



PET

PRODEV EVALUATION TOOL SUB NATIONAL GOVERNMENTS

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RESULTS-BASED PLANNING

Results-based planning should be strategic, operational, and participatory. Strategic because the answer to the question, “Where do we want to go?” should stem from a clear vision of the future, at least in the medium term, and propose a set of objectives that have been prioritized and ranked through a sound analysis of the political, economic and social factors. Those plans formulated with countless goals and targets cannot be considered strategic, because they do not allow targeting governmental efforts and resources in the most important areas or aspects.

On the other hand, planning should be operational and respond to the question: How can we achieve this? Through the design of the products and the processes, and the calculation of the inputs that will be needed to bring about the objectives proposed in the strategic exercise. Furthermore, to carry out such proposals the necessary economic resources must be made available and allocated, and the actions of the institutions and the entities involved must be coordinated.

Likewise, the decision of where to go and how to do it should be made taking into account the opinion of the majority of the actors, since it is the only way of ensuring ownership and credibility of a government plan. Results cannot be achieved if the majority of those involved in the task do not explicitly agree with the plan. The greater the participation of relevant civil society actors, the greater the odds that the plan will be implemented and its achievements will be sustainable over time.

Indicator 1. Strategic Planning

Requirement 1. There is an institutional unit of the subnational government in charge of governmental planning.

The institutional planning unit is responsible for leading the planning and programming process of governmental objectives and to do so it needs to meet the following conditions:

1. Have a national or subnational regulatory framework (law, ordinance, by-law or decree) backing its functions.
2. Have sufficient personnel and trained in planning.
3. Have manuals and procedures to carry out the technical processes.
4. Have adequate capacity for data processing and transmission and information.

Qualification Criteria	Score
There is no institutional unit in charge of governmental planning.	0
An institutional unit in charge of governmental planning is being created.	1
There is an institutional unit that meets one of the conditions.	2
There is an institutional unit that meets two of the conditions.	3
There is an institutional unit that meets three of the conditions.	4
There is an institutional unit that meets all the conditions.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. The subnational government has a medium-term government plan that contains the priority objectives and their corresponding strategies and goals.

The government plan is the product of the strategic planning process for the period for which the high authorities were elected, normally between 4 and 6 years. At the very least it should contain the following elements:

1. Analysis of the situation and of the problems of the population based on recent quantitative and qualitative information.
2. Objectives that the subnational government intends to achieve during its administration period. These objectives should refer to changes or improvements in the living conditions of the population (effects, impacts) and should be the result of a prioritization exercise.
3. Goals to be achieved during the administration period. The goals should be a quantitative expression of the objectives (effects and impacts: see definition in requirement 4) that the subnational government intends to reach during the administration period. The goals should refer to the social changes sought to achieve and should be outlined for each year of the administration period.
4. Strategies that will be applied during the administration period to achieve the governmental objectives. The strategies define the objectives intended to be achieved and are developed based on a set of facts and hypothesis concerning the problem and how to confront it. Usually, these strategies materialize in programs and projects.

Qualification Criteria	Score
There is no medium-term government plan or there is a plan that does not have the indicated elements.	0
The government plan is under preparation or contains only element 2.	1
The government plan meets elements 2 and 3.	2
The government plan meets elements 2 and 4.	3
The government plan meets three of the four elements.	4
The government plan meets all the elements.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. There are effect and/or impact indicators to confirm achievement of the objectives of the government plan.

The plan should have effect and/or impact indicators to confirm achievement of its goals and targets. Each objective considered in the plan should state its effects and/or impacts. It is indispensable that all the objectives identify at least effect indicators.

- Indicators are quantitative or qualitative variables to measure the achievements reached and observe the changes produced by the government interventions.
- Effects are the short- and medium-term changes in the behavior or in the conditions of the beneficiaries as a result of receiving the products (goods or services).
- Impacts are the mid- and long-term changes in the living conditions of the target population.

Qualification Criteria	Score
There is no medium-term plan or the plan does not have indicators to verify achievement of the objectives of the plan.	0
The indicators are being prepared, or the indicators of the plan do not correspond to effects and impacts, or 20% or less of the objectives have effect indicators.	1
Between 21 and 40% of the objectives have effect and/or impact indicators.	2
Between 41 and 60% of the objectives have effect and/or impact indicators.	3
Between 61 and 80% of the objectives have effect and/or impact indicators	4
81% or more of the objectives have effect and/or impact indicators.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 4. There are medium-term sectoral plans with priority objectives and their corresponding strategies.

Each sector of the subnational government should have a medium-term plan. Sectors are understood as the institutional units (secretariats, directorates, decentralized enterprises) in charge of the management of specific areas of the subnational government such as education, health, transportation, public works, environmental sanitation, etc. This plan may be part of the government plan or been independently prepared. Sectoral plans should have the same characteristics as the government plan (Indicator 1, requirement 2) and, accordingly, should not be confused with the annual operational plan.

Qualification Criteria	Score
None of the sectors has medium-term plans.	0
20% or less of the sectors has medium-term plans.	1
Between 21 and 40% of the sectors have medium-term plans.	2
Between 41 and 60% of the sectors have medium-term plans.	3
Between 61 and 80% of the sectors have medium-term plans.	4
More than 81% of the sectors have medium-term plans.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 2. Operational Planning

Requirement 1. The government plan establishes programs for achievement of the objectives.

The objectives outlined by the government plan must be incorporated in programs, that is, in an organized, consistent, and integrated set of activities, services, processes, and/or projects that operationalize the strategies developed to achieve the government's goals and targets. It may be the case that the plans of some subnational governments are organized on the basis of projects and not programs. In this case the projects will serve as reference to analyze all the minimum requirements that refer to programs.

Qualification Criteria	Score
There is no medium-term plan or the plan does not have programs.	0
The programs are being prepared; the programs established in the plan are general statements that do not operationalize the strategy or, 20% or less of the objectives are operationalized in programs.	1
Between 21 and 40% of the objectives are operationalized in programs.	2
Between 41 and 60% of the objectives are operationalized in programs.	3
Between 61 and 80% of the objectives are operationalized in programs.	4
More than 81% of the objectives are operationalized in programs.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The programs of the government plan identify the products (goods and services) that will be generated.

Each of the programs of the plan should establish the set of products through which it plans to achieve the effects established by the government plan. The products are the goods and services that will be delivered to the citizens, produced directly by the public entities (for example: issuance of birth certificates in the civil registry) or through service delivery contracts (for example: solid waste collection services by private companies), or through public-private partnerships (for example: road maintenance concessions).

Qualification Criteria	Score
There is no medium-term plan or the plan does not have programs or the programs do not establish products.	0
20% or less of the programs identify the products.	1
Between 21 and 40% of the programs identify the products.	2
Between 41 and 60% of the programs identify the products.	3
Between 61 and 80% of the programs identify the products.	4
Between 81 and 100% of the programs identify the products.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 3. The government plan identifies the institutional units responsible for each program.

An institution or departmental unit should be responsible for the achievement of the results established in the programs, even if the production and delivery of the products corresponds to several institutions or departments. The plan should clearly establish the entities responsible for the execution of each program and its components.

Qualification Criteria	Score
There is no medium-term plan or the plan does not have programs or does not identify the institutional units responsible for the programs.	0
20% or less of the programs identify the responsible institutional units.	1
Between 21 and 40% of the programs identify the responsible institutional units.	2
Between 41 and 60% of the programs identify the responsible institutional units.	3
Between 61 and 80% of the programs identify the responsible institutional units.	4
Between 81 and 100% of the programs identify the responsible institutional units.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 4. The programs of the government plan have financing.

In order to carry out the medium-term government plan, it is necessary that the programs included in the plan have budgetary resources. If the medium-term plan is not based on programs, the percentage of projects or institutional activities formulated in the plan that have financing should be established.

Qualification Criteria	Score
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There is no medium-term plan or the plan does not have financing.	0
20% or less of the programs have financing.	1
Between 21 and 40% of the programs have financing.	2
Between 41 and 60% of the programs have financing.	3
Between 61 and 80% of the programs have financing.	4
Between 81 and 100% of the programs have financing.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 5. The government plan has annual and multi-year goals for the products (goods and services).

Products are the goods and services produced by the subnational government directly or through third parties (service delivery contracts or public-private partnerships). The programs of the plan should establish the production goals, that is, the volume of goods and services expected to be produced throughout the administration period of the government.

Qualification Criteria	Score
There is no medium-term plan or the plan does not establish production goals of goods and services.	0
20% or less of the programs establishes annual production goals for the entire period of government.	1
Between 21 and 40% of the programs establishes annual production goals for the entire period of government.	2
Between 41 and 60% of the programs establishes annual production goals for the entire period of government.	3
Between 61 and 80% of the programs establishes annual production goals for the entire period of government.	4
Between 81 and 100% of the programs establishes annual production goals for the entire period of government.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 3. Participatory Planning

Requirement 1. Civil society organizations participated in the discussion of the goals and targets of the medium-term plan of the subnational government.

The participation of civil society organizations in the discussion of the goals and targets of the government plan is fundamental, both to create social consensus around the objectives pursued and to take into account the viewpoint of all stakeholders in the actions carried out by the government, thus making the plans more relevant and adequate. The term *civil society* encompasses a broad spectrum of organizations that include: unions, professional business organizations, nongovernmental organizations (NGOs), universities, academic institutions, professional trade associations, peasant organizations, community associations, and churches. In order to establish whether civil society organizations participated in the discussion of the goals and targets of the government plan the following elements should be considered.

1. There is a national or subnational legal framework that establishes the participation of civil society in the discussion of the targets and goals of the government plan.
2. Consultations were carried out with civil society organizations during the preparation of the current government plan.
3. The consultation methodically collected the opinions of the majority of representative civil society organizations (unions, professional business organizations, nongovernmental organizations, universities, academic institutions, professional trade associations, peasant organizations, community associations and churches, etc.).
4. An official document with the systematized opinions collected during the consultation was prepared and publicly disseminated.
5. The opinions proffered by the civil society organizations were taken into account and incorporated in the goals and targets of the plan.

Qualification Criteria	Score
There is no medium-term plan or none of the elements are met	0
Only one of the elements is met.	1
Two of the five elements are met.	2
Three of the five elements are met.	3
Four of the five elements are met.	4
All the elements are met.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The deliberative body or the subnational Legislative Branch participates in the discussion of the goals and targets of the government.

The participation of the subnational deliberative body (municipal, regional, departmental councils, etc.) or of the State Legislative Branch (in the case of federal states) is as important as the consultation with the civil society organizations because it allows minorities and the political opposition to participate and opine on the goals and targets of the government plan. This allows building political consensus, generates shared responsibilities regarding implementation of the plan, and lays the foundation for accountability based on results. In order to establish whether this requirement is met, the following elements should be considered.

1. There is a national or subnational legal framework establishing the participation of the subnational legislative body in the discussion of the targets and goals of the government plan.
2. The current government plan was discussed by the subnational legislative body.
3. An official document that systematized the opinions collected during the discussion was prepared and publicly disseminated.
4. The observations made by the subnational legislative body were taken into account and incorporated in the goals and targets of the plan.
5. The current government plan was approved by the subnational legislative body.

Qualification Criteria	Score
There is no medium-term plan or none of the elements are met.	0
One only of the elements is met.	1
Two of the five elements are met.	2
Three of the five elements are met.	3
Four of the five elements are met.	4
All the elements are met.	5

Persons interviewed and documents reviewed:

Comments and justification:

RESULTS-BASED BUDGET (RbB)

The results-based budget is a set of methodologies, processes, and instruments that make it possible for decisions involved in the preparation of a budget to systematically incorporate two aspects: i) the results, past and expected, from the institutions in the application of public resources and, ii) the conditions, requirements, and incentives that encourage and facilitate that the public institutions achieve said results (Marcel and Guzmán, 2010).

Indicator 4. Program-based Budget Classification

Requirement 1. Percentage of the subnational government's budget classified by programs.

The budget preparation process should consider the results established by the government through the strategic planning exercise and reflected in an official document, such as a national plan or sectoral plans. Hence, one of the main challenges in the implementation of a RbB consists in linking planning with the budget. A budget classified on the basis of programs is a good support to move forward in a RbB. The advantage of the classification by programs is that it allows the monitoring and evaluation of the strategic programs contained in the medium-term plan. Thus, it facilitates the articulation of the budget with the government's medium-term plan and achievement of the expected results. If both instruments contain the same program structure it is easier to analyze its results. It should be clarified that a program is an organized and integrated set of activities, services, processes, and/or projects that operationalize the strategies designed to achieve the goals and targets of the government. In this regard, institutional units cannot be regarded as programs (e.g.: a Municipal Education Directorate is not an education program). It should also be noted that programs are constituted both by current expenditure and by capital expenditure.

Qualification Criteria	Score
The budget is not structured on the basis of programs.	0
Less than 20% of the budget is structured on the basis of programs.	1
Between 21 and 40% of the budget is structured on the basis of programs.	2
Between 41 and 60% of the budget is structured on the basis of programs.	3
Between 61 and 80% of the budget is structured on the basis of programs.	4
More than 80% of the budget is structured on the basis of programs.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. There is consistency between the plan's programs and the budget's programs.

In order to align the budget with the plan, the budget programs need to be derived from the government medium-term plan or, in its absence, from the programs of the sectoral plans.

Qualification Criteria	Score
There is no correspondence between the government plan and the budget, or else there is no plan.	0
Less than 20%.	1
Between 21 and 40% of the programs in the budget and in the plan coincide.	2
Between 41 and 60% of the programs in the budget and in the plan coincide.	3
Between 61 and 80% of the programs in the budget and in the plan coincide.	4
More than 80% of the programs in the budget and in the plan coincide.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. The budget programs include information on their goals and targets.

The budget programs should include information on the goals and targets sought in order to identify their correspondence with the objectives of the government medium-term plan.

Qualification Criteria	Score
The budget is not structured on the basis of programs or the programs do not include information on the objectives and goals.	0
20% or less of the budget programs include information on the goals and targets.	1
Between 21 and 40% of the budget programs include information on the goals and targets.	2
Between 41 and 60% of the budget programs include information on the goals and targets.	3
Between 61 and 80% of the budget programs include information on the goals and targets.	4
More than 80% of the budget programs include information on the goals and targets.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. The subnational budget includes the resources transferred by the central government for program execution in a specific category.

The resources transferred by the central government to the subnational government to carry out specific programs (whether for social protection, infrastructure works or institution building, etc.) should be included in the subnational budget in such a way that they may be individually identified. This allows monitoring the results of those programs.

Qualification Criteria	Score
The resources transferred by the central government for the execution of specific programs are not included in the budget.	0
The resources transferred by the central government for the execution of specific programs are included in the budget but cannot be individually identified or; only 20% or less of the resources transferred by the central government for the execution of programs are included in a specific category.	1
Between 21 and 40% of the resources transferred by the central government for the execution of programs are included in the subnational budget in a specific category.	2
Between 41 and 60% of the resources transferred by the central government for the execution of programs are included in the subnational budget in a specific category.	3
Between 61 and 80% of the resources transferred by the central government for the execution of programs are included in the subnational budget in a specific category.	4
More than 80% of the resources transferred by the central government for the execution of programs are included in the subnational budget in a specific category.	5

Persons interviewed and documents reviewed:

Comments and justification:

Indicator 5. Medium-Term Budgetary Perspective

Requirement 1. Preparation of multiannual projections of income and expenditures.

The RbB performs better with a perspective of the fiscal policy beyond the annual budget through the projection of income and expenditures for a period of three or more years. These projections are known as Medium-Term Framework (MTF). There are different types of MTF according to the level of disaggregation of the projections:

1. *Medium-Term Fiscal Framework (MTFF)*: is the most basic of the MTFs because it only includes aggregate projections of income and expenditures.

2. *Medium-Term Budgetary Framework (MTBF)*: includes more disaggregated expenditure projections; for example, at the level of government functions.
3. *Medium-Term Expenditure Framework (MTEF)*: includes expenditure projections by program or institutions and accordingly becomes a multiannual budget. This type of MTF allow greater articulation with planning.

Thus, the usefulness of the fiscal framework is related to the level of disaggregation of the projections carried out (the greater level of disaggregation the greater will be the usefulness of the fiscal framework) and its soundness depends on the suppositions and assumptions supporting the projections.

The subnational governments must apply the projections of the macroeconomic variables developed by the national government. In particular, they should take into account how those calculations will affect the transfers from the national government to the subnational government. The MTF of the subnational governments vary in accordance with the functions, competencies and financing structure that the law assigns to those agencies.

Qualification Criteria	Score
There is no medium-term projection of income and expenditures.	0
The medium-term projection of income and expenditures is in preparation.	1
There is a Medium-Term Fiscal Framework (MTFF)	2
Not applicable.	3
There is a Medium-Term Budgetary Framework (MTBF)	4
There is a Medium-Term Expenditure Framework (MTEF).	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. The subnational government applies fiscal responsibility rules.

An element that contributes to lay the foundation for the implementation of a RbB are the fiscal responsibility rules, because they set quantitative or qualitative limits imposed on certain variables that need to be controlled, such as level of indebtedness, the fiscal gap or public expenditure. Usually, those rules are included in special national laws, known as fiscal responsibility laws, although subnational governments may also have their own laws. Fiscal stability is an important factor for the implementation of the RbB because, among other benefits, it mitigates fluctuations in the economic cycle and generates predictability of income and expenditures.

Qualification Criteria	Score
The subnational government does not have fiscal responsibility rules.	0
There are rules but they are not obeyed	1
There are qualitative rules and they are partially obeyed.	2
There are quantitative rules and they are partially obeyed.	3
There are qualitative rules and they are systematically obeyed.	4

There are quantitative rules and they are systematically obeyed.	5
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Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. The medium-term framework is updated annually.

Since the economic conditions of the subnational government, the country, and the international environment are continually changing, it is necessary to update the income and expenditures projections through periodic technical studies to have credible calculations. The updating of the projections should be carried out annually.

Qualification Criteria	Score
There is no MTF or the projections are not updated annually.	0
The projections are automatically updated annually applying simple increase criteria.	1
Not applicable	2
Not applicable	3
Not applicable	4
The projections are updated annually through technical studies.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. The annual budget of the subnational government takes into account the medium-term framework.

The purpose of the MTF is to give a medium-term reference to the preparation and discussion of the annual budget so that both changes in the economic variables and the income and expenditures projections of the coming years are taken into account. If the preparation of the annual budget exercise does not take into account the income and expenditure projections carried out, the MTF becomes an academic exercise without any practical use. It is worth emphasizing that in the case of the MTF, being a multiannual budget, the calculations for the first year constitute the budget of that year.

Qualification Criteria	Score
There is no MTF or the annual budget does not take into account the projections carried out by the MTF.	0
The projections of the MTF are taken into account as a referent for the formulation of the annual budget, but the figures are not used to set expenditure	1

limits.	
Not applicable	2
Not applicable	3
Not applicable	4
The projections carried out by the MTF are used to set expenditure limits during the formulation of the annual budget.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 6. Evaluation of Expenditure Effectiveness

Requirement 1. There is a monitoring and performance evaluation system to analyze the results of the expenditure of the subnational government.

The evaluation of the expenditure is the central element of the RbB and what differentiates it from the traditional budget. This evaluation consists of analyzing the performance of the institutions in the use of public resources, that is, the results obtained through the use of the resources of the subnational government. In order to do so, a monitoring and evaluation system is needed based on two elements: 1) a system of performance indicators that monitors the progress and achievement of the goals and targets of the government, and 2) evaluation studies that make it possible to identify and explain the results of the governmental action. This system should not be confused with the financial and physical monitoring usually carried out in the public institutions.

Qualification Criteria	Score
There is no monitoring and performance evaluation system to analyze the results of the expenditure of the subnational government.	0
There is a proposal to set up the system.	1
Implementation of the system has begun.	2
The system is working but still needs improvement or not all of its components work.	3
All the elements of the system are complete and work well but it is based only on performance indicators and does not include evaluation studies.	4
All the elements of the system are complete and working well, and include both performance indicators and evaluation studies.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The monitoring and performance evaluation system is applied to the total expenditure of the subnational government.

The performance indicators system should be applied to the entire budget of the government, both to the current and to the investment expenditure, because all the activity of the government should be subject to monitoring. Taking last year's budget as reference, calculate the percentage of the expenditure (excluding the debt payment) to which the performance indicators was applied. For this purpose, the programs, projects, departments and institutions (including the decentralized enterprises) to which the performance indicators were applied should be identified, add the budget allotted to them last year and calculate the percentage of this sum with respect to the total budget of the same year (excluding the debt payment). The financial and physical monitoring indicators usually carried out in the public institutions are not included here.

Qualification Criteria	Score
There is no monitoring and performance evaluation system to analyze the results of the expenditure of the subnational government.	0
The performance indicator system is applied to 20% or less of the expenditure.	1
The performance indicators system is applied to between 21 and 40% of the expenditure.	2
The performance indicators system is applied to between 41 and 60% of the expenditure.	3
The performance indicators system is applied to between 61 and 80% of the expenditure.	4
The performance indicator system is applied to more than 80% of the expenditure.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 3. The performance indicators were prepared jointly with those responsible for execution of the resources.

The performance indicators to analyze the expenditure of the subnational government should be prepared in a coordinated manner with the officials of the institutions, programs, and departments in charge of executing the resources. Their participation is essential in preparing the relevant and appropriate indicators to measure the management results because they have the knowledge of the products, effects, and impacts that the programs and projects seek to achieve.

Qualification Criteria	Score
There is no monitoring and performance evaluation system to analyze the results of the expenditure of the subnational government or, the indicators were prepared without the participation of the officials of the institutions, programs, and departments in charge of executing the resources.	0
The indicators were prepared with limited participation of the officials of the	1

institutions, programs, and departments in charge of executing the resources.	
Not applicable.	2
Not applicable.	3
Not applicable.	4
The indicators are prepared in coordination with the officials of the institutions, programs, and departments in charge of executing the resources.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. There are institutionalized procedures for budgetary decision-making that analyze the results of the public expenditure produced by the monitoring and performance evaluation system.

The sole production of information on the performance of the expenditure is not sufficient for its effective use in making technical or budgetary decisions. The budget formulation and discussion process needs to include formally established procedures that are effectively used to take into account the information on the results of the expenditure produced by the monitoring and evaluation system.

Qualification Criteria	Score
There is no monitoring and evaluation system or there are no institutionalized procedures to take into account the information produced by the system.	0
The procedures are in the design phase.	1
There are procedures and their application is in an initial test phase.	2
There are procedures and their application is in a development phase.	3
There are procedures which are systematically implemented, but there are aspects that need to be improved.	4
There are institutionalized and consolidated procedures to take into account the information produced by the monitoring and evaluation system.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 7. Incentives for Effective Expenditure Management

Requirement 1. There are mechanisms that encourage management efficiency and effectiveness in the subnational government.

Incentives are an important part not only of the RbB but also of the MfDR because they contribute to the creation of a culture based on securing results. That culture is created through rules of the game that guide people and institutions to act toward the achievement of the institutional objectives. Reliable and timely information on the performance of the institutions and their personnel is required for such rules to produce the desired results. Without such information, the new rules cannot be implemented due to the lack of reference points to apply them. Among the principal mechanisms are the following:

1. Accreditation of the quality of an institution or agency.
2. Delegation of responsibilities from higher to lower institutional levels.
3. Individual economic recognition (promotions, differential salaries, or annual bonuses).
4. Economic incentives to the institutions (grant funds, projects financing, additional funds).
5. Rules that allow managerial flexibility for the achievement of institutional results or compliance with the management contracts.

Awards to institutional or personal excellence are not considered here, a widespread practice in LAC, because they are not usually granted based on performance information.

Qualification Criteria	Score
There are no budget allocation mechanisms that encourage management efficiency and effectiveness in the subnational government.	0
An incentive system is being designed.	1
There is one of the mechanisms present.	2
There are two of the mechanisms present.	3
There are three or four of the mechanisms present.	4
All the mechanisms are present.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The mechanisms that encourage institutional efficiency and effectiveness are effectually applied in the subnational government.

Taking last year's budget as reference, identify the programs, projects, and decentralized enterprises that apply mechanisms that encourage expenditure efficiency and effectiveness and calculate the weight they have in last year's total budget (excluding debt service expenditure).

Qualification Criteria	Score
There are no mechanisms that encourage management efficiency and effectiveness of the institutions, programs, and departments of the subnational government or the existing mechanisms are not applied.	0
Incentive mechanisms are applied to the decentralized units, departments, programs, and projects that represent 20% or less of the budget.	1
Incentive mechanisms are applied to the decentralized units, departments, programs, and projects that represent between 21 and 40% of the budget.	2

Incentive mechanisms are applied to the decentralized units, departments, programs, and projects that represent between 41 and 60% of the budget.	3
Incentive mechanisms are applied to the decentralized units, departments, programs, and projects that represent between 61 and 80% of the budget.	4
Incentive mechanisms are applied to the decentralized units, departments, programs, and projects that represent 81% or more of the budget.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 8. Information Dissemination

Requirement 1. The information on the budget of the subnational government is available to the public through the Internet once it is submitted to the respective deliberative body or State Legislative Branch.

The public should be informed on a timely basis about the budget that is going to be discussed and approved in the subnational deliberative body (municipal, regional, departmental councils, etc.) or in the State Legislative Branch (in the case of federal states). This will make it possible to not only reveal the use of public resources but also encourage the participation of civil society organizations in the discussion of the budget. To this end, the budget proposal should be publicized on a timely basis through the Internet and include the information on the projected income and expenditure.

Qualification Criteria	Score
The budget documents are not publicized in the Internet.	0
The budget documents publicized in the Internet are incomplete or, are complete but are publicize after the deliberative body or the State Legislative Branch has approved the budget.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The complete information on the income and expenditure of the budget is publicized in the Internet at the same time it is sent to the deliberative body or to the State Legislative Branch for discussion and approval.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The information on the budget made available to the public makes it possible to clearly and simply identify the resources allocated to the objectives established in the government plan.

Given its technical nature, it is necessary that the budget documents made available to the public in the Internet are accompanied by tables, summaries, and guides that facilitate its reading and analysis by the public. In particular, the documents should make it possible for the public to know the volume of resources that will be allocated to the achievement of the objectives established in the government plan.

Qualification Criteria	Score
Information on the budget is not published in the Internet or else the information that is published contains exclusively the technical documents.	0
There is explanatory material on the budget documents, but it does not include indications on the resources that will be allocated to the achievement of the objectives established in the government plan.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
There is explanatory material on the budget documents and it includes indications on the resources that will be allocated to the achievement of the objectives established in government plan.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 3. The annual reports on budgetary execution are at available to the public through the Internet within the following six months from the date on which the audit is completed.

The reports on budgetary execution should also be made available to the public through the Internet, since they present important information regarding how the public resources were used. For the information to be timely, it should be published no later than six months after the corresponding Supreme Audit Institution¹ has delivered the audit reviews of the financial statements.

Qualification Criteria	Score
The budgetary execution reports are not publicized in the Internet.	0
The budgetary execution reports are publicized in the Internet but after more than six months have elapsed since the corresponding entity delivered the audit	1

¹ The Supreme Audit Institution is the public agency of a state that, regardless of its appointment, constitution, or organization performs, by law, the most important public audit function of said State. In some Supreme Audit Institutions there is a single General Auditor while others may be organized through a collegiate system such as the National Audit Office (ISSAI w/d).

reports.	
Not applicable.	2
Not applicable.	3
Not applicable.	4
The budgetary execution reports are publicized in the Internet before six months have elapsed since the Supreme Audit Institution delivered the audit reports.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. The budgetary execution annual reports made available to the public makes it possible to clearly and simply identify the expenditure executed to achieve the objectives established in the government plan.

Given its technical nature, it is necessary that the annual reports on execution of the expenditure made available to the public are accompanied by tables, summaries, and guides that facilitate its reading and analysis by the public. In particular, it should show the volume of the resources allocated to the achievement of the objectives established in the government plan.

Qualification Criteria	Score
The budgetary execution reports are not publicized in the Internet or are publicized but do not contain any explanatory material.	0
There is explanatory material on budgetary execution reports, but it does not include indications on the resources allocated to the achievement of the objectives established in the government plan.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
There are budgetary execution reports published in the Internet accompanied by tables, summaries, and guides that facilitate their reading and analysis by the public, showing the volume of resources allocated to the achievement of the objectives established in the government plan.	5

Persons interviewed and documents reviewed:
Comments and justification:

PUBLIC FINANCIAL MANAGEMENT

Indicator 9. Income Management

Income management is an aspect of critical importance to the management of subnational governments, since the resources that will be available to meet the objectives of the medium-term plan depend on it. In order to have the necessary resources to achieve the expected results of said plan, the government needs sufficient autonomy in the allocation of public funds, for which at least two conditions are required: i) that a high proportion of the government income be its own and, ii) that no pre-allocation of income transfers be made. This allows sufficient flexibility to the government to allocate resources to its priority areas. On the other hand, subnational governments with a low risk international qualification show better capacity for income management.

Requirement 1. High proportion of own income

Qualification Criteria	Score
The percentage of own income is from 0 to 5%	0
The percentage of own income is from 6 to 20%	1
The percentage of own income is from 21 to 40%	2
The percentage of own income is from 41 to 60%	3
The percentage of own income is from 61 to 80%	4
The percentage of own income is from 81 to 100%	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. Low pre-allocation of income from transfers

Qualification Criteria	Score
The percentage of income from transfers that is pre-allocated is from 95 to 100%	0
The percentage of income from transfers that is pre-allocated is from 94 to 80%	1
The percentage of income from transfers that is pre-allocated is from 79 to 60%	2
The percentage of income from transfers that is pre-allocated is from 59 to 40%	3
The percentage of income from transfers that is pre-allocated is from 39 to 20%	4
The percentage of income from transfers that is pre-allocated is from 19 to 0%	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 3. International risk qualification

Qualification Criteria	Score
It does not have international risk qualification.	0
Not applicable.	1
Not applicable.	2
It has an international risk qualification under B.	3
Not applicable.	4
It has an international risk qualification above B.	5

Persons interviewed and documents reviewed:

Comments and justification:

Indicator 10. Expenditure Management

Requirement 1. There is a minimal difference between the executed expenditure and the approved original budget during the last three years (excluding debt service expenditures and projects with external financing).

A minimal difference between the executed and the originally budgeted expenditure may indicate that the budgetary exercise was appropriate and that the subnational government has the capacity to carry out the proposed tasks during the fiscal year. This indicator should be prepared by calculating the average difference between the two figures during the last three years. The debt services expenditure and projects with external financing, if any, should be excluded from the calculation. Only the originally approved budget and not the modifications that could have been made in the course of the year should be considered. The following table shows the calculation method.

	Year 1	Year 2	Year 3	Average
Original budget	a	a	a	
Executed expenditure	b	b	b	
Difference	a-b	a-b	a-b	
Absolute value	ABS(a-b)	ABS(a-b)	ABS(a-b)	
Difference Percentage	ABS/a*100	ABS/a*100	ABS/a*100	Average

Persons interviewed and documents reviewed:

Comments and justification:

Qualification Criteria	Score
Average deviation of 15% or more.	0
Average deviation between 12% and 15%.	1
Average deviation between 9% and 12%.	2
Average deviation between 6% and 9%.	3
Average deviation between 3% and 6%.	4
Average deviation of 3% or less.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 11. Risk Analysis

An important aspect of public financial management is the fiscal risk analysis, that is, the review of non-avoidable events that could occur in the future and could bring about financial pressure. The risks may be related to the payment of direct or indirect obligations. Adequate financial management should analyze these situations and have mechanisms in place to mitigate their effects; otherwise the government will face financial difficulties that could impact the expenditure capacity of strategic programs.

Requirement 1. Analysis and management of fiscal risk related to direct obligations.

Direct obligations are the financial commitments that the government must meet in the future and for which there are legal commitments (debt bonds, public services concession contracts with minimum service guarantees, pensions and retirements where applicable, etc.). The risk may come from changes in economic conditions external to the subnational government, for example, if foreign currency bonds have been issued, a devaluation of the exchange rate would imply an increase in the obligations.

Qualification Criteria	Score
Risk analysis of direct obligations is not carried out.	0
The direct obligations of the subnational government that could imply a risk in the future have been identified.	1
There is an analysis of incidence of risk and of its costs.	2
The analyses of incidence of risk and of its costs are updated annually.	3
There are financial instruments and mechanisms available to meet some of the direct obligations entailing risk.	4
There are financial instruments and mechanisms available to meet all the direct obligations entailing risk.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. Analysis and management of fiscal risk related to indirect obligations.

The indirect or contingent obligations are the expenditure on which the government must incur in case a given event occurs and for which there are legal commitments. An example of indirect obligations are the guarantees of the subnational governments to third parties, adverse judicial decisions, and natural disasters.

Qualification Criteria	Score
Risk analysis of indirect obligations is not carried out.	0
The indirect obligations of the subnational government that could imply a risk in the future have been identified.	1
There is an analysis of incidence of risk and of its costs.	2
The analyses of incidence of risk and of its costs are updated annually.	3
There are financial instruments and mechanisms available to meet some of the indirect obligations entailing risk.	4
There are financial instruments and mechanisms available to meet all the indirect obligations entailing risk.	5

Persons interviewed and documents reviewed:

Comments and justification:

Indicator 12. Classification of Budget Expenditures

An adequate budget classification makes it possible to monitor the expenditure related to the following dimensions: i) economic, ii) functional, and iii) programs. The international standards for the economic and functional classification of the budget are found in the *Government Finance Statistics Manual* of the International Monetary Fund. The majority of countries have taken them as referents to set up their own expenditure classification systems. There are no international standards for classification by programs.

Requirement 1. The budget of the subnational government is based on an economic classification.

In order to create public value, governments have three alternatives: 1) to produce and directly distribute goods and services, 2) to purchase them from a third party and distribute them, and 3) to make cash transfers to households so that they may purchase them directly. The economic classification identifies the type of expenditure incurred by the government for these activities and usually includes the following categories: 1) employees' remunerations, use of property and services, and consumption of fixed capital related to the costs of the production carried out by the government itself, 2) subsidies, donations, social services and other expenditures related to the

cash transfers or in kind, and 3) purchases from third parties of goods and services for delivery to other units. The economic classification orders the public expenditure in accordance with the basic structure of the national accounts system to connect the results of public transactions with this system. Thus, it makes it possible to analyze the economic impact of governmental transactions.

Qualification Criteria	Score
The budget does not have an economic classification.	0
Not applicable.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The budget has an economic classification.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. The budget of the subnational government is based on a functional classification.

The functional classification of public expenditures offers information on the purposes or functions to which the resources are earmarked, for example, education, health, public security or defense. The functions are classified using a three-level system. The first level has 10 two-digit categories, called divisions and they are: 1) general public services, 2) defense, 3) law enforcement and security, 4) economic matters, 5) environmental protection, 6) housing and community services, 7) health, 8) recreational activities, culture, and religion, 9) education, and 10) social protection. Each division contains three-digit categories, called groups. Within each group there are four-digit categories called classes.

Qualification Criteria	Score
The budget does not have a functional classification.	0
Not applicable.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The budget has a functional classification.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 3. The budget of the subnational government is based on a classification by programs.

The classification by programs makes it possible to articulate the budget with planning (see indicator 4, requirement 1). Accordingly, the structure of the budget of each government will depend on the number and characteristics of the programs implemented. There are no international standards for this type of classification.

Qualification Criteria	Score
The budget does not have a classification by programs.	0
Not applicable.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The budget has a classification by programs.	5

Persons interviewed and documents reviewed:

Comments and justification:

Indicator 13. Accounting

Requirement 1. The accounting system of the subnational government is based on the International Public Sector Accounting Standards.

The International Public Sector Accounting Standards are collected in the “Handbook of International Public Sector Accounting Pronouncements” of the International Federation of Accountants (IFAC) and should be the referent for the accounting systems of national and subnational governments. In many countries, these standards are included in legislation that is applied both at the national and subnational levels.

Qualification Criteria	Score
The accounting system of the subnational government is not based on the International Public Sector Accounting Standards.	0
Not applicable.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The accounting system of the subnational government is based on the International Public Sector Accounting Standards.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. At the end of the fiscal year a consolidated financial statement is prepared containing complete information concerning income and expenditures, and financial assets and liabilities of the subnational government.

The consolidated financial statements are an important instrument for accountability and are fundamental for financial management transparency. These reports should include all the departments, decentralized units and entities that comprise the subnational government and report on the income and expenditure as well as financial liabilities and assets.

Qualification Criteria	Score
No consolidated financial statement containing complete information regarding subnational government income and expenditures is prepared at the end of the fiscal year.	0
A financial statement, with deficient financial records that cannot be audited, is prepared.	1
A financial statement reporting only income and expenditures and encompassing some departments, decentralized units and entities of the subnational government, is prepared.	2
A financial statement encompassing some departments, decentralized units and entities of the subnational government, reporting both income/expenditures and financial assets/liabilities, is prepared.	3
A financial statement reporting only income and expenditures and encompassing all the departments, decentralized units and entities of the subnational government, is prepared.	4
A financial statement encompassing all the departments, decentralized units and entities of the subnational government, reporting both income/expenditures and financial assets/liabilities, is prepared.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 3. The financial statement on income/expenditures and financial assets/liabilities prepared at the end of the fiscal year is submitted to the external audit within six months after the conclusion of the year.

It is essential that the report on income/expenditures and financial assets/liabilities (requirement 2) be prepared promptly at the end of the fiscal year and delivered to the external audit as soon as possible for timely accountability. The laws of each country determine the responsible entity and how the external audit is carried out.

Qualification Criteria	Score
An annual report is not prepared.	0

The annual report is submitted to the external audit after six or more months have elapsed since the conclusion of the fiscal year.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The annual report is submitted to the external audit within six months after the end of the fiscal year.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. The accounts catalog allows direct comparison with the budget.

In order to be able to prepare detailed reports on the budgetary execution regarding the objectives of the government, the accounts catalog should allow direct comparison with the budget and encompass the different classifiers of the budget, in particular the functional and the programming dimensions (indicator 11, requirement 3).

Qualification Criteria	Score
The accounts catalog is not compatible with the functional and programming classification of the budget, or there is no functional or programming classifier of the budget.	0
Not applicable.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The accounting is compatible with the functional and programming classification of the budget.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 5. The accounting is organized on a cash accounting base (cash on hand) and full accrual base (or accrued).

The cash accounting base or cash on hand recognizes the transactions only when the cash is received or paid by the entity (IFAC 2007). The financial statements prepared according to the cash accounting base or cash on hand provide information regarding the origins of the cash increases during the period, the objective to which the cash was applied and the cash balances on the date of the period reported.

On the other hand, the *full accrual accounting base or accrued* recognizes the transactions when they occur or commit and not when its collection or its cash payment or its equivalent is done (IFAC 2007). The full accrual accounting base or accrued income is important for the multi-year financial programming and, accordingly, it is an important instrument for the results-based budget. Both accounting bases are important for good financial management.

Qualification Criteria	Score
Not applicable.	0
The accounting is organized only based on cash or accrued.	1
Not applicable.	2
The accounting is organized based on cash and partially on accrued.	3
Not applicable.	4
The accounting is organized based on cash and on accrued.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 14. Integrated Financial Administration System (IFAS)

Public financial management (PFM) is the set of administrative elements of public organizations that make it possible the catchment of resources and their expansion to achieve the goals and targets of the public sector. It is based on the principles, standards, agencies, resources, systems, and procedures that intervene in the programming, management, and control operations necessary both for catchment of and expenditure of resources (Makón, 2000). The PFM is comprised by the following elements: i) budget administration, ii) accounting, iii) debt administration (public credit), iv) cash management (treasury) and, v) tax administration. In order to be effective, these components must function in an integrated manner, which implies that their principles, standards, and procedures should be consistent among themselves and be automatically linked through electronic media. Lack of integration with regard to financial management causes, among other problems, fragmentation and duplication of information, difficulty in using the data in the planning and budget administration processes, and lack of transparency in fiscal transactions. All this facilitates corruption, diminishes management capacity, and limits accountability.

The IFAS are management systems that provide to the subnational governments the adequate computer basis for the integration of the components of the PFM. The IFAS are used to record the financial information, order it, and analyze it; they facilitate compliance with the standards that govern the PFM; and allow the optimization of resource management. Furthermore, they are important instruments for governmental management because they generate relevant information for decision-making, planning, monitoring, evaluation, and accountability.

Requirement 1. There is an Integrated Financial Administration System (IFAS).

Qualification Criteria	Score
There is no integrated financial administration system.	0
There is an approved project to implement an IFAS.	1

The IFAS is beginning to be implemented.	2
The IFAS is operating but still needs to be enhanced or is missing some of its components.	3
The IFAS is complete but still requires adjustments to function optimally.	4
The IFAS functions optimally.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The integrated financial administration system consists of the following areas: budget, tax administration, credit, treasury, and accounting.

Public financial management consists of the following elements:

1. Budget Administration
2. Accounting
3. Debt Administration (public credit)
4. Cash Management (treasury) and
5. Tax Administration.

Qualification Criteria	Score
There is no integrated financial administration management.	0
There is an approved project to create the integrated financial administration system.	1
It is being implemented or there is a system that integrates two of the five areas.	2
There is a system that integrates three of the five areas.	3
There is a system that integrates four of the five areas.	4
There is a system that integrates the five areas.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. The procurement and public contracting system is integrated in the IFAS.

Public contracting involves all the elements of financial management. Buyers need, for example, to budget their requirements and have the corresponding authorizations; record the acquired commitments; program the execution of payments; and report the satisfactory reception of the goods and services. Accordingly, it is important that, in addition to the components comprising the principal nucleus of financial management mentioned in requirement 2, the procurement system be also integrated in the IFAS.

Qualification Criteria	Score
The subnational government does not have a procurement and public contracting system or has one but is not integrated in the IFAS.	0
Not applicable.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The electronic procurement system is integrated in the IFAS.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 15. Procurement and Public Contracting System

The procurement and public contracting system is the set of principles, standards, agencies, resources, and procedures that, through their operation, make it possible for the State to acquire the goods, works, and services that it needs to manage the organizations, with the adequate quality and timeliness and in the best commercial terms. An adequate and expeditious procurement and public contracting system will allow the institutions that implement the programs provide quality goods and services, on time and at a reasonable cost, all of which generates greater management efficiency and effectiveness. Contracts and procurement are present in a large number of activities related to the complex process of public value creation and involve a considerable quantity of resources, since the State is one of the principal buyers in the countries of LAC.

Requirement 1. The office of the subnational government in charge of procurement and public contracting has goals, targets, and indicators of efficiency and effectiveness to improve its management.

As any public entity, it is important that the department in charge of the procurement and public contracting system has a set of management goals and targets that find expression in indicators of efficiency and effectiveness to improve its performance.

Qualification Criteria	Score
The department in charge of procurement and public contracting does not have goals, targets, and indicators of efficiency and effectiveness to improve its performance.	0
The department has defined goals, targets, and indicators but they are not implemented.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The department in charge of procurement and public contracting uses efficiency and effectiveness indicators to follow up and continually improve its performance.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The average of number days of the procurement and public contracting process from the notice of bid up to the awarding of the contract is low.

The procurement and contracting processes should be, in addition to being transparent, expeditious so that the public sector obtains the goods, works, and services that it needs in a timely fashion. Although international standards have not been set, it is considered that the average number of days elapsed from the notice of bid up to the awarding of the contract should be less than 90 days. It should be noted that this requirement seeks to identify the average number of days *effectively* elapsed from the notice of bid up to the awarding of the contract, and not the number of days established by the law. In order to make the calculation, the procurement and contracting done the previous year should be taken into account. Special public works such as the construction of airports, dams, massive public transportation systems, etc., should not be included.

Qualification Criteria	Score
The average number of days elapsed from the notice of bid up to the awarding of the contract is 181 days or more.	0
The average number of days elapsed from the notice of bid up to the awarding of the contract is between 161 and 180 days.	1
The average number of days elapsed from the notice of bid up to the awarding of the contract is between 141 and 160 days.	2
The average number of days elapsed from the notice of bid up to the awarding of the contract is between 121 and 140 days.	3
The average number of days elapsed from the notice of bid up to the awarding of the contract is between 91 and 120 days.	4
The average number of days elapsed from the notice of bid up to the awarding of the contract is 90 days or less.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. Procurement plans are prepared as support of the planning and budgetary formulation process.

The bases for the formulation of the annual budget are: the medium-term government plan, the annual operation plan, and the procurement plan. The latter contains the data on the costs and the timetables of purchases of goods, works, and services that will be required for the implementation

of the annual operation plans. A solid procurement plan should be prepared from the short- and medium-term planning instruments, and should be an important input for the budget formulation (OECD-DAC 2006).

Qualification Criteria	Score
There is no preparation of a procurement plan.	0
A procurement plan is prepared that is not articulated with the annual operation plan nor bears a relation with the budget formulation.	1
A procurement plan is prepared articulated to the annual operation plan but its linkage with the budget formulation is weak.	2
A procurement plan is prepared articulated to the annual operation plan that takes into account the allocations established in the budget for the departments or sectors of the government. However, the procurement plan is subject to considerable changes.	3
A procurement plan is prepared articulated to the annual operation plan. The procurement plan takes into account the allocations established in the budget for the departments or sectors of the government and is regularly complied with.	4
The budget incorporates a procurement plan that is prepared based on an annual operation plan which in turn is formulated on the basis of the medium-term plan of the government. The procurement plan is regularly complied with.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. There is an electronic system to collect and disseminate information to the public on public procurement and contracting through the Internet.

The use of modern electronic systems, regulated by an adequate regulatory framework, makes it possible to facilitate and to reveal the public contracting processes, reduces corruption, and stimulates competition. The system should disseminate, through the Internet, up-to-date information on the law and the standards, as well as the calls for bids, the requests for proposals, and the awarding of contracts. In the majority of the countries these systems are administered by the national public procurement agency but all the subnational governments are not always connected.

Qualification Criteria	Score
There is no electronic system for the procurement of the subnational government.	0
There is an approved project to implement an electronic procurement system.	1
The electronic procurement system is beginning to be implemented.	2
The electronic procurement system is operating but it still needs to be enhanced, some components are missing or is applied only to some contracts.	3
The electronic procurement system is complete but still requires adjustments.	4
The electronic system works optimally and publishes up-to-date information on	5

the laws and standards on public contracting and procurement, as well as calls for bids and requests for proposals.	
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Persons interviewed and documents reviewed:
Comments and justification:

Requirement 5. The electronic procurement and contracting system makes it possible to carry out purchase-sale transactions through the Internet.

In order to optimize its use, the public procurement electronic system should be capable of electronically, through the Internet, perform not only the calls for bids and the requests for proposals, but also the purchase-sale transactions.

Qualification Criteria	Score
There is no electronic system for the procurement of the subnational government or the electronic system does not perform purchase-sale transactions.	0
Electronic transactions represent 20% or less of total purchases.	1
Electronic transactions represent between 21 and 40% of total purchases.	2
Electronic transactions represent between 41 and 60% of total purchases.	3
Electronic transactions represent between 61 and 80% of total purchases.	4
Electronic transactions represent 80% or more of total purchases.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 6. The information on awarding of contracts is published in the Internet.

The information on contract awarding makes it possible to reveal an important element of public management. It should be carried out in a timely fashion, at most one month after the awarding.

Qualification Criteria	Score
The information on the awarding of contracts is not published or is published one month or more after they occur.	0
20% or less of the awarding of contracts is published in the Internet.	1
Between 21 and 40% of the awarding of contracts is published in the Internet.	2
Between 41 and 60% of the awarding of contracts is published in the Internet.	3
Between 61 and 80% of the awarding of contracts is published in the Internet.	4
81% or more of the awarding of contracts is published in the Internet.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 16. Internal Audit

The internal audit is a comprehensive process performed by management and personnel, and is designed to face the risks and to give a reasonable certainty that in the achievement of the mission of the entity, the following managerial objectives will be achieved: i) orderly, economic, efficient, and effective execution of the operations, ii) compliance of accountability obligations, iii) compliance of laws and applicable regulations, and iv) safeguard of the resources to prevent losses, misuse and damage (INTOSAI n/d). Within the framework of the MfDR public managers and internal auditors play a prominent role in the internal audit function. The former are responsible for creating an adequate and effective control structure, and the latter are in charge of reviewing the internal audit policies, practices and procedures of the entity to ensure that controls are adapted to compliance of the institutional mission. The internal audit should meet the following requirements.

Requirement 1. An adequate institutional framework for the internal audit is available.

An adequate institutional framework for the internal audit should have the following elements:

1. There is an *audit unit* in the subnational government headed by an auditor.
2. There is an *audit committee* made up of professionals who are competent and independent from the governmental authority.
3. There is a *code of conduct* or equivalent internal normative reference.
4. Concrete actions are taken when violations to the code of conduct occur.
5. The Audit Committee makes concrete decisions to support the internal audit.

Qualification Criteria	Score
The conditions are not met.	0
The first condition is met.	1
The first two conditions are met.	2
The three first conditions are met.	3
The first four conditions are met.	4
The five conditions are met.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. An evaluation of the relevant risks is performed to achieve the financial management objectives of the subnational government.

An adequate evaluation of the relevant risks for the achievement of the financial management objectives of the subnational government involves the following:

1. Financial management institutional objectives are clearly established. are clearly established are clearly established
2. The risks have been identified and formalized to achieve those objectives.
3. The probability of risk incidence and its potential effects have been evaluated.
4. The necessary actions and controls for mitigating the effects in the event they occur have been identified.
5. Resources for risk mitigation actions have been allocated.

Qualification Criteria	Score
The conditions are not met.	0
The first condition is met.	1
The first two conditions are met.	2
The first three conditions are met.	3
The first four conditions are met.	4
The five conditions are met.	5

Requirement 3. Performance of internal audit activities.

At least the following internal audit activities should be carried out:

1. Internal audit activities consistent with the evaluation of the relevant risks for achieving the financial management objectives (requirement 2) are carried out.
2. Audits are carried out to confirm the validity of the data of the information systems.
3. There is *segregation of functions* for operations sensitive to the risk of fraud. The segregation of functions ensures that a single person does not perform all the phases of a financial operation.
4. Inventories of tangible assets and documents representative of values are carried out.
5. Governmental authorities periodically review the audit reports and make decisions based on them.
6. Corrective actions are taken based on the observations of the internal and external audits.

Qualification Criteria	Score
Conditions are not met.	0
One of the conditions is met.	1
Two of the conditions are met.	2
Three of the conditions are met.	3
Between four and five of the conditions are made.	4
All the conditions are met.	5

Persons interviewed and documents reviewed:

Comments and justification:

Indicator 17. External Audit

The external audit is a process carried out by an entity with appropriate technical capability that is external and independent from the audited agency. It can be a private enterprise or a public agency such as the Office of the Comptroller or the National Audit Office, as stipulated by the law of each country. The purpose of the external audit is to provide an opinion or a report on the accounts of the financial statements, the regularity and legality of the operations, and/or the financial management. In addition, management audits review the performance of an institution, project, or operation. The external audit is part of the functions performed by the Supreme Audit Institutions of the countries (ISSAI w/d).

Requirement 1. External financial audits on the income and expenditures of the subnational government are carried out annually.

The financial audit is an independent evaluation, reflected in an opinion of reasonable assurances, that the financial situation presented by an entity, as well as the results and the utilization of the resources, are accurately presented in accordance with the financial information framework. Financial audits examine whether the activities, operations, and information reflected in the financial statements of the audited entity are in accordance with the constitutive standards, implementing regulations, and other agreements, laws, and applicable regulations, including budgetary laws, and have been duly authorized (ISSAI to, w/d).

In this requirement the proportion of the income and expenditures of the subnational government that on average were audited during the last three years are analyzed. The calculation should take into account all the decentralized departments and entities that comprise the subnational government.

Qualification Criteria	Score
No external audits of the subnational government were carried out in the last three years.	0
In the last three years external audits of the subnational government representing 20% or less of the expenditure were carried out.	1
In the last three years external audits of the subnational government representing between 21 and 40% of the expenditure were carried out.	2
In the last three years external audits of the subnational government representing between 41 and 60% of the expenditure were carried out.	3
In the last three years external audits of the subnational government representing between 61 and 80% of the expenditure were carried out.	4
In the last three years external audits of the subnational government representing more than 81% of the expenditure were carried out.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. External financial audits on assets/financial liabilities of the subnational government are carried out annually.

In this requirement the proportion of the assets and financial liabilities of the subnational government that on average were audited during the last three years are analyzed. The calculation should take into account all the departments, decentralized agencies, and entities that comprise the subnational government.

Qualification Criteria	Score
In the last three years external audits of the assets and liabilities of the subnational government were not carried out.	0
In the last three years external audits of 20% or less of the assets and financial liabilities of the subnational government were carried out.	1
In the last three years external audits of between 21% and 40% of the assets and financial liabilities of the subnational government were carried out.	2
In the last three years external audits of between 41% and 60% of the assets and financial liabilities of the subnational government were carried out.	3
In the last three years external audits of between 61% and 80% of the assets and financial liabilities of the subnational government were carried out.	4
In the last three years external audits of between 81% and 100% of the assets and financial liabilities of the subnational government were carried out.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 3. Audits of the financial statements are carried out annually.

The financial statements of the subnational government should be submitted annually to an external audit review. In meeting this requirement the last three years will be taken into account.

Qualification Criteria	Score
During the last three years the annual financial statements have not been submitted to an external audit.	0
During the last three years only one of the annual financial statements was submitted to an external audit.	1
During the last three years two of the annual financial statements were submitted to an external audit.	2
Not applicable.	3
Not applicable.	4
During the last three years the three annual financial statements were submitted to an external audit.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. Management or performance external audits are carried out annually of the projects or agencies of the subnational government.

The management or performance audits review the plans, projects, operations, and processes of a public organization, to measure and report on the achievement of the intended objectives, the utilization of public resources, and the consistency with which the responsible authorities meet the established standards. Management audits do not replace the traditional audits, which focus on compliance with the standards; on the contrary, both types of audits complement each other and are necessary for the good performance of public institutions. According to the ISSAI (w/d), the management audit is a review of the economy, efficiency, and effectiveness with which the audited entity uses its resources in the performance of its functions, and includes: i) control of the economy of administrative activities in accordance with principles and reasonable administrative practices and with the directives imparted, ii) efficiency in the utilization of human and financial resources and of any other type, together with the review of the information systems, the performance and control measures, and the procedures followed by the audited entities to correct the deficiencies found, and, iii) the effectiveness with which the objectives of the audited entity have been carried out and the results achieved with respect to those projected.

Qualification Criteria	Score
Management or performance audits of the projects or agencies of the subnational government are not carried out.	0
There is an administrative regulation to initiate management audits in the short term.	1
Management audits are occasionally carried out.	2
Management audits are periodically carried out but are not institutionalized.	3
Management audits are institutionalized and are periodically carried out; however, they do not cover all the projects or agencies.	4
Management audits are institutionalized and are periodically carried out. The audits cover the most important projects and agencies and have specific resources for this purpose.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 5. The external audit reports are used to improve financial management.

One of the main objectives of the reviews of external audit is to improve the financial management of the audited entity. In order to make this happen, the subnational government should comply with the following elements.

1. The subnational government responds to the observations of the audits.
2. The subnational government adopts measures to correct the observations of the audits.
3. There are responsible individuals for the implementation of the observations.
4. There is periodic follow-up to the implementation of the observations.
5. The effect of the measures adopted to correct the observations of the audits is evaluated.

Qualification Criteria	Score
None of the elements are met.	0
One element is met.	1
Two elements are met.	2
Three elements are met.	3
Four elements are met.	4
All the elements are met.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 6. The audit reports are at available to the public through the Internet within six months following the date on which they were completed.

As part of their accountability, institutions and public authorities should make available to the public, through the Internet, the reports prepared by the external audit.

Qualification Criteria	Score
The audit reports are not available to the public on the Internet.	0
For the first time publication of the audit reports is in process.	1
The audit reports are occasionally published on the Internet.	2
The majority of the audit reports are made available to the public on the Internet.	3
All the audit reports are made available to the public on the Internet, but they are not always available within six months following the date on which they were completed.	4
All the audit reports are made available to the public on the Internet within six months following the date on which they were completed.	5

Persons interviewed and documents reviewed:

Comments and justification:

PROGRAM AND PROJECT MANAGEMENT

Indicator 18. Ex-Ante Project Evaluation

Requirement 1. Ex-ante project evaluations are carried out prior to their approval.

The purpose of ex-ante evaluations is to ensure the relevance, quality, viability, and socioeconomic profitability of the projects that the subnational government will carry out, whether with its own funds, with transfers from the central government, or with funds from other financing sources. The subnational government should have an ex-ante evaluation system with the following elements:

1. Standards that indicate what, how, and when the projects should be submitted to ex-ante evaluation.
2. Formalized methodologies for ex-ante project evaluation.
3. Responsible individuals for the management of ex-ante evaluations.
4. Economic resources for ex-ante project evaluations.
5. Human resources (its own or from third parties) trained in ex-ante evaluations.

The ex-ante evaluation system may be independent or be part of a broader system, whether it is regional or national.

Qualification Criteria	Score
Ex-ante project evaluations are not carried out.	0
One element is met.	1
Two elements are met.	2
Three elements are met.	3
Four elements are met.	4
Five elements are met.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. All the project proposals of the subnational government are submitted to ex-ante evaluations.

All project proposals should be submitted to ex-ante evaluations. In order to comply with this requirement, the total number of approved projects that had a positive ex-ante evaluation the previous year should be totaled and divided by the sum of the total number of projects approved in the same period.

Qualification Criteria	Score
No ex-ante evaluations of the projects are made.	0
Ex-ante evaluations were made to projects representing 20% or less of the	1

resources approved for projects.	
Ex-ante evaluations are made annually to projects representing between 21 and 40% of the resources approved for projects.	2
Ex-ante evaluations were made to projects representing between 41 and 60% of the resources approved for projects.	3
Ex-ante evaluations were made to projects representing between 61 and 80% of the resources approved for projects.	4
Ex-ante evaluations were made to projects representing 81% or more of the resources approved for projects.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. The results of ex-ante evaluations are used to make decisions on the allocation of funds to the projects.

One of the main objectives of ex-ante evaluations is to generate criteria that make it possible to make decisions on the allocation of funds to the projects based on their relevance to the medium-term plan, its importance, internal consistency, and socioeconomic profitability, among other aspects. Thus, the ex-ante evaluations should be taken into account when allocating resources to the projects. Those projects that have negative evaluations should not be financed.

Qualification Criteria	Score
The results of the ex-ante evaluations are not used to make decisions on the allocation of funds to the projects.	0
The results of the ex-ante evaluations are partially used to make decisions on the allocation of funds to the projects.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The results of the ex-ante evaluations are used to make decisions on the allocation of funds to the projects.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. The information on the results of ex-ante evaluations is available to the public through the Internet.

With a view to giving transparency to the allocation of resources of the subnational government, the results of ex-ante evaluations of the projects should be publicized through the Internet. This information should be available no later than one month after the evaluation report has been delivered.

Qualification Criteria	Score
The information on the results of ex-ante evaluations is not available to the public through the Internet.	0
The information on the results of ex-ante evaluations is partially available to the public through the Internet, or is available after more than one month has elapsed from the delivery of the evaluation report. .	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
The information on the results of ex-ante evaluations is available to the public through the Internet.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicators 19 and 20

Indicators 19 and 20 should be applied to the four sectors, agencies, or institutions of the subnational government whose combined budget represents 60% or more of the annual expenditure. Usually, those sectors are education, health, public works, and transportation. Nevertheless, this depends on the competences and functions of the subnational government. Each indicator should be prepared for each sector.

Indicator 19. Medium-Term Sectoral Planning

Requirement 1. There is a medium-term sectoral plan.

The sectoral plan is the result of the strategic planning process of a sector and should contain at least the following elements:

1. Analysis of the situation and of the problems relative to the sector supported by recent quantitative and qualitative information.
2. The sectoral objectives that the subnational government intends to achieve during its management period. These objectives should refer to changes or improvements in the living conditions of the population (effects, impacts) and should be the result of a prioritization exercise.
3. Strategies or programs to achieve those objectives. The strategies inform how the objectives will be achieved and are developed on the basis of a set of knowledge and hypothesis concerning the problem and how to resolve it. The strategies are translated into a set of products through which the objectives will be achieved.
4. The products (goods and services) that will be delivered to the public may be produced directly by the public entities (for example: issuance of birth certificates services in the civil registry) or through delivery of services contracts (for example: solid waste collection services by private companies), or through public-private partnerships (for example: road maintenance concessions). Through these products the government intends to reach the development objectives established in the plan.
5. Indicators to measure the performance at the level of the objectives and the products. The indicators are quantitative or qualitative variables through which the achievements can be measured, observe the changes produced by the government interventions, or analyze its results.
6. Goals to be achieved during the period, both with regard to the objectives and to the products. The goals should be a quantitative expression of what the subnational government intends to achieve and should be proposed both for the medium and the short term (year).
7. The plan is available on the Internet.

Qualification Criteria	Score
The sector does not have a sectoral plan.	0

The sectoral plan is in preparation or meets two or less of the elements.	1
The sectoral plan meets three of the six elements.	2
The sectoral plan meets four of the six elements.	3
The sectoral plan meets five or six of the six elements.	4
The sectoral plan meets all the elements.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. Preparation of the plan had the participation of civil society.

The participation of civil society and of the private sector in the discussion of the goals and targets of the sectoral plan is important, both to create social consensus around the objectives being pursued and to take into account the standpoint of all stakeholders in the actions carried out by the government, making the plans more relevant and appropriate. The social participation process should be organized so that it meets the following conditions:

- i) Collects the opinions of the majority of representative social organizations (nongovernmental organizations, business trade associations, professional trade associations, unions, etc.)
- ii) There is a suitable method to guarantee that the opinions are widely disseminated and without restrictions
- iii) Opinions are incorporated in the technical design of the goals and targets of the plan.

This requirement is not met when there are only activities aimed at disseminating the contents of the sectoral plan once it has already been designed.

Qualification Criteria	Score
Consultations were not held with civil society.	0
Not applicable.	1
Limited consultations were organized (does not meet any of the three conditions).	2
Not applicable.	3
Not applicable.	4
A consultation process that met the three conditions was carried out.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. The objectives of the sectoral plan are aligned with the objectives of the national plan for the sector.

The objectives of the sectoral plan should coincide with the objectives of the national plan for the sector. Although the order of priority of the national objectives for the sector may vary from one subnational government to another according to its specific characteristics, the set of objectives should be the same. This will promote synergy between the governmental actions at the national and subnational levels.

Qualification Criteria	Score
There is no sectoral plan or the objectives of the sectoral plan do not agree with those of the national plan for the sector.	0
20% or less of the objectives of the sectoral plan coincide with those of the national plan for the sector.	1
Between 21 and 40% of the objectives of the sectoral plan coincide with those of the national plan for the sector.	2
Between 41 and 60% of the objectives of the sectoral plan coincide with those of the national plan for the sector.	3
Between 61 and 80% of the objectives of the sectoral plan coincide with those of the national plan for the sector.	4
81% or more of objectives of the sectoral plan coincide with those of the national plan for the sector.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 4. The sectoral plan has financing.

The programs, projects, and activities established in the plan should have allocated resources in the annual and/or multiannual budget.

Qualification Criteria	Score
The plan does not have financing.	0
20% or less of the programs, projects, and activities of the plan have financing.	1
Between 21 and 40% of the programs, projects, and activities of the plan have financing.	2
Between 41 and 60% of the programs, projects, and activities of the plan have financing.	3
Between 61 and 80% of the programs, projects, and activities of the plan have financing.	4
80% or more of programs, projects and activities of the plan have financing.	5

Persons interviewed and documents reviewed:

Comments and justification:

Indicator 20. Production of Goods and Services Management

Requirement 1. There is a portfolio of the goods produced and the services provided by the sector.

The portfolio of goods and services is the orderly compilation and systematized of all the goods and services that the subnational government makes available to the public, whether they are produced directly by the public entities (for example: issuance of birth certificates services in the civil registry) or through delivery of services contracts (for example: solid waste collection services by private companies), or through public-private partnerships (for example: road maintenance concessions). The portfolio of goods and services allows the development of government plans and programs in products that create public value. The portfolio of services should contain at least the following elements:

1. Identification of the strategic objective that the good or service helps to achieve.
2. File with the basic information on each good and services such as name, program or agency that produces it, beneficiaries, place of provision or delivery, measurement unit of the production, price, etc.
3. Standards that regulate the provision/delivery of the goods or services and access and use by the users.
4. Processes, procedures, protocols, and support systems for the production and provision of the goods or services.
5. Information system for planning, management, and evaluation of the provision/delivery of the goods or services.

Qualification Criteria	Score
There is no portfolio of goods and services of the sector.	0
A portfolio of goods and services is being prepared, or the existing portfolio does not cover all the goods and services provided by the sector.	1
The portfolio of goods and services contains element 1 and/or 2.	2
The portfolio of goods and services contains elements 1, 2 and 3.	3
The portfolio of goods and services contains elements 1, 2, 3 and 4.	4
The portfolio of goods and services contains the five elements.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. There are annual and multi-year goals for the production of the goods and services.

Based on the portfolio of goods and services, annual and multi-annual goals should be established for the production of the goods and services.

Qualification Criteria	Score
There are no goals for the production of the goods and services of the sector.	0
20% or less of the goods and services produced by the sector has annual and multi-year goals.	1
Between 21 and 40% of the goods and services produced by the sector have annual and multi-year goals.	2
Between 41 and 60% of the goods and services produced by the sector have annual and multi-year goals.	3
Between 61 and 80% of the goods and services produced by the sector have annual and multi-year goals.	4
80% or more of the goods and services produced by the sector have annual and multi-year goals.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. Public managers of sectoral agencies, programs, or services sign *management contracts* with the authorities of the subnational government.

The production of the goods and services should be framed in *management and performance contracts* between the authorities of the subnational government and the public managers of its agencies, programs, projects, and decentralized entities in charge of the production of the goods and services. These contracts set the quantity, conditions, and the quality of the goods and services that the public managers commit to produce annually. *Public managers* are those appointed as directors, secretaries, and managers.

Qualification Criteria	Score
The public managers of the sector do not sign management contracts with the authorities of the subnational government.	0
20% or less of the public managers of the sector sign management contracts with the authorities of the subnational government.	1
Between 21 and 40% of the public managers of the sector sign management contracts with the authorities of the subnational government.	2
Between 41 and 60% of the public managers of the sector sign management contracts with the authorities of the subnational government.	3
Between 61 and 80% of the public managers of the sector sign management contracts with the authorities of the subnational government.	4
81% or more of public managers of the sector sign management contracts with the authorities of the subnational government.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 4. There are mechanisms to encourage the achievement of institutional results.

Incentives constitute a central element of the MfDR, since they make it possible to create synergy between the interests of the people and the institutions and the interests of the subnational government expressed in the strategic objectives. The individual and collective good performance should be rewarded, the product of an evaluation work that contains clear measurement criteria and, in addition, dissemination of the results of such performance. The incentives applied in the public sector may be monetary or non-monetary. Among others, the following types are included:

1. Accreditation of the quality of an institution or agency.
2. Delegation of institutional responsibilities from the higher to the lower levels.
3. Individual economic recognition (promotions, differential salaries, or annual bonuses).
4. Economic incentives to the institutions (grant funds, project financing, additional funds).
5. Regulations that allow managerial flexibility for the achievement of institutional results or compliance with the management contracts.

Awards for institutional or personal excellence, very widespread in LAC, are not included here because they are usually not granted based on performance information.

Qualification Criteria	Score
There are no budget allocation mechanisms to encourage efficiency and efficacy in the management of the subnational government.	0
An incentive system is being designed.	1
There is one mechanism.	2
There are two mechanisms.	3
There are three or four mechanisms.	4
All five mechanisms are there.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 5. There is a strategy to improve the quality of the goods produced and the services provided by the subnational government.

The continuous improvement of the quality of the goods and services produced by an agency or institution is an important part of the management for results. An improvement strategy of the services should contain at least the following elements:

1. Quality standards for each service.
2. Evaluation of the services in accordance with the established standards.
3. Procedures to correct deviations detected by the evaluation.
4. Strategies to improve the standards as a means to improve the services.

Qualification Criteria	Score
There is no strategy to improve the quality of the products and services.	0
An improvement strategy of the products and services is being formulated.	1
Element 1 is met.	2
Elements 1 and 2 are met.	3
Elements 1, 2 and 3 are met.	4
Elements 1, 2, 3 and 4 are met.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 6. Information on the satisfaction of users of the services is systematically and periodically collected and analyzed.

User satisfaction is an important aspect in achieving good management. Thus, public managers should collect the opinion of the users of the services and to use it to identify the elements that need to be corrected or improved. Collection of the information should be periodic and systematic using instruments such as surveys and focus groups.

Qualification Criteria	Score
Information on the satisfaction of users of the services is not systematically and periodically collected and analyzed.	0
It is sporadically collected.	1
It is systematically and periodically collected.	2
It is sporadically collected and analyzed.	3
Information on the satisfaction of users of the services is systematically and periodically collected and analyzed.	4
Information on the satisfaction of users of the services is systematically and periodically collected, analyzed, and used.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 7. The sector has an information system with up-to-date data on the goods it produces and the services it provides.

Sectoral departments and institutions should have an information system with data on the goods they produce and the services they provide. These data are the basis of the monitoring systems of the MfDR at all levels (service, program, institution), as well as the raw material of the performance indicators for the evaluation of the expenditure. Accordingly, the reliability of these information systems is indispensable for the good operation of results-based management and, at least, they should comply with the following elements.

1. There is a data collection, input, and processing system on the goods produced and the services provided by the sector.
2. At least 80% of the data on the goods produced and the services provided by the sector is entered into the system.
3. The information entered into the system is up-to-date (less than one year of delay).
4. The information entered into the system is of good quality.
5. The information collected is sufficient to feed the performance indicators established by the sectoral and governmental plan.
6. System audits are carried out periodically.

Qualification Criteria	Score
There is no data collection, input, and processing system on the goods produced and the services provided by the sector	0
Only element 1 is met.	1
The system meets two of the five elements.	2
The system meets three of the five elements.	3
The system meets four or five of the six elements.	4
The system meets all the elements.	5

Persons interviewed and documents reviewed:

Comments and justification:

MONITORING AND EVALUATION

Indicator 21. Information Systems

Requirement 1. There is a computerized system that integrates the data on the production of goods, works, and services of the different departments, programs, and projects of the subnational government.

The subnational government should have a computerized system that integrates the data on the goods produced, the services provided, and the works carried out by the different departments, programs, and projects. The suitability of these information systems is indispensable for the good operation of a results-based management and is the basis for the monitoring and evaluation system.

Qualification Criteria	Score
There is no computerized system that integrates the data on the goods produced, the services provided, and the works carried out by the different departments, programs, and projects of the subnational government.	0
There is a proposal or approved project to set up the system.	1
The integrated computerized system is beginning to be implemented.	2
The computerized system is set up but still needs improvement or all the components are not installed.	3
All the elements of the computerized system are complete but there are still aspects that need to be improved.	4
All the elements of the system are complete and work well.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. The information system covers the information on all the goods, services, and works produced by the subnational government.

Taking last year's budget as reference, identify the institutions, departments, programs, and projects whose data are included in the information system and calculate the weight they have in last year's total budget. The debt service charges should be excluded from the calculation.

Qualification Criteria	Score
There is no information system that integrates the information on all the goods, services, and works produced by the subnational government.	0
The departments, programs, and projects whose information is recorded and processed in the integrated information system represent 20% or less of the total expenditure of the subnational government.	1
The departments, programs, and projects whose information is recorded and processed in the integrated information system represent between 21 and 40% of the total expenditure of the subnational government.	2
The departments, programs, and projects whose information is recorded and processed in the integrated information system represent between 41 and 60% of the total expenditure of the subnational government.	3
The departments, programs, and projects whose information is recorded and processed in the integrated information system represent between 61 and 80% of the total expenditure of the subnational government.	4
The departments, programs, and projects whose information is recorded and processed in the integrated information system represent 81% or more of the total expenditure of the subnational government.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 22. Monitoring of Subnational Government Management

Requirement 1. There is a monitoring system of the achievement of the goals and targets of the government plan through performance indicators.

The monitoring system should be based on the systematic data compilation on the progress of the entities, programs, and projects that execute the plan of the subnational government. It should include information on the execution of the inputs, processes, and products, and on the effects and impacts achieved. Following is a definition of these terms.

- Inputs: financial, human, and material resources used to generate the products.
- Processes: activities carried out to transform the inputs into products.
- Products: goods and services generated.
- Effects: changes in the conduct or in the status of the beneficiaries as a consequence of receiving the products (goods or services).
- Impacts: Changes in the living conditions of the target population.

The data should be organized in the form of indicators, that is, of quantitative or qualitative variables through which the achievements reached can be measured, the changes related to an intervention observed, or the results of a program, project, or institution analyzed. It should be

clarified that this system does not refer to the financial and physical monitoring of the public investment.

Qualification Criteria	Score
There is no monitoring system of the achievement of the goals and targets of the subnational government through performance indicators.	0
There is a proposal or approved project to set up the system.	1
The monitoring system is beginning to be implemented.	2
The monitoring system is set up but still needs improvement, or all its components are not working.	3
All the elements of the monitoring system are complete and work well but there are no indicators, or effect and impact indicators are inadequate.	4
All the elements of the monitoring system are complete and work well and it includes effect and impact indicators.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 2. The monitoring system includes the programs and projects, decentralized entities and agencies of the subnational government.

The monitoring system should include all the programs and projects of the government plan and, at best, all the agencies and entities of the subnational government, even those decentralized. It should be noted that some monitoring systems only take into account the projects of the investment plan, because they were developed as part of the Public Investment Systems.

Qualification Criteria	Score
There is no monitoring system of governmental management through performance indicators.	0
The monitoring system includes some isolated projects.	1
The monitoring system includes the projects incorporated in the investment plan.	2
The monitoring system includes the programs and projects incorporated in the government plan.	3
The system of monitoring includes the programs and projects incorporated in the government plan and also the departments, agencies comprising the subnational government.	4
The monitoring system includes: i) the programs and projects incorporated in the government plan, ii) the departments, agencies comprising the subnational government, and iii) the decentralized agencies of the subnational government.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. The monitoring system covers all the actions of the subnational government.

Taking last year's budget as reference, identified the programs, projects, entities and decentralized agencies of the subnational government whose data are included in the monitoring system, and calculate the weight they have in last year's total budget. The debt service charges should be excluded from the calculation.

Qualification Criteria	Score
There is no monitoring system.	0
The monitored projects, programs, entities, and decentralized agencies represent 20% or less of the total expenditure of the subnational government.	1
The monitored projects, programs, entities, and decentralized agencies represent between 21 and 40% of the total expenditure of the subnational government.	2
The monitored projects, programs, entities, and decentralized agencies represent between 41 and 60% of the total expenditure of the subnational government.	3
The monitored projects, programs, entities, and decentralized agencies represent between 61 and 80% of the total expenditure of the subnational government.	4
The monitored projects, programs, entities, and decentralized agencies represent 81% or more of the total expenditure of the subnational government.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 4. The system has suitable indicators to monitor the results.

A monitoring system requires the development of instruments and work methodologies, the definition of processes and procedures, the preparation of guides, manuals, and other technical documents for the operation of the system. All this facilitates its good operation and creates an adequate framework for the production of good quality, credible, and timely information. Furthermore, the indicators should meet the following conditions to ensure their suitability as measuring instrument of the results.

1. There are technical standards for the preparation and analysis of the indicators.
2. The indicators are associated with objectives of the medium-term government plan.
3. The indicators have goals or referents that measure an expected result.
4. The indicator measurement frequency has been defined.
5. Those responsible for the execution of the actions have participated in the construction of the indicator.

Qualification Criteria	Score
There is no monitoring system or the system does not meet any of the conditions.	0

The system meets one condition.	1
The system meets two conditions.	2
The system meets three conditions.	3
The system meets four conditions.	4
The system meets five conditions.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 5. The information from the monitoring system is used to make technical, administrative, and budgetary decisions.

The monitoring and evaluation systems are developed to improve the management of the institutions and to be accountable; thus, the use of the information generated is the central concern of the MfDR. The monitoring system should be used truly and effectively for at least the following purposes:

1. Correct the progress of the institutions, programs, and projects.
2. Discuss the budget and/or make decisions on the allocation of resources.
3. Manage the public services.
4. Evaluate the performance of the personnel and/or the management contracts of public managers.
5. Analyze the performance of the recipients of funds from the subnational government.
6. Prepare accountability reports for the citizens.

Qualification Criteria	Score
There is no monitoring system, or the information from the monitoring system is not used for some of the purposes.	0
The information from the monitoring system is used for two or less purposes.	1
The information from the monitoring system is used for three purposes.	2
The information from the monitoring system is used for four purposes.	3
The information from the monitoring system is used for five purposes.	4
The information from the monitoring system is used for all the purposes.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 6. The information from the monitoring system is available to the public through the Internet.

The information produced by the monitoring system should be available to the public through the Internet to make public management transparent and to be accountable to the citizens.

Qualification Criteria	Score
There is no monitoring system, or the information from the monitoring is not available to the public through the Internet.	0
The information from the monitoring system is made <i>partially</i> available to the public through the Internet.	1
	2
Not applicable.	3
Not applicable.	4
The complete information from the monitoring system is available to the public through the Internet.	5

Persons interviewed and documents reviewed:
Comments and justification:

Indicator 23. Evaluation of Subnational Government Management

Requirement 1. There is a subnational government department in charge of evaluating the results (effects, impacts) of the entities, programs, and projects.

The subnational government should have a department responsible for evaluating the results of the management of the entities, programs, and projects of the subnational government. The evaluation is the “systematic and objective appraisal of a project, program, or policy in progress or concluded, its design, its implementation, and its results. The objective is to determine the relevance and the achievement of the objectives, as well as the efficiency, effectiveness, impact, and sustainability for development. An evaluation must provide credible and useful information that makes it possible to incorporate the lessons learned in the decision-making process” (OCDE, 2002). The evaluation, through a systematic collection and analysis process of relevant data, issues conclusions on the causes and the reasons of the results obtained by a program, project, or institution, reviews unintentional results, studies the process followed to obtain them, and provides recommendations for future actions.

Qualification Criteria	Score
There is no department responsible for the evaluation of the results.	0
The law establishes the existence of that department but it is not applied.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
There is a department responsible for the evaluation of the results (effects and impacts) of the entities, programs, and projects of the subnational government.	5

Persons interviewed and documents reviewed:

Comments and justification:

Requirement 2. There is a program of the evaluations that will be performed each year.

In order to systematically incorporate evaluations in the public management cycle, it is necessary to program the evaluations that will be performed during the governmental period based on the importance that the different interventions and institutions carry out to achieve the results of the government plan. The evaluations program must establish the amount of resources that will be used in each evaluation, its objectives, the dates on which it will be carried out, its duration, and the methodology that will be used. Traditionally the evaluation was limited to the review of the projects, however, currently it is considered important to also evaluate the policies, the institutions, and the programs, since all of them are part of the interventions of public policies.

Qualification Criteria	Score
There is no evaluation program to be carried out each year.	0
Not applicable.	1
Not applicable.	2
Not applicable.	3
Not applicable.	4
There is indeed an evaluation program to be carried out each year.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 3. There are technical standards for the evaluations and for the preparation of the terms of reference of the evaluations.

The responsible department should have technical standards for the evaluations and for the preparation of the terms of reference. These explain why, what, who, how, when, and at what cost an evaluation will be made and then an evaluation they should be prepared following technical standards and duly formalized procedures.

Qualification Criteria	Score
There are no technical standards for the evaluations or for the preparation of the terms of reference.	0
There are technical standards for the evaluations or for the preparation of the terms of reference.	1
Not applicable.	2
Not applicable.	3

Not applicable.	4
There are technical standards for the evaluations and for the preparation of the terms of reference.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 4. The subnational government has specific resources to perform the evaluations.

The subnational government should have resources specifically allocated for the evaluation of the policies, programs, and projects it carries out.

Qualification Criteria	Score
There are no resources available to perform evaluations.	0
Some projects financed with international donor funds and/or with transfers from the central government have funds for their evaluation.	1
Some investment projects of the subnational government have funds for their evaluation	2
All the investment projects of the subnational government have resources for their evaluation.	3
All the projects financed with international donor funds, with funds transferred by the central government, and all the investment projects of the subnational government have resources for their evaluation.	4
There is a program of annual evaluations for programs and projects that has regular financing in the budget.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 5. There are institutionalized criteria and procedures to analyze the results of the evaluations and incorporate the lessons learned into the technical, administrative, and financial management of the subnational government.

Evaluations are made to improve the management of the institutions, thus, the use of the information they generate is a central concern of the MfDR. The evaluations should be used at least with the following purposes:

1. Design the annual and multiannual plans of the government.
2. Correct the progress of the institutions, programs, and projects.

3. Discuss the budget and/or make decisions on the allocation of resources.
4. Manage the public services.
5. Evaluate the management contracts of public managers.
6. Analyze the performance of the recipients of funds from the subnational government.
7. Prepare accountability reports for the public.

Qualification Criteria	Score
Evaluations are not carried out or the information from the evaluations is not used for any of the purposes.	0
The information from the evaluations is used for two or fewer purposes.	1
The information from the evaluations is used for three purposes.	2
The information from the evaluations is used for four purposes.	3
The information from the evaluations is used for five purposes.	4
The information from the evaluations is used for six or more purposes.	5

Persons interviewed and documents reviewed:
Comments and justification:

Requirement 6. The evaluation reports are available to the public through the Internet.

In order to make public management more transparent, the evaluation reports should be available to the public through the Internet.

Qualification Criteria	Score
There is no monitoring system, or the evaluation reports are not available to the public through the Internet.	0
Not applicable.	1
The evaluation reports are made <i>partially</i> available to the public through the Internet.	2
Not applicable.	3
Not applicable.	4
All the complete evaluation reports are available to the public through the Internet.	5

Persons interviewed and documents reviewed:
Comments and justification: