an application to operationalize the methodology of calculations of different sustainability indicators and an overall analysis of the Public Finance Management (PFM) to ensure institutional capacity in pursuing a sustainable path of primary surplus and public debt. His work as an evaluation expert in El Salvador with the Department of State focused on evaluating the impact of small business development centers in Latin America in order to understand the effectiveness of adopting such a model. In this capacity he conducted impact evaluations in Mexico, El Salvador and Panama by establishing a counterfactual scenario based on quasi-experimental methods. He has worked for the government of El Salvador as the Directorate General for Statistics and Censuses where he developed, coordinated and assessed the reliability of surveys and censuses on topics such as poverty, child labor, education and employment. Mr. Martinez has had a long career within the El Salvador government working as a Public Finance Senior Economist analyzing the PFM of the El Salvador government. Mr. Martinez holds a MA degree in Applied Economics and a BA in Economics and is a native Spanish speaker.

**Public Private Partnership Expert: Nicholas Livingston**

Mr. Nicholas Livingston has over 40 years of international development with a specialization in finance, economics, and investment and a primary geographic focus on the Latin America and the Caribbean region. For the past 15 years, he has focused exclusively on public private partnerships (PPP) and consulted for a variety of prestigious international organizations including the Inter-American Development Bank (IADB), the International Finance Corporation (IFC), the Islamic Development Bank, the United Nations Development Program, and the World Bank, as well as several government ministries. As a PPP Expert, Mr. Livingston consistently provides reliable and comprehensive services including conducting preliminary assessments of current infrastructure, disseminating information to and creating partnerships between the involved public and private parties, evaluating the performance of existing PPPs, designing the methodology of and implementing new PPPs, building capacity and identifying sources of investment to ensure viability, and providing recommendations and strategy planning via written reports and oral presentations. He emphasizes the importance of reviewing current and/or establishing new regulations and policies to ensure that the legislative and institutional framework adequately encourages efficient and effective PPP development. Currently, Mr. Livingston is working as the PPP Specialist to an IADB project in the Caribbean that aims to develop PPPs in the education infrastructure, which entails assessing the current PPPs and the regulatory framework in which they operate and then providing recommendations on improving their performance and implementing new PPPs. While his present project focuses on education, he has also worked in a variety of other sectors including transportation, energy and the environment, health, and service delivery. Lastly, in addition to his extensive professional experience, Mr. Livingston has a rich academic background and is proficient in English, Spanish, German, and French.

**Qualitative Expert / In-Country Coordinator: Irma Romero**

Irma Romero is an independent consultant with ten years of experience in social and market research, project design and evaluation, strategic planning and quantitative and qualitative research in Honduras, Bolivia, Colombia, Nicaragua and El Salvador. He has designed tools for the evaluation of business plans for young entrepreneurs in Honduras and created baseline surveys for evaluating micro, small and medium enterprises. With Plan International he researched and assessed the merge of microfinance institutions and nongovernmental organizations and created strategic plans for microfinance institutions and networks. Mr. Romero has also created baseline surveys and managed projects on sexual and reproductive health, disaster risk management, poverty reduction and education. He is a native Spanish speaker and earned his BA in Industrial Engineering and MA in Project Management.

**Qualitative Expert: TBD**

The SI HQ staff support the evaluation team with any technical, managerial and administrative concerns, in response to any queries by the evaluation team or MCC. The program manager is responsible for ensuring deliverables conform to MCC and MCA-H's expectations, and that they are submitted in a timely matter.

**Senior Technical Advisor: Dr. Daniel Sabet**

### **Program Manager and Qualitative Researcher:** Andrew Carmona

**Andrew Carmona** is an M&E professional with over six years of experience in monitoring and evaluation of international health, WASH, agriculture, and economic development projects. Prior to joining SI, Mr. Carmona was a Research Activity Manager on the USAID Strengthening Health Outcomes Through the Private Sector (SHOPS) Project where he led or participated in evaluations of the private health sector in Senegal, Niger, Benin, and Burundi. In this role, Mr. Carmona facilitated over 100 qualitative interviews, synthesized data, and contributed to final report recommendations. In Malawi and Benin, Mr. Carmona managed national census studies, which included development of quantitative survey tools, oversight of data collection, and analysis of data. As a graduate student, Mr. Carmona participated in several evaluation-related consultancies, including a social and environmental-focused evaluation of the MCC compact in El Salvador, which included qualitative tool design and conducting two dozen interviews in-country. In 2014, Mr. Carmona designed, implemented, and managed a quantitative impact evaluation of a hygiene behavior change program, and a mixed-methods evaluation of technology in agriculture in Timor-Leste. In these roles, Mr. Carmona designed evaluation frameworks, created digital quantitative surveys, coordinated data collection via mobile data platforms, conducted enumerator trainings, supervised data collection, and assured data quality. He holds an M.P.A. in Development Practice from Columbia University's School of International and Public Affairs and a B.A. in International Studies from the University of California, San Diego.

### **Program Assistant:** Nathan Youngblood

Nathan Youngblood has three years of experience backstopping the evaluation and implementation of international development projects, in a home office capacity and in the field. Before joining Social Impact, he supported an international team of internal auditors evaluating the World Bank's Public Financial Management Reform Project in Vietnam. He holds a Bachelor's Degree in International Studies from the American University.

To best manage the design, planning and implementation of the contract, SI conducts regular conference calls with MCC's Program Officer to ensure objectives are jointly understood and any concerns or questions are fully discussed.

## **6.4 Institutional Review Board Requirements**

All data collection protocols, survey instruments and consent forms for this evaluation will be submitted for ethical approval to Social Impact's Institutional Review Board (IRB). All SI research staff involved in the study will be trained and certified in ethical precautions for research with human subjects prior to the initiation of data collection and as a requirement for IRB approval.

Informed consent statements will be developed for diverse data collection activities. Informed written consent will be obtained for each respondent, documenting agreement to participate in the study and, in some cases, provide consent for the interview to be recorded.

The SI team will work closely with the data collection firm, MCA-H and MCC to obtain all necessary research clearances and permits. SI will work with the selected data collection firm to ensure that the data collection methods are ethically sensitive and that all enumerators are instructed and trained to respect the rights of the respondents and to keep collected data in strict confidence. The use of electronic data collection will render privacy and confidentiality measures easier to implement.

## 6.5 Data Access, Privacy and Documentation Plan

The privacy of all participants who take part in the data collection will be respected throughout the evaluation. To maintain confidentiality and to protect the rights and privacy of those who participate in key informant interviews and Group Discussions, data files will be free of identifiers that would permit linkages to individual research participants, and will exclude variables that could lead to deductive disclosure of the identity of individual subjects. Further, the qualitative research methods will be designed to protect subjects and guarantee confidentiality in order to maintain the integrity of the data collection among these groups while minimizing non-response. Transcripts and identifying information will be stored in password-protected folders and will not be made publically available.

Once data collection is complete for a given stage of the evaluation, SI will generate a final report and datasets. These materials will be shared with MCC and key stakeholders for review and comment before drafts are finalized. SI will present and share documents with MCC, MCA-H, and other stakeholders as outlined in the Dissemination Plan included below. Raw datasets provided will follow the MCC Data Documentation and Anonymization Requirements.

In line with MCC's emphasis on transparency, the findings and data will be shared with the broader donor and development community, contributing to the global knowledge pool and amplifying the utility of the evaluation.

## 6.6 Dissemination Plan

As outlined in SI's contract with MCC, SI is responsible for leading several dissemination-related activities, as described below.

**Lead public dissemination efforts:** SI will lead public dissemination efforts facilitated by MCA-H and MCC (such as local workshops and conferences), and present at additional conferences and take advantage of other opportunities to publicly disseminate the results of the evaluation. SI will advise MCC on other public dissemination activities and collaborate as appropriate.

**Disseminate baseline and final results:** Once the baseline report and the final report are reviewed by the Evaluation Management Committee, SI will conduct the following dissemination activities:

- Present baseline and end-line results at MCC headquarters and at MCA-H/accountable entity headquarters. A presentation of initial baseline findings is estimated to occur in July 2016 and a subsequent presentation in Honduras for the MCA-H and Threshold stakeholders shortly thereafter. Results from subsequent rounds of data collection will also be presented to MCC and in public forums.
- SI will review any materials developed by MCC public relations for dissemination on the MCC website for quality assurance.
- If invited, SI will participate in other MCC-financed dissemination and training events, such as MCC M&E College and MCC Impact Evaluation Workshops.

In addition to these activities and as detailed above, SI will provide all presentation materials and raw data to MCC upon completion of the evaluation to support learning efforts.

# ANNEX 1: EVALUATION QUESTION REVISIONS

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Original question	Comments	Revised question	Evaluation methodology
"Final evaluation questions"			
<p>1. Were the Threshold Country Program Goals and Outcomes, as outlined in the Threshold Country Program document and M&amp;E Plan, achieved? Why or why not?</p>		<p>Add sub-questions:</p> <ul style="list-style-type: none"> <li>• Did the TCP assist Honduras to become eligible for a Millennium Challenge Compact?</li> <li>• Did PFM Project increase the efficiency and transparency of public financial management?</li> <li>• Did the PPP improve the efficiency and transparency of PPPs?</li> </ul>	<p>Changes in Honduras's country scorecard; PFM and PPP process mapping focused on efficiency (Budget, audits, PPP, FIDE, treasury); Comparison between budgeted and outturns of public revenues and expenditures and other fiscal variables; Document reviews and content analysis focused on transparency (budgeting, treasury, procurement, Congress); Process evaluation KIIs will help answer the how, why or why not? Questions; Document reviews</p>
<p>2. What were the results of the interventions – intended and unintended, positive or negative</p>	<p>Given that this is a very broad question, we will use the monitoring data to provide a very high level answer to this question. More specific results will be provided in response to other questions.</p>	<p>Maintained</p>	<p>Monitoring data on select indicators.</p>
<p>3. Was the Project cost effective?</p>	<p>It will be very difficult to monetize the benefits of the TCP to evaluate against the costs. Even though this is a core evaluation question, we recommend cutting this question.</p>	<p>Deleted</p>	
<p>4. If relevant, are there differences in the impact of the</p>	<p>The nature of the interventions are not expected to vary based on gender, age, or</p>	<p>Deleted</p>	

<p>program by gender, age and income?</p>	<p>income. Direct beneficiaries are governmental counterparts and while citizens will benefit from the intervention they are indirect beneficiaries and not targeted by data collection activities. While MCC evaluation policy is clear about the importance of incorporating gender into evaluation, in conversations with MCC personnel, we do not see gender as playing a central role in this evaluation. Surveys of public employees will be disaggregated by gender in data analysis. As part of the process evaluation, the evaluation team will explore if there were any gender related challenges in implementation and what steps MCC consultancies took to incorporate gender or preempt gender biases.</p>		
<p>5. What are the lessons learned and are they applicable to other similar projects?</p>		<p>Maintained</p>	<p>Process evaluation (KIIs with consultants, GOH POCs, and MCC/MCA-H)</p>
<p>6. What is the likelihood that the results of the Project will be sustained over time?</p>		<p>Maintained</p>	<p>Process evaluation (KIIs with consultants, GOH POCs, and MCC/MCA-H)</p>
<p>Potential Questions</p>			

<p>7. Does the Program result in an increase in public or private sector's confidence in GOH or reduction in the perceptions and opportunities for corruption?</p>	<p>This question is addressed as two questions below.</p>	<p>Deleted</p>	<p>Survey of vendors and survey of public employees.</p>
<p>8. Does the Program result in an increase in public sector cost savings, without resulting in deterioration in the quality or value of public expenditure?</p>	<p>It will be very difficult to monetize the benefits of the TCP and even more difficult to attribute changes to the TCP. As these are the results envisioned in the M&amp;E Plan and program logic, SI will attempt to answer the question. SI's primary approach will be to focus on activities 1.1, 1.2, and 2.2, activities that will be more likely to produce direct effects on cost savings and to rely on perceptions. In PPPs, the application of a Value for Money criterion as the basis for adopting the PPP procurement carries an implicit intention to secure savings without a deterioration of the quality of service and while these will not tell us actual savings, they will provide insight on potential cost savings.</p>	<p>Maintained</p>	<p>Document and financial data with particular reference to value for money assessment of PPPs</p> <p>Perceptive measures: Survey of vendors and survey of public employees.</p>
<p>9. Does the Program result in an improvement in the quality of public service provision?</p>	<p>While the TCP can be expected to improve processes and incentives that would eventually lead to an improvement in the quality of public service provision, given the many factors that influence service provision, the evaluation will not be able to make any causal linkages between the program and these higher level outcomes.</p>	<p>Maintained</p>	<p>TSC document reviews and KIIs, INSEP document reviews and KIIs, changes in ASJ findings; survey of vendors and survey of public employees.</p>

	As these are the results envisioned in the M&E Plan and program logic, SI will attempt to answer the question. SI's primary approach will be to focus on activities 1.2 and 1.3, activities that will be more likely lead to service improvements and to rely on perceptions.		
10. Do the benefits of the program accrue differently to different stakeholder groups and gender?	The evaluation team does not envision any potential gender differences. Recommend deleting.	Deleted	
11. How sustainable are the interventions?		Maintained	Document reviews, process mapping, KIIs, surveys of vendors and public employees.
Public Financial Management			
12. Does the project result in improved accountability of cash and financial management within Ministries/ institutions? Why or why not?	The activities intended to influence cash management are focused on the Treasury and therefore the revised question does not focus on	Do partner institutions realize improvement in the effectiveness and efficiency in the processing of invoices and cash management?	PEFA PI-4, PI-17; mapping of invoicing and budgetary processes; KIIs
13. Is training effective in promoting increased competency of staff? Does it result in behavior changes and greater compliance with rules and regulations? Why or why not?	While there is a training component to the TCP (e.g. 1.1), the program is generally more focused on technical capacity building. As such, we propose to focus on some of the outcomes of the intervention, and then qualitatively explore the role of TCP technical capacity building and training.	Does the accuracy of financial forecasting increase? Why or why not?  Does the accuracy of budgeting increase in partner institutions? Why or why not?	PEFA PI-1, PI-2, PI-3 and PI-7, KIIs  PEFA PI-1, PI-2, PI-3 and PI-7; KIIs Congressional document review and content

		<p>Does the budget reporting and reporting of budget challenges improve in partner institutions? Why or why not?</p> <p>Do partner institutions realize improvement in the effectiveness and efficiency of procurement processes?</p>	<p>analysis; PEFA PI-5, PI-10, PI-22, PI-25; KIIs</p>
<p>14. What other initiatives are or have occurred which interact with this program and are likely to affect its results? For example, how do efforts to reform budget execution generally, civil service reform efforts, or other related reforms condition impacts budget execution and management?</p>	<p>The evaluation team will consider alternative explanations for changes observed in responding to the previous questions.</p>	<p>Deleted</p>	
<p>15. Do new procurement processes result in greater business confidence in GOH and participation in procurements? Why or why not?</p>		<p>Maintained</p>	<p>Vendors' survey, process mapping of the procurement process.</p>
<p>16. To what extent are procurement officials in MCC-supported Ministries receiving</p>	<p>The first question is a better question for program monitoring than for the evaluation. The second question is more</p>	<p>Deleted</p>	

the training envisaged in the program? Are the trainee's retaining and using the new knowledge?	reasonable for an evaluation; however, tests of knowledge could be better designed by the consultants developing to the training. SI would be willing to be provide the consultants support in testing changes in trainee's knowledge. Deleted pending cooperation with the consultants.		
17. Do the systems put in place by the activities reduce opportunities for corruption or improve perceptions regarding corruption?	Minor wording edits	Do changes to systems and processes reduce opportunities for corruption and/or improve perceptions of corruption?	Document reviews, process mapping, KIIs, surveys of vendors and public employees.
18. To what extent does the frequency and adequacy of audits (or other controls on quality, value, or the procurement process introduced into the MCC program) affect the measured impacts?	There will not be variation in the frequency or adequacy of audits to answer this question.	Are performance audits conducted by the TSC with TCP support more likely to lead to recommendations that could improve service delivery?  a. Do performance audits conducted by the TSC with TCP support lead to relevant recommendations that could improve service delivery?  b. Are these recommendations implemented?	
19. Does the provision of equipment increase the effectiveness or efficiency of		Maintained	Process mapping of the performance audit process and KIIs.

the TSC? How does it improve the effectiveness of TSC? Why or why not?			
20. Do social audits increase accountability for GOH outcomes? Why or why not?	Replaced by the questions above.	Deleted.	
21. Do the audits result in changes in GOH practices?	Replaced by the questions above.	Deleted.	
Public Private Partnerships			
		Does the PPP project procurement process adhere to best practice?	Process mapping, document reviews, KIIs
		Are there improvements in the efficiency and effectiveness of the PPP development and structuring process?	Process mapping, document reviews, KIIs
		Are there improvements in the efficiency and effectiveness of the process for managing PPP?	Process mapping, document reviews, KIIs
22. To what extent does the project facilitate greater capacity and coordination for PPPs within GOH?		Maintained.	Process mapping; document reviews, KIIs, mini-survey of PPP personnel.
23. What are the realized economic returns for the PPPs? Are they higher than GOH managed and finance projects?	SI and MCC will not be conducting an economic rate of return.	Deleted	
24. What cost savings accrue to GOH through the PPPs?	This will be answered in the core evaluation question above on cost savings.	Deleted	

25. Do the systems put in place by the project reduce opportunities for corruption or improve perceptions regarding corruption?		Maintained.	Process mapping; KIIs
26. Does the project result in greater transparency and awareness of PPP procedures for government, private sector and civil society groups?		Maintained.	Document reviews; process mapping; KIIs



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