

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	HONDURAS/CID - Isthmus & DR
▪ TC Name:	Strengthening of the Transparency and Integrity Agenda on the use of public resources in Honduras
▪ TC Number:	HO-T1402
▪ Team Leader/Members:	Dassen, Nicolas (IFD/ICS) Team Leader; Santa Maria, Benjamin R (IFD/ICS); Barragan Crespo, Enrique Ignacio (LEG/SGO); Michelle Manzur Madariaga (IFD/ICS); Vieyra, Juan Cruz (IFD/ICS); Alvarez Bollea, Maria Cecilia (IFD/ICS); Del Hoyo, Sebastian (IFD/ICS); Lafuente, Mariano (IFD/ICS); Miente Kunigami, Arturo (IFD/ICS); Martinez, Ynty Koyllor (IFD/ICS); De Michele, Roberto (IFD/ICS)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Transparency and Integrity Program for Sustainable Development - HO-L1232 Transparency and Integrity Program for Sustainable Development - HO-L1233
▪ Date of TC Abstract:	04 Feb 2022
▪ Beneficiary:	República de Honduras
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$400,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/ICS - Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS - Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 To develop stable, farsighted public policies to improve transparency and integrity with digital technologies in Honduras.
- 2.2 The IDB provides technical assistance to LAC countries to strengthen institutional capacity and to achieve higher standards of integrity, efficiency, and accountability. The Bank has provided technical assistance to improve public sector agencies in Honduras that are responsible for transparency, integrity, and accountability in line with good international practices. The assistance has focused on the combination of legal and regulatory reforms with digital solutions to initiate the support to the Court of Accounts (reform and digitization of the public officials' asset declaration system) and the Transparency Secretariat (alignment of open government policies to international transparency standards) [RG-T2755]. The technical assistance has also supported the identification of governance arrangements to develop and roll out an automated investment map system with visualization and traceability features (RG-T3655), the Procurement Regulatory Office (the development of a procurement catalogue and recommendations to revamp the procurement web portal), the Financial Intelligence Unit to curb money laundering and terrorism financing, and to create a public registry of

beneficial ownership (HO-T1284). Last but not least, the technical support to draft transparency and integrity principles in the infrastructure project cycle through institutional, legal, and financial standards for both public and private sectors (RG-T3670).

- 2.3 Evidence shows that the combination of access to information policies and web portals, public integrity digital solutions, procurement policies and web portals, investment management systems (including visualization and traceability), beneficial ownership registries interoperating with procurement databases (names of contractors, contract renegotiations, and payments involved in transactions related to infrastructure projects), can be of major help to promote integrity and prevent opportunities for corrupt practices in both the public and private sectors. Digital technologies reduce the need for human intervention, allow for automated control functions, and help for record-keeping of transactions for auditing and public dissemination.

III. Description of Activities and Outputs

- 3.1 **Component 1. Improving the transparency and integrity legal and regulatory framework (US\$75.000).** (i) preparation of a gap analysis of current legal framework and potential limitations in governance/authority and compliance with international transparency and integrity standards; (ii) drafting of policy suggestions assessing the opportunity for upscaling/modernizing specific digital government platforms that allow transparency and integrity, and (iii) drafting of law legal reforms aligned with international transparency standards.
- 3.2 **Component 2. Transparency and accountability in human resource management (US\$100.000).** (i) assessment of planning processes control of public employment, wages, gender equality, and training needs assessment; (ii) development of a pilot payroll audit, and implementation of progressive correction of irregularities detected; (iii) preparation of pilot implementation of a public employment transparency portal with a complaint system; and (iv) the drafting of guidelines for the transparency of the payroll and the professionalization of public officials.
- 3.3 **Component 3. Capacity optimization for digital technology management (US\$160.000).** Provide an assessment and baseline of current electronic platforms/systems, and their interoperability. The component will focus on: (i) assessment of the quality and periodicity of data, business processes, systems, reporting, and training needs assessment; (ii) preparation of five roadmaps for digital transformation, and two pilot implementation of digital-based solutions; and (iii) preparation of guidelines for on-the-job training process and capacity building workshops.
- 3.4 **Component 4. Integrity compliance for the private sector including infrastructure and PPPs (US\$65.000).** (i) assess corruption risks in the infrastructure sector in Honduras and the alignment of the current regulatory framework to international standards, and an action plan with recommendations related to institutional design, governance, legal-regulatory measures, and the potential of digital technologies; and (ii) develop guidelines for an integrity compliance program to prevent, identify and curb corruption, bribery, collusion, coercion, and fraud in infrastructure projects.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Improving the transparency and integrity legal and regulatory framework	US\$75,000.00	US\$75,000.00

Activity/Component	IDB/Fund Funding	Total Funding
Transparency and accountability in human resource management	US\$100,000.00	US\$100,000.00
Capacity optimization for digital technology management	US\$160,000.00	US\$160,000.00
Integrity compliance for the private sector including infrastructure and PPPs	US\$65,000.00	US\$65,000.00
Total	US\$400,000.00	US\$400,000.00

V. Executing Agency and Execution Structure

- 5.1 The TC will be executed by the Inter-American Development Bank (IDB). The general coordination and technical supervision of the operation will be the responsibility of the Innovation in Citizen Service's Division of the Institutions for Development's Department (IFD/ICS) of the Bank.
- 5.2 The project team will be led by IFD/ICS which will supervise the TC components. Specifically, The Transparency and Integrity Cluster in ICS will be responsible for the execution of this TC since it has: (i) a proven track record in providing technical assistance in these subjects, supported by extensive technical and operational expertise in the implementation of such projects in the region; and (ii) experience in selecting international experts in these subjects to successfully implement the proposed activities.

VI. Project Risks and Issues

- 6.1 The TC is expected to face two primary risks: (i) slow pace of government policy development and government reorganization that could be attributed to the changes in government leadership; and (ii) sustainability of institutional reforms associated to transparent decision-making processes and establishing accountability for decisions operating digital-based technologies. The former risk will be mitigated by aligning the implementation of this TC with the social and economic recovery plans funded by other international organizations such as the IMF, the USAID, and the European Union. The latter will be reduced through actions such as: (a) ensuring that public officials understand the value and efficiency gains that could stem from stable and farsighted public policies and supported by digital-based technologies, and (b) gradually strengthening the capacity of institutions and their public officials.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".