

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

GUATEMALA

**OFFICE OF THE PUBLIC PROSECUTOR STRENGTHENING AND
MODERNIZATION PROGRAM**

(GU-L1095)

LOAN PROPOSAL

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CONTENTS

PROGRAM SUMMARY

| | | |
|------|---|----|
| I. | PROGRAM DESCRIPTION AND RESULTS MONITORING..... | 1 |
| | A. Background, problem to be addressed, and rationale | 1 |
| | B. Objectives, components, and cost | 10 |
| | C. Key results indicators | 11 |
| II. | FINANCING STRUCTURE AND MAIN RISKS | 12 |
| | A. Financing instruments | 12 |
| | B. Environmental and social risks | 13 |
| | C. Fiduciary risks | 13 |
| | D. Other program risks..... | 14 |
| III. | IMPLEMENTATION AND MANAGEMENT PLAN | 15 |
| | A. Summary of implementation arrangements | 15 |
| | B. Summary of arrangements for monitoring results | 17 |

ANNEXES

| | |
|-----------|--|
| Annex I | Development Effectiveness Matrix (DEM) - summary |
| Annex II | Results Matrix |
| Annex III | Fiduciary Agreements and Requirements |

ELECTRONIC LINKS

REQUIRED

1. [Multiyear Execution Plan \(MEP\)](#)
2. [Annual work plan \(AWP\)](#)
3. [Monitoring and evaluation plan](#)
4. [Environmental and Social Management Reports \(ESMR\)](#)
5. [Procurement Plan](#)

OPTIONAL

1. [Itemized budget](#)
2. [Economic analysis of the program and support document in Excel](#)
3. [Financial plan](#)
4. [Standard documents prepared for pre-investment, supervision, and construction](#)
5. [United Nations Office for Project Services \(UNOPS\) \(2016\). Analysis of causes delaying execution of programs with infrastructure components in seven countries](#)
6. [Technology Master Plan of the Office of the Public Prosecutor \(MP\) \(2015\)](#)
7. [Matrix with alignment between the proposed program and budget and indicators of the MP and PAPTN](#)
8. [Mapping of international donors supporting the MP](#)
9. [Database of the Computerized Case Management Control System \(SICOMP\) 2008-2016](#)
10. [Amendments to the Law of the Office of the Public Prosecutor of 23 February 2016](#)
11. [Evidence of internal/external validity of solutions](#)
12. [Indicators of the MP compared with public prosecutor offices in other countries](#)
13. [Safeguard Policy Filter \(SPF\) and Safeguard Screening Form for Project Classification \(SSF\)](#)

ABBREVIATIONS

| | |
|----------|---|
| ABA | American Bar Association |
| ASIES | Asociación de Investigación y Estudios Sociales [Association for Social Research and Studies] |
| AWP | Annual work plan |
| CUT | Single Treasury Account |
| CGC | Comptroller General's Office |
| DICRI | Criminal Investigation Bureau (of the Office of the Public Prosecutor) |
| FM | Fiscalía Metropolitana [Metropolitan Prosecution Office] |
| ICB | International competitive bidding |
| INACIF | National Institute of Forensic Sciences |
| MINFIN | Ministry of Public Finance |
| MP | Office of the Public Prosecutor |
| OAP | Victim Assistance Office |
| PAPTN | Plan of the Alliance for Prosperity in the Northern Triangle |
| PEU | Program Execution Unit |
| PNC | National Civil Police |
| SEGEPLAN | Secretariat of Planning and Programming of the Presidency |
| SEJUST | European Union Program of Support for Security and Justice in Guatemala |
| SIAF | Integrated Financial Administration System |
| SICOMP | Public Prosecutor's Office Investigation Control System |
| UDT | Unidad de Decisión Temprana [Early Decision Unit] |
| UNDP | United Nations Development Programme |
| UNOPS | United Nations Office for Project Services |
| USAID | United States Agency for International Development |

PROGRAM SUMMARY

**GUATEMALA
OFFICE OF THE PUBLIC PROSECUTOR STRENGTHENING AND MODERNIZATION PROGRAM
(GU-L1095)**

| Financial Terms and Conditions | | | | |
|---|-------------------------------|-------------------------------------|---|---|
| Borrower: Republic of Guatemala | | | Flexible Financing Facility ^(a) | |
| | | | Amortization period: | 25 years |
| Executing Agency: Office of the Public Prosecutor | | | Original weighted average life: | 15.25 years |
| | | | Disbursement period: | 5 years |
| Source | Amount (US\$ millions) | % | Grace period: | 5.5 years |
| | | | Inspection and supervision fee: | (b) |
| IDB/OC: | 60 | 100 | Interest rate: | LIBOR-based |
| | | | Credit fee: | (b) |
| Total: | 60 | 100 | Approval currency: | United States dollars from the Ordinary Capital |
| Program at a glance | | | | |
| Program objective: To enhance the efficiency of the Office of the Public Prosecutor (MP) in order to help reduce impunity in Guatemala. This objective will be achieved by: (i) boosting efficiency in the processing of complaints and cases; (ii) increasing the quality of motions for indictment submitted to judges; and (iii) reducing internal response times and speeding assistance to the public. | | | | |
| Special contractual conditions precedent to the first disbursement of the loan: The borrower, through the executing agency, will present, to the Bank's satisfaction, evidence of: (i) creation or designation of the Program Execution Unit (PEU), with administrative and financial autonomy, within the MP, consisting of a general coordinator as well as a procurement specialist, a financial specialist, and a prosecution office management specialist, and a team of specialized consultants (public investment management, planning, monitoring, and evaluation) consistent with profiles agreed with the Bank; simultaneously, support will be provided by a consulting firm selected to support the PEU with the design, supervision, and construction of the works planned under component 3; (ii) approval of a program operating manual; and (iii) signing of a subsidiary agreement between the borrower and the executing agency for the transfer of resources and program execution responsibilities (paragraph 3.3). | | | | |
| Special contractual conditions for execution: (i) The borrower agrees to assign and transfer the loan proceeds to the executing agency for the due execution of the program, as established in the subsidiary agreement; (ii) in the context of this program, the executing agency may sign multiyear execution contracts for works, goods, and services, in which case sufficient provisions will have to be made in subsequent annual budgets to cover the respective payment obligations; (iii) the borrower will present to the Bank (by 30 January of each year) evidence that the budgetary allocations for the program have been included in the State's general budget of revenues and expenditures to meet the payment obligations arising from the commitments contracted and to be contracted by the executing agency in accordance with the execution timetable for the fiscal year in question. The evidence will consist of the report of the corresponding Integrated Government Accounting System; (iv) the proceeds from program disbursements will be deposited into a special account in United States dollars opened by the borrower in the Bank of Guatemala; (v) to pay the obligations assumed under the loan, the executing agency may open a bank account in accordance with current regulations; (vi) before construction begins on the program's two civil works (Jalapa district prosecution office and Tower II of the MP Headquarters), there will be evidence of legal possession of the lands and that the applicable environmental licenses have been obtained, pursuant to national legislation (Paragraph 3.4). | | | | |
| Exceptions to Bank policies: None. | | | | |
| Strategic alignment | | | | |
| Challenges ^(c) : | SI | <input type="checkbox"/> | PI | <input type="checkbox"/> |
| Crosscutting issues ^(d) : | GD | <input checked="" type="checkbox"/> | CC | <input type="checkbox"/> |
| | | | IC | <input checked="" type="checkbox"/> |

- (a) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency and interest rate conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.
- (c) SI (social inclusion and equality); PI (productivity and innovation); and EI (economic integration).
- (d) GD (gender equality and diversity), CC (climate change and environmental sustainability), and IC (institutional capacity and rule of law).

I. PROGRAM DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale

- 1.1 **Background.** In their development efforts, the countries of the Northern Triangle of Central America (El Salvador, Honduras, and Guatemala) face the challenge of high rates of crime and violence. Since 2014 international cooperation has sought to pool efforts to reduce those rates through measures to improve citizen security and broaden access to justice. Of particular concern are the high homicide rates,¹ which are aggravated by the high incidence of unreported offenses. As a number of international studies have shown, the most urgent problem facing the Office of the Public Prosecutor (MP), the criminal justice institution responsible for investigating and prosecuting crimes, is its ineffectiveness in combating these criminal phenomena in Guatemala.
- 1.2 One study on Guatemala² linked widespread victimization by crime to the fact that 22.9% of the population approves of people taking the law into their own hands. The International Commission against Impunity in Guatemala (CICIG) estimated that only 2% of complaints filed with the MP result in final judgments, and that impunity in cases of violent death stood at 89% in 2014. A 2015 report of the [Central American Institute for Fiscal Studies \(ICEFI\)](#) concurred in this assessment, suggesting that in Guatemala the probability of being prosecuted is low. The high rate of impunity is important because of the incentives it may create for potential criminals: the latest theoretical works on this topic³ argue that that the likelihood of being punished has a great impact on levels of criminal behavior. As the probability of being prosecuted is low, it may be said that the ineffectiveness of the MP contributes to the crime rate in what amounts to a vicious circle.
- 1.3 The availability of human resources (prosecutors per 100,000 inhabitants) and the percentage of the national budget allocated to the MP (more than 2%) exceed the average for other prosecutor's offices in the region. The explanation of the MP's ineffectiveness lies in the inefficient use of institutional resources in responding to demand (complaints and case investigations). The prosecutors/inhabitants ratio in Guatemala is higher than in neighboring Central American countries (13 per 100,000 versus 11-12) and the European average of 11.4,⁴ while the average annual workload per prosecutor, at 150 to 200 cases, is low in comparison, for example, with Chile (2,300). In the absence of statistical series for other Latin American prosecution offices, levels of efficiency were compared for Guatemala and Chile,

¹ Homicide rates in Guatemala in 2010 and 2015 were 41.6 and 33.8 per 100,000 inhabitants, respectively, exceeding the Latin American average (25.0 in 2012), even if they compare favorably with El Salvador (104 in 2015, according to the Ministry of Justice and Public Safety) and Honduras (67.5 in 2014, according to the Online Police Statistics System). The homicide rate in 2015, the degree of approval of vigilante justice (Demombynes, 2009), and the annual productivity per Guatemalan prosecutor in 2015, at four final judgments and 14 conditional judgments without sentence, according to Hammergren (2014), are the baselines for the impact indicators of the proposed program.

² [Demombynes, Gabriel \(2009\). *The effect of crime victimization on attitudes towards criminal justice in Latin America*. Draft.](#)

³ [Yezer, Anthony \(2013\). *Economics of Crime and Enforcement*, Routledge.](#)

⁴ See [Report of the European Commission for the Efficiency of Justice \(CEPEJ\) \(2014\)](#).

and it was found that in the former country the cost per motion for indictment was approximately US\$6,748, while in Chile the cost per motion was US\$843.⁵

- 1.4 **Specific problems.** Table 1 offers a quantitative overview, using data from the MP's Computerized Case Management Control System (SICOMP) on three of the four specific problems: (i) low and inefficient rate of handling complaints; (ii) low probability that a case referred to a prosecutor will result in a motion for indictment; (iii) low quality of motions for indictment, resulting in few final judgments; and (iv) low probability that a victim will report a crime, or will do so on time.

Table 1. Institutional responses of the MP by type of procedure

| Procedure | 2013 | 2014 | 2015 |
|---|---------|---------|---------|
| Complaints received | 374,421 | 398,089 | 401,356 |
| Cases handled by the Oficina de Atención Permanente [Victim Assistance Office] (OAP) | 89,966 | 77,451 | 103,090 |
| Cases remitted to prosecutors | 277,300 | 312,193 | 291,931 |
| Motions for indictment | 16,554 | 17,235 | 17,971 |
| Final judgments | 7,704 | 7,962 | 9,068 |
| Handled through alternative procedures, Unidad de Decisión Temprana [Early Decision Unit] (UDT): | 27,945 | 23,908 | 28,097 |
| <i>Waiver of prosecution</i> | 25,334 | 21,487 | 25,180 |
| <i>Suspension of prosecution and conversion</i> | 2,611 | 2,421 | 2,917 |
| Handled by other means (UDT): | 154,675 | 121,960 | 265,442 |
| <i>Dismissals</i> | 138,953 | 103,040 | 225,974 |
| <i>Set-aside, closure, rejection, transfer to justices of the peace</i> | 15,722 | 18,920 | 39,468 |

Source: *Memoria de Labores del MP 2013-2015* [Summary of the MP's work 2013-2015]; includes Fiscalía Metropolitana [Metropolitan Prosecution Office] (FM).

- 1.5 **Low and inefficient rate of handling complaints.** A comparison of the performance of public prosecutor's offices in Chile and Guatemala shows that in 2015 the Chilean offices received 1.6 million complaints (four times as many as the Guatemalan offices) and obtained 251,248 judgments (32 times the number for Guatemala) with 647 prosecutors,⁶ or one-third the number of prosecutors in Guatemala. This problem can be attributed to three causes:
- a. Deficient implementation of filters to separate complaints that can be investigated and/or resolved through conciliation. Between 2013 and 2015, the MP acted on the basis of complaints⁷ from the police stations (40%), from the Judicial Branch (OJ) (25%) and those filed directly with the MP (35%). In the initial stages of handling complaints (verification, separation of minor offenses),

⁵ [MP indicators compared to other countries' prosecutor's offices.](#)

⁶ [Binder et al. \(2010\). Consultant's report on the strengthening of the Chilean prosecutor's office, consulting service output.](#)

⁷ The typology of complaints received in the MP includes common offenses: during the period 2013-2015, the 10 most frequent complaints related to violence against women, threats, non-crimes or misdemeanors, robbery, theft, aggravated robbery, minor wounding, aggravated theft, theft of cell phones, and mistreatment of minors. Homicide ranked number 14.

challenges were identified due to the lack of trained personnel (especially outside the country's capital). Of the total complaints received in the MP, the "non-crimes" filtered out by the OAP of the Metropolitan Prosecution Office (FM), which ranked third among the complaints received, represented an average of 22% each year; minor offenses apt for conciliation (sent to the FM's UDT) represented on average 6.5% of the complaints received each year. If few cases are handled for lack of guidelines, and there is no identification of cases for alternative solutions, minor offenses, or those without elements of proof, the workload of the prosecutors increases, with a constantly growing number of cases not addressed ("prosecutorial backlog," estimated at 1.1 million).

- b. The FM's OAP, with its backlog of unprocessed complaints, is made up of staff with inadequate working hours. Cornish (2010)⁸ highlighted the lack of personnel, guidelines for filtering complaints, and training, as well as low staff motivation due to inadequate working hours (a fifth of all complaints in the country are received outside normal working hours). According to Bolívar,⁹ to prevent user complaints, all reports are accepted and, consequently, the installed capacity of the OAP is saturated, service to the public is slow, and this discourages the filing of complaints.
 - c. Some common types of complaints are filed in person for lack of mechanisms that allow them to be processed automatically. The FM's OAP receives on an annual average 27,500 complaints of robbery, theft, or loss of cell phones. In most cases, the purpose of the complaint is to obtain a certificate that can be used for the corresponding insurance claim. In the absence of an automated mechanism for processing these certificates, they are prepared manually, and this consumes a great deal of time and resources.
- 1.6 **Low probability that a case referred to a prosecutor will result in a motion for indictment.** With an annual average of 400,000 complaints and the referral of 290,000 evidence-backed cases to prosecutors for trial, the current case management system produces fewer than 18,000 motions for indictment, and results in only 9,000 final judgments (whereas the Chilean prosecutors office produced the equivalent of 251,248 motions for indictment in 2015¹⁰). In 2015, of the 291,931 cases referred to prosecutors, 17,971 cases were converted into motions for indictment, representing a low indictment rate of 6.1%: this is one of the key elements in the impunity associated with a low probability of being punished for a crime. In cases involving violence against women and mistreatment of minors, the pattern in 2015 was the same as at the national level:¹¹ a low probability that the

⁸ [Cornish, Timothy \(2010\). The present state of the Oficina de Atención Permanente of the Metropolitan Prosecutor's Division of the Prosecutor General's Office of Guatemala, April 5-16. Consulting study financed by USAID.](#)

⁹ [Bolívar, Diego \(2016\). a. Mapa de diagnósticos y proyectos del MP, b. Diagnóstico de capacitación, c. Arreglos de implementación, d. Hallazgos](#) [a. Map of MP diagnostic assessments and projects, b. Diagnostic assessment of training, c. Implementation arrangements, d. Findings].

¹⁰ [Boletín Anual del Ministerio Público de Chile 2015](#) [2015 Annual Bulletin of Chile's Office of the Public Prosecutor].

¹¹ The Italian development cooperation agency is currently examining these cases, as part of a diagnostic assessment of the juvenile justice system, which will be reflected in the proposed program.

case would result in a motion for indictment, even though the guilty party is more likely to be identified. The four determinants of this problem are:

- a. Lack of basic functions. The MP has a [2015-2019 Strategic Plan](#) with no data on the quantity and quality of service provided to the public. This is because there are no basic functions for planning, monitoring, and evaluation, and no units responsible for collecting, compiling, processing, and analyzing data on the MP's performance. Bolívar (2016a) suggests that the lack of these functions and units carries two risks: (i) the MP will not be prepared if there are expected changes in the demand for service (for example, as extortion networks are dismantled, the workload of the corresponding prosecutor will automatically drop); and (ii) a waste of in-house and international resources.
- b. Incomplete implementation of the case management system. To investigate cases with elements of evidence, in 2010 the MP adopted a management system based on investigation according to complexity: in 2015 only 6% of cases resulted in motions for indictment; the average time between the date a complaint was received and the date the motion for indictment was presented increased from 56 days in 2011 to 320 days in 2015. The reason is that the system was not implemented as recommended, as this would have required a significant increase in prosecution staff. Outside the country's capital the change was not implemented at all, and a system investigating all cases still prevails.¹²

In the case of crimes involving violence against women and mistreatment of minors, the change in the management system meant that between 2011 and 2015 the average time between the date a complaint is received and the date a motion for indictment is presented increased from 188 and 185 days to 294 and 307 days, respectively. It should be noted that the SICOMP does not record the age of either the plaintiff or the victim, and there is an overlap, for example, in complaints of teenage pregnancies due to sexual violence, which prevents the proper identification of the institutional proceedings followed.

- c. Time lost in preparing motions for indictment due to deficient documentation handling. According to the [2011 report of the Asociación de Investigación y Estudios Sociales \[Association for Social Research and Studies\] \(ASIES\)](#), prosecution staff face problems in securing the chain of custody of evidence from the scene of the crime, and this has a negative impact on the quality of the investigation. An additional impact is the saturation of physical space at the MP headquarters: The Barrientos report¹³ noted the vulnerability of files and evidence due to lack of control over the chain of custody, and estimated that files and evidence were taking up the equivalent of 8,680 linear meters of floor space at MP headquarters, due to the lack of a document management system and adequate areas for safekeeping and conservation.

¹² Reposo, Maria (2015): *Evaluación del modelo de gestión fiscal por unidades funcionales, en fiscalías distritales del área metropolitana y fiscalías seleccionadas del interior de la República de Guatemala*. Draft report financed by the European Union.

¹³ [Barrientos, Lizbeth \(2014\). Diagnóstico técnico de los archivos del MP](#) [Technical assessment of MP archives].

- d. Prosecution staff are not prepared to build a theory of the case, perform investigation and prosecution tasks and lack motivation to solve cases. The 2011 observations of the [American Bar Association \(ABA\)](#) on the weaknesses of prosecution staff in directing the investigation carried out by the National Civil Police (PNC), and arguing the case before a judge were confirmed by means of seven focus groups with around 100 participants in January 2016 (Bolívar, 2016b). According the MP's human resources records, 90% of prosecution staff entered the MP between 1995 and 2010 under nontransparent recruitment procedures ([ASIES, 2011](#)). According to an internal study of criminal justice policy, the assigned prosecutor tends to request cancellation of court hearings if he or she did not have time to read files submitted late by the investigating prosecutor.

The average age of 75% of prosecution staff is 30-36 years. They lack complete university training and institutional incentives to conclude their studies, because the MP does not document academic achievements or specialization studies due to a lack of resources to pay an economic bonus. Although there has been a partially regulated career system in place since 1996, promotions are made without any comprehensive evaluation system: of staff who have not completed their studies, one quarter were denied the possibility of career advancement because of regulatory defects.

- 1.7 **Low quality of motions for indictment.** In 2015, of the 17,071 cases with motions for indictment, 9,068 resulted in final judgments, representing a rate of 53.1%, which is an additional element explaining the low probability of being punished for a crime. The causes of this problem are:

- a. Inadequate presentation of the case at court, due to disruption of the link between investigation and prosecution. This is part of the model criticized both inside and outside Guatemala (Justice Studies Center of the Americas (JSCA), 2014), and one of its consequences is low productivity, as estimated in a consultant's report:¹⁴ in 2013 a total of 1,497 prosecutors filed 16,554 motions for indictment, and obtained 7,704 final judgments (five per prosecutor); productivity between 2014 and 2015 fell due to a greater number of prosecutors (2,300), and is estimated at four judgments per prosecutor. In addition to the problems of quantity and quality in preparing motions for indictment, there are problems of tardiness in court appearances, as prosecution staff must find their own means of transportation; although the MP offers bus service, waiting and travel times exceed one hour,¹⁵ depending on traffic conditions.¹⁶
- b. The effectiveness of the investigation is also undermined by shortcomings in the SICOMP, and by prosecution staff's lack of expertise in using it as a

¹⁴ [Hammergren, Linn \(2014\): Diagnóstico sobre contenido y uso de estadística del MP](#) [Diagnostic assessment of the content and use of the MP's statistics].

¹⁵ The MP produced this estimate based on runs using the bus assigned to this route on 24 and 25 February 2016.

¹⁶ [Evidencia sobre problemas por desplazamiento de personal entre oficinas en capital](#) [Evidence of problems caused by staff movement between offices in the capital].

management tool. Recent studies¹⁷ and the MP's information technology plan¹⁸ have described the existing technological infrastructure as obsolete, poorly maintained, and at constant risk of breakdown. It was empirically estimated that 50% of information from the scene of the crime is not entered in SICOMP due to its lack of electronic transmission and storage capacity; it must be sent in hard copy from the Criminal Investigation Bureau (DICRI) on the outskirts of the city to MP headquarters in the center: this document flow takes on average 20 days. In addition, with the current SICOMP data cannot be cross-checked to interpret criminal phenomena and provide input to the prosecutors' investigation, as stated in the 2015-2019 Strategic Plan.

- c. There are problems with collecting data at the scene of the crime, due to faulty coordination with the national police. The [ABA report \(2011\)](#) pointed to poor communication and coordination among criminal investigation institutions (such as the PNC of the Ministry of the Interior, the National Institute of Forensic Sciences, and the firefighting corps), resulting in an asymmetry of information on the origin of the case, as well as a lack of coordination in compiling and handling evidence from the crime scene. According to the survey of information for updating interagency coordination protocols,¹⁹ the MP has 19 documents that are out of date and incomplete, giving rise to confusion regarding institutional roles at the scene of the crime.
 - d. No training is provided to overcome the shortcomings in the prosecutors' performance. According to [ASIES \(2011\)](#), the MP training unit has no pedagogical model, and has covered only prosecution staff based in the capital. Moreover, it depends on offering provided by international cooperation. At present, that unit still lacks a pedagogical model, and a light schedule of courses is offered only sporadically, without any measurement of impact (Bolívar, 2016b). If the SICOMP is not used as a management tool, this is due in part to the lack of resources for training in the use of information systems.
 - e. The disciplinary system has been weak from its outset, according to the ABA (2011). Although the [Reform of the Public Prosecution Act of 23 February 2016](#) provides the possibility of dismissing prosecutors for low qualifications, as well as creating a unit of disciplinary boards to implement General Supervision, various units participate in the investigation of cases of internal corruption, with weaknesses of coordination that inhibit expeditious action ([2015-2019 Strategic Plan](#)).
- 1.8 **Low probability that a victim will report a crime, or do so on time.** The report published by the United Nations Development Programme (UNDP) in 2007 on violent crime in Guatemala revealed that 74.9% of such crimes are not reported to the police, and the majority of people interviewed (59%) said that to do so was useless. There are five factors that underlie this problem:
- a. In terms of responding promptly to complaints, much time is lost looking for the necessary resources among the about 20 prosecution offices scattered across

¹⁷ [Tapia, Alejandro \(2013\). Informe de elementos tecnológicos para nuevo sistema de información penal, con MP](#) [Report on technology for a new criminal information system, with the MP].

¹⁸ [Plan Maestro de Tecnología del MP \(2015\)](#) [MP master plan for technology (2015)].

¹⁹ [Novoa, María \(2015\). Inventario de protocolos de investigación](#) [Inventory of investigation protocols].

the capital. According to data for 2014-2016, the time elapsing between the date a crime is committed and the date it is reported to a local prosecution office in the capital is, on average, 10 days, while outside the capital it varies between 12 and 15 days. One explanation lies in the geographic dispersal of human resources and prosecution offices, which discourages the public from reporting crimes. This dispersal translates into longer travel times, longer waiting times to file a complaint, and difficulties for plaintiffs in locating the prosecution office that has summoned them to make a statement.

- b. Internal response time: there are shortcomings in the coordination and monitoring of staff due to the dispersal of offices across the capital, especially the DICRI, whose data serve as input to the investigations by all prosecutors. On one hand, the MP has 26 sectional offices, one specialized office, and one metropolitan office in the country: half of them are located in the capital (where 65% of personnel are employed) and, more specifically, 10 are located at MP headquarters, where it has been necessary to install certain administrative offices in the corridors and public areas. On the other hand, the DICRI has 600 workers in rental premises of 5,071 m² on the outskirts of the capital, and this delays the flow of documentation to the offices at headquarters – the bus trip can take more than an hour. As a result of this situation, time is lost in the movement of personnel between offices (82,368 person-hours per year, equivalent to hiring 40 prosecutors).
- c. Of MP offices in the country (68), 71% are in rental premises, only three of which meet the minimum physical conditions for the operation of a prosecution office. The physical infrastructure leased in the capital does not correspond to good practices in an adversarial criminal justice system (for example, in Colombia²⁰), in terms of providing separate areas for administrative units, teamwork among prosecutorial staff, service to the public, interviews, and the safekeeping of files and evidence. For example, four recently created prosecution offices (Crimes against Minors, Environment, Human Rights and Intellectual Property) with 200 employees are scattered across the capital in rented premises totaling 3,607 m². Yet according to estimates in a consultant's report,²¹ those offices should be occupying 21,472 m².
- d. The MP's low coverage lengthens the time between the date a crime occurs and the date it is reported. Outside the capital, where 35% of MP staff work in 56 offices, only 10% of the resident population is covered. It is estimated that the time between the date a crime occurs and the date it is reported averages 12 days, which is too long for immediate action to be taken. The current status of 14 prosecution offices was analyzed in 2015 through the Program to Support the Criminal Justice Sector (1905/OC-GU), which identified an urgent need to replace rented spaces in order to provide those offices with basic services for prosecution personnel and plaintiffs and to safeguard case files and evidence.

²⁰ [USAID \(2015\). Balance diez años de funcionamiento del sistema penal acusatorio en Colombia \(2004-2014\)](#) [Balance sheet after ten years of operation of the adversarial criminal justice system in Colombia (2004-2014)].

²¹ [Argueta, Juan Carlos \(2015\). Diseño conceptual y especificaciones técnicas para obra civil del MP en Guatemala y Jalapa](#) [Conceptual design and technical specifications for the MP's civil Works in Guatemala City and Jalapa].

At present there is a district prosecution office in Jalapa²² for which a building is being rented that is not appropriate for a public office, and will have to be replaced in order to expand facilities for work and for serving the public as well as to house a decentralized body of the DICRI.

- e. Because the ethnic and cultural identity of plaintiffs is not recorded, there is only limited understanding of the criminal phenomena that affect, for example, the indigenous population. Under international conventions, this population has the right to represent itself in court in its own language, requiring differential treatment and the assistance of interpreters. The MP, however, has only one person assigned to analyzing and developing policies with an ethnic perspective, and only 68 interpreters to serve indigenous victims throughout the country. Recently the MP has undertaken a census of bilingual personnel to expand the interpreter roster, without increasing the payroll. According to the 2013-2015 crime ranking, complaints of discrimination at the national level rank fifty-ninth, but this could be underestimated given the underreporting of ethnic and cultural identity.
- 1.9 **Government priorities.** Support for the justice administration system is one of the presidential priorities spelled out in the [2016-2020 General Government Policy](#), which recognizes the high rate of impunity afflicting the country. In addition, in April 2016 the three branches of government signed the [Democratic Criminal Policy of the State of Guatemala 2015-2035](#), which includes strategic objectives and guidelines on criminal investigation. The MP is preparing to implement its strategic plan with assistance from international cooperation agencies. Theme 1 of that plan, “Democratic and Decentralized Criminal Prosecution Policy,” is aligned with priority 12 of the presidential priorities (strengthening mechanisms for coordination and action of the justice sector).
- 1.10 **Coordination with international cooperation agencies.** The most important sources of international cooperation for the MP are the United States Agency for International Development (USAID) and the Bureau of International Narcotics and Law Enforcement Affairs (INL), which have programs in the planning stage for 2017; SEJUST, and the UNDP. The Bank maintains periodic dialogue with all of them through the G-13 donors’ group and its *Petit Comité* on justice and citizen security. Most donors are concentrating their technical assistance in the capital and have little involvement in the areas of physical infrastructure and information technologies. The proposed program will invest in these two areas, as well as in improving filters in the FM’s OAP and UDT and modifying the system for managing cases involving abuse of minors (ranked tenth among complaints at the national level), both in the capital and in Jalapa. Because technical assistance from North America is concentrated on the prosecution of crimes of violence against women in the capital, the program seeks to modify the case management system for this type of crime in Jalapa. To avoid the risk of overlap between donor efforts and the proposed program, a mapping of international donors has been prepared.²³

²² Jalapa is a highly marginalized area, with a marginalization index of -0.09 (SEGEPLAN, 2007). According to the violence map prepared by the PNC, it had a homicide rate of 42 per 100,000 inhabitants in 2015, almost as high as the rate for the capital (48).

²³ [Map of international donors in the justice and security sector and those supporting the MP.](#)

- 1.11 **Strategic alignment.** The proposed program is aligned with Chapter V (Guidelines and Actions) of the MP's [2015-2019 Strategic Plan](#),²⁴ and with the strategic line for "enhancing citizen security and access to justice" of the working document for discussion of the Plan of the Alliance for Prosperity in the Northern Triangle (PAPTN, 2015).²⁵ The program is also aligned with the Bank's Country Strategy with Guatemala 2012-2016 (document GN-2689), as it will contribute to the strategic objective of improving the quality and results of criminal investigations. The program is included as well in the 2016 Operational Program Report (document GN-2849).²⁶ It is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is aligned with the crosscutting issue of gender equality and diversity, with respect to the service model for the vulnerable population, which is expected to be developed on the basis of the results of the pilot project planned in the Jalapa district prosecution office, and with the crosscutting issue of institutional capacity and the rule of law, by including in the program the reengineering of institutional processes including those corresponding to investigation and criminal prosecution. In addition, it will contribute to the Corporate Results Framework 2016-2019 (document GN-2727-4) through subnational governments benefiting from citizen security projects, and government agencies benefiting from projects to strengthen technical and managerial tools for improving service delivery. The program is consistent with the Sector Strategy: Institutions for Growth and Social Welfare (document GN-2587-2), the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1) and the Citizen Security and Justice Sector Framework Document (document GN-2771-3).
- 1.12 **Bank interventions in the sector.** The Bank has accumulated experience in nine justice programs, and in programs that are still active in Colombia, El Salvador, Honduras, Paraguay, Peru, and Guatemala. The proposed program is the third Bank loan in the justice and citizen security sector in Guatemala: in loan 1905/OC-GU, the MP is one of five executing agencies, implementing five prosecution offices next to hospitals of up to 40 m², expanding hardware and software capacity for criminal investigation, and training prosecutors. It will also promote synergy with the technical cooperation project for Public-Private Partnerships to Reduce Violence against Women in Guatemala (ATN/OC-14745-GU) now under execution by the Bank, and the initial lessons learned in two departments of Guatemala will be identified between 2017 and 2018.
- 1.13 **Lessons learned.** International cooperation agencies have financed a series of projects over the last 15 years in the region's justice sector, applying a structure similar to the proposed program: redesign of management models to enhance the quantity and quality of work, strengthening of information management systems and technological capacity, and the construction or consolidation of physical infrastructure. Lessons have been drawn from the programs 1120/OC-GU (2006) and 1905/OC-GU (ending in October 2017), showing that it is more efficient to

²⁴ [Matrix showing alignment between the proposed program, budget, and indicators for the MP and PAPTN.](#)

²⁵ The Inter-American Development Bank (IDB) serves as the Technical Secretariat for the Plan. The alignment of the program with the PAPTN falls specifically in line of action (ii) "Strengthening security and justice support staff, particularly in criminal investigation institutions." See PAPTN (2015:11-12).

²⁶ See 2016 Operational Program Report for Guatemala.

implement an operation with: (i) a single executing agency, rather than five coexecuting agencies, with a coordinator at a senior hierarchical level; (ii) an interagency working group specialized in civil works; and (iii) multiyear budgets for supporting contracts that will run for more than 12 months. Lessons were also drawn from the SEJUST, whose execution unit had specialized management functions in investment and civil works contracts (Bolívar, 2016). The study by UNOPS (2016) on the conditions for success of Bank projects financing infrastructure in small countries notes the requirement for: (i) an autonomous execution unit; (ii) staff with high technical and professional profiles; and (iii) a high-quality preinvestment framework.

- 1.14 Thirteen quantitative studies were identified ([Evidence of Internal/External Validity of Solutions](#)), of which three relate to Bank-financed projects, and they support the relevance of the solutions adopted in the proposed program. With respect to external validity, three studies were identified, of which one was an experimental “before-after” design of the MP with respect to changing the case management system in four prosecution offices, recognizing that the results can be extrapolated to modify the system in four other offices included in the program.
- 1.15 **Rationale and intervention strategy.** The proposed program seeks to replicate good practices that highlight the advantages of “Community Prosecution”²⁷ and “Vertical Prosecution”²⁸ case management systems, which are used to resolve problems of high-impact crime in North American jurisdictions; the MP has already experimented with the “vertical” management system in criminal policy matters to modify the system in four prosecution offices during 2014 and 2015. Other practices tested in advanced countries have placed emphasis on reforming the criminal investigation and prosecution function through: (i) a review of management functions, and monitoring and evaluating performance; (ii) institutional management based on statistical analysis and data mining; (iii) use of techniques to improve communication between prosecutors and the investigating police; and (iv) updating the grounds for dismissing cases as well as for court supervision of prosecutors.

B. Objectives, components, and cost

- 1.16 The general objective is to enhance the efficiency of the MP in order to help reduce impunity in Guatemala. This objective will be achieved by: (i) boosting efficiency in the processing of complaints and cases; (ii) increasing the quality of motions for indictment submitted to judges; and (iii) reducing internal response times and speeding assistance to the public.
- 1.17 **Component 1. Reengineering internal systems (US\$8 million).** This component will focus on substantive activities including: (i) developing basic processes for handling complaints, separating cases for alternative solutions, distinguishing between cases with evidence for investigation, monitoring and evaluating the work of OAP and UDT staff in the FM, and mounting public campaigns on what constitutes a crime; (ii) developing automated processes for speeding the recording of complaints for loss or theft of cell phones; (iii) compiling an inventory of processes

²⁷ According to which prosecutors have the responsibility not only to prosecute cases but also to address public safety problems, prevent crime, and boost public trust in the criminal justice system.

²⁸ In a vertical case management system, a team of prosecutors follows the case in detail, from beginning to end, thus ensuring continuity in the process of investigation and prosecution/litigation.

and support systems for prosecutorial and nonprosecutorial staff, and institutionalizing planning, monitoring, and evaluation functions by creating an ad hoc unit; (iv) in at least four prosecution offices²⁹ to be relocated in Tower III of the MP, and in the Jalapa district prosecution office, replicating the criminal policy methodology for changing the case management system, accompanied by a document management model, with special attention to updating interagency coordination protocols; and (v) a human resources management model for the functions of investigation and prosecution, with an evaluation and promotion system based on criteria including performance; with an intensive training plan for preparing motions for indictment, oral hearings, and use of information technology and data platforms, including reengineering of workflows between internal human resources supervision units.

- 1.18 **Component 2. Improving the collection, transmission, and use of information to support decision-making (US\$13 million).** This component will aim to change the use made of statistical information. This component will finance activities under the MP's responsibility and consistent with its objective, including: (i) an action plan for transforming the SICOMP into a support tool for institutional management and expanding the capacity of servers, hardware and software, databases, networks, and strengthening IT security, for which the MP will be responsible for maintenance during and after the life of the program; it also includes expanding the areas for data capture to generate statistics on the ages of plaintiffs and victims, starting with crimes of violence against women and abuse of minors, and monitoring response times in the investigation of internal matters; (ii) a system for storing and transmitting digital data with information for the investigation; (iii) development and implementation of electronic media for recording reported thefts of cell phones; and (iv) creating and institutionalizing a statistical analysis unit.
- 1.19 **Component 3. Adoption of an integrated working model coordinating investigation and prosecution teams (US\$36 million).** This component will finance activities under the jurisdiction of the MP and consistent with its objective, including: (i) two studies on victimization and perceptions at the national level to measure confidence in the justice sector, specifically in the MP; (ii) expansion of MP headquarters (Tower III) to reorganize and improve services to the public, and at the same time ensure close and coordinated work between the specialized investigation teams and 14 prosecution offices (including at least four to be relocated); and (iii) modification of the case management system, especially for cases involving abuse of minors and violence against women, and a pilot project for differentiated attention to vulnerable groups (including the indigenous population) in the Jalapa district prosecution office.

C. Key results indicators

- 1.20 The plan is to measure, for example: (i) the resolution rate for complaints received in the FM's OAP; (ii) percentage of cases involving crimes against minors that are converted into motions for indictment in the sectional prosecution office in the capital; (iii) resolution rates for crimes against minors and violence against women in the Jalapa district prosecution office; and (iv) average time between the date of the

²⁹ Crimes against minors, the environment, human rights, and intellectual property.

crime and its reporting to the Jalapa district prosecution office, and percentage of plaintiffs who declare their ethnic and cultural identity at that office (see Annex II).

- 1.21 **Beneficiaries.** The beneficiaries of the program are the citizens of Guatemala, in particular those who report crimes involving abuse of minors in the capital, and violence against women and abuse of minors in Jalapa. The program includes specific measures to broaden access to justice progressively in favor of vulnerable groups, which will generate lessons learned on the ground with respect to the effective delivery of justice services to such groups, and will enhance the probability of future success.
- 1.22 **Economic evaluation.** Using a social discount rate of 12% over a 20-year horizon and benefits and costs at market prices, it can be shown that the proposed program is economically viable. The cost-benefit ratio amounts to US\$3.1 for each dollar invested, with an internal rate of return of 48.9%. Even under a conservative scenario, where the program's impacts on productivity and efficiency are reduced by two percentage points with respect to the base case scenario, the program presents an internal rate of return of 42.3%, meaning that it yields an economic return for society. (See [Program Economic Analysis](#) and [Support Document in Excel](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The total cost of the program amounts to US\$60 million, and it will be financed with a specific investment loan using resources from the Bank's Ordinary Capital (OC). Table 2 describes the budget by component. The loan's disbursement period will be five years, as shown in Table 3.

Table 2. Estimated program costs (in US\$)

| Category | IDB | % |
|---|-------------------|------------|
| Component 1. Reengineering internal systems | 8,000,000 | 13.3 |
| Component 2. Improving the collection, transmission, and use of information to support decision-making | 13,000,000 | 21.6 |
| Component 3. Adoption of an integrated work model coordinating investigation and prosecution teams | 36,000,000 | 60.0 |
| Administration and evaluations | 1,400,000 | 2.4 |
| Contingencies | 1,600,000 | 2.7 |
| Total | 60,000,000 | 100 |

For more detail see [Itemized Budget](#).

Table 3. Projected disbursements

| | Year I | Year II | Year III | Year IV | Year V | Total |
|-------------------------|--------|---------|----------|---------|--------|-------|
| In US\$ millions | 4.88 | 12.67 | 16.87 | 14.94 | 10.64 | 60.00 |
| % | 8% | 21% | 28% | 25% | 18% | 100% |

B. Environmental and social risks

2.2 In accordance with the Environment and Safeguards Compliance Policy (Operational Policy OP-703), the proposed program is classified as a category “B” operation: it therefore has two [Environmental and Social Management Reports \(ESMR\)](#) for the physical infrastructure planned in the capital and in Jalapa as part of Component 3. Those reports detail the requirements for compliance with the Bank’s environmental and social safeguards policies and with local legislation, as well as works supervision. The potential adverse socioenvironmental impacts stem from the construction of buildings for public use and are not significant: they will be addressed with mitigation and control measures that are widely known in the country and can be readily implemented, relating to workplace safety and risks during the construction phase. None of the works planned under the program will require resettlement.

C. Fiduciary risks

2.3 The program’s financial fiduciary risk was assessed on the basis of the MP’s current experience as coexecuting agency of loan 1905/OC-GU, considering the normative framework, the quality of its accounting information system, the level of compliance with contractual conditions, and the management of disbursements: the financial risk was found to be medium and can be mitigated through support, advice, and training for the execution unit. On the procurement front, while the MP gained significant capacities during execution of loan 1905/OC-GU in executing processes involving international competitive bidding (ICB), the nature, magnitude, and complexity of the procurement relating to the planned works carries a high risk. The MP does not have technical staff specialized in large-scale engineering works, and consequently, to mitigate the risk, consulting firms and individual consultants will have to be contracted to support activities relating to the contracting of studies, works, and the supervision thereof. In conclusion, the fiduciary team considers that, with the proposed measures, the overall fiduciary risk of the program is medium.

2.4 **Sustainability and scalability.** SEGEPLAN has the function of approving and recording public investment projects of the central and decentralized administration, and to this end the MP must identify the investment, operation, and maintenance costs arising during the useful life of a program. In addition, the Executive Secretariat of the Coordinating Body for Modernization of the Justice Sector (SEICMSJ)³⁰ is responsible for coordinating the modernization of justice institutions, ensures that the necessary resources are included for operation and maintenance of the proposed program’s outputs. It is also responsible for assessing and proposing policies to criminal justice institutions with respect to access to justice for vulnerable groups. As for the proposal to create three units (planning, monitoring, and evaluation; disciplinary boards; and statistical analysis and data mining), this will entail the hiring of 31 individuals, initially through selection of short-term consultants for 12 months (trial period), with a budget of US\$1.12 million (see [Itemized Budget](#)),

³⁰ Promotes the modernization of criminal justice institutions and the Ministry of the Interior. It also coordinates the activities of those institutions, will set priorities, and in general, collaborate for the best use of the resources of its member institutions, as well as the programs and projects with domestic and international cooperation agencies.

and absorbing them into the institution's organizational structure as of the thirteenth month, under the responsibility of the MP.

D. Other program risks

- 2.5 The project team identified five risks classified as high, and two nonfiduciary risks considered medium. The risks classified as high were: (i) a delay of more than six months in legislative approval of the loan contract, which would hold up achievement of the proposed program's overall objective. This risk will be mitigated by agreeing on a strategy for disclosure and dissemination of the proposed program, presented to the Ministry of Public Finance (MINFIN) through the MP, in order to make the Congressional Finance Committee aware of its importance; (ii) behavioral problems and/or resistance to change on the part of prosecutors and other staff in terms of adapting to rationalization of the SICOMP, which could affect the execution of program activities. This risk will be mitigated by developing and implementing comprehensive awareness-raising, training, and accreditation using a combination of various tools (for example: manuals, procedures, definition of functions, updating employee profiles, workshops, and retreats); (iii) local weaknesses in the preparation of standard civil works documents, recognizing that no public office buildings of more than five stories have been designed, built, and supervised by the private sector in recent years in Guatemala City, a fact that could compromise the project to construct Tower III of the MP. As mitigation, prior to approval of the proposed program, a set of [standard documents for preinvestment, supervision, and construction](#) will be prepared, and the Program Execution Unit (PEU) will be supported by a consulting firm to monitor progress with all civil works; (iv) the concept of consortium is poorly defined in the Guatemalan civil code, and this could delay the contracting of works through international bidding. This risk will be mitigated by including the PEU's consulting firm in monitoring the progress of all civil works and confirming that sufficient information is provided in the meetings held to explain international competitive bidding; and (v) structural weaknesses of other criminal justice institutions involved in criminal investigation, for example, the PNC, the INACIF, and the criminal court judges, which could affect the expected outcomes of the proposed program. This risk will be mitigated through an interagency agreement to monitor response levels between the MP and the PNC (motions for indictment), the MP and the INACIF (expert opinions) and the MP and the judicial branch (recognition of conciliation agreements negotiated in the MP), using the Results Matrix.
- 2.6 The nonfiduciary risks classified as medium were: (i) delay in processing licenses for civil works under the proposed program. This risk will be mitigated by including in the PEU a consulting firm for technical oversight of civil works in Guatemala City, and a contract management consultant for civil works in Jalapa; and (ii) insufficient investment efforts for overcoming the backlog in the MP, given the rapid growth of demand for its services (complaints of crimes of violence against women and against life and property), which reduces its capacity to respond to and resolve this backlog of work. This risk will be mitigated by developing and implementing a strategy for streamlining the investigation process during the first six months of the program.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Guatemala and the executing agency will be the MP, through a PEU created under the Office of International Affairs and Cooperation and reporting directly to the Prosecutor General. The PEU will have administrative and financial autonomy, and will have a team of key staff according to the profiles agreed upon with the Bank and indicated in the operating manual (paragraph 3.3). The MP has technical, administrative, and financial experience in the coexecution of two Bank-financed operations and is receiving technical assistance from the Executive Secretariat of the Coordinating Body for Modernization of the Justice Sector (ICMSJ), whose role is to promote coordination among the various criminal justice institutions, and which has interagency working groups specialized, for example, in negotiating annual budgets with the MINFIN, identifying investment costs for obtaining a project registration number from SEGEPLAN, and for adopting international standards of transparency.
- 3.2 **Procurement of works, goods, and services.** The procurement of works and goods and the selection of consulting services will be handled in accordance with the Bank's Policies for the procurement of works and goods financed by the IDB (document GN-2349-9) and the Policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9), approved in March 2011. Financial management will comply with the Financial Management Guidelines for IDB-financed Projects (document OP-273-6), supplemented by SIAF rules. There will be a link between the components of the proposed program, the institutional programs, and the programmatic structure of the executing agency's budget. The [Procurement Plan](#) details the procurement processes to be implemented during execution.
- 3.3 **Special contractual conditions precedent to the first disbursement of the loan:** The borrower, through the executing agency, will present, to the Bank's satisfaction, evidence of: (i) creation or designation of the PEU, with administrative and financial autonomy, within the MP, consisting of a general coordinator as well as a procurement specialist, a financial specialist, and a prosecution office management specialist, and a team of specialized consultants (public investment management, planning, monitoring, and evaluation) consistent with profiles agreed with the Bank and indicated in the operating manual; simultaneously, support will be provided by a consulting firm selected to support the PEU with the design, supervision, and construction of the works planned under component 3; (ii) approval of a program operating manual; and (iii) signing of a subsidiary agreement between the borrower and the executing agency for the transfer of resources and program execution responsibilities.
- 3.4 **Special contractual conditions for execution:** (i) The borrower agrees to assign and transfer the loan proceeds to the executing agency for the due execution of the program, as established in the subsidiary agreement; (ii) in the context of this program, the executing agency may sign multiyear execution contracts for works, goods, and services, in which case sufficient provisions will have to be made in subsequent annual budgets to cover the respective payment obligations; (iii) the

- borrower will present to the Bank (by 30 January of each year) evidence that the budgetary allocations for the program have been included in the State's general budget of revenues and expenditures to meet the payment obligations arising from the commitments contracted and to be contracted by the executing agency in accordance with the execution timetable for the fiscal year in question. The evidence will consist of the report of the corresponding Integrated Government Accounting System; (iv) the proceeds from program disbursements will be deposited into a special account in United States dollars opened by the borrower in the Bank of Guatemala; (v) to pay the obligations assumed under the loan, the executing agency may open an bank account in accordance with current regulations; (vi) before construction begins on the program's two civil works (Jalapa district prosecution office and Tower III of the MP Headquarters), there will be evidence of legal possession of the lands and that the applicable environmental licenses have been obtained, pursuant to national legislation.
- 3.5 **Disbursements and cash flow.** The funds advanced under the program will be deposited, in dollars, in a secondary account of the Single Treasury Account. To make payments on obligations charged to the loan, the MP may open an account in a commercial bank. The flow of funds will be as determined by the MINFIN in the manual of procedures for the administration of monetary deposit accounts and other procedures for execution financed with resources from multilateral and bilateral investment agencies, approved by Ministerial Resolution 59-2007.
- 3.6 The Bank will disburse resources under the advance of funds modality or another modality established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-6). Advances of funds will be made on the basis of a financial plan for the next six months or other reasonable period, provided they are duly completed and documented. Subsequent disbursements may be processed upon justification of 80% of the previous advance. If necessary, the flexibilities established in document OP-273-6 may be considered.
- 3.7 **Internal control and internal audit.** The conceptual framework of internal control for all public entities in Guatemala is spelled out in the General Standards of Internal Control issued by the CGC, which define the frame of reference for organizing the internal control environment and structure in each entity of the public sector. They also establish technical and methodological criteria for designing, developing, and implementing procedures for control, registration, direction, execution, and reporting on public sector financial, technical, and administrative operations. The SIAF has been designed and developed to ensure internal control and separation of functions when it comes to keeping budgetary, accounting, and cash flow records. While every entity has an internal audit unit, its capacity is limited, and its activities do not offer consistent support for the supervision of internal control and Bank-financed operations.
- 3.8 **External control and reports.** The CGC is the supreme audit institution in Guatemala, with the authority to verify the management of public funds. At present, the CGC is not eligible to audit Bank-financed projects, and the program's financial statements will therefore be audited annually by an independent private audit firm acceptable to the Bank, in accordance with the terms of reference and the standard contract model established by the Bank for contracting services of this kind.

B. Summary of arrangements for monitoring results

- 3.9 **Monitoring.** For monitoring and evaluating the proposed program's execution, a system will be implemented that is focused on two levels: (i) execution of program activities, and (ii) achievement of the output and outcome indicators contained in the results matrix. The monitoring will include: (i) Results Matrix, (ii) [MEP](#), (iii) [AWP](#), (iv) [Monitoring and evaluation plan](#), (v) [Procurement Plan](#), (vi) Risk Management Analysis, (vii) Progress Monitoring Reports, (viii) Semiannual Progress Reports, (ix) Audited Financial Statements, (x) Terms of Reference for Consulting Services, and (xi) administration missions or monitoring/inspection visits. A joint meeting of the executing agency and the Bank will be held each year to discuss matters including: (i) progress of activities identified in the AWP; (ii) degree of fulfillment of the indicators established in the Results Matrix for each component; (iii) the AWP for the following year; and (iv) the procurement plan for the next 12 months and possible amendments to budgetary allocations by component. The characteristics of each of the instruments as well as other characteristics of program monitoring are detailed in the monitoring and evaluation plan. The PEU will select and contract, on a competitive basis in accordance with terms of reference approved by the Bank, a monitoring and evaluation specialist who will be responsible for managing a system for monitoring all components, on the basis of which reports and data will be prepared for periodic transmission to the Bank as detailed in the monitoring and evaluation plan.
- 3.10 **Evaluation.** There will be a midterm, final, and impact evaluation covering the technical, administrative, and financial aspects of the program, as well as ongoing monitoring of the Results Matrix. The external evaluations will focus on impacts, outcomes, and the delivery outputs, and will also try to identify the inputs with greatest impact. The project's midterm evaluation will be conducted within 90 days following two and a half years after the effective date of the loan contract or once 50% of the loan proceeds have been disbursed. The final evaluation will take place when at least 90% of program funds have been disbursed. The monitoring process and the two evaluations will constitute a mechanism for verifying the validity of the theory of change (or various theories, according to each component) and will allow for adjustments, if necessary. The mechanisms and instruments described above will also be used to report the monitoring results, which will serve as a source of information for the Project Completion Report. To evaluate the impact of the pilot project in the Jalapa district prosecution office, the applicable methodology will be applied the one indicated in the monitoring and evaluation plan.

| Development Effectiveness Matrix | | | |
|---|--|---|--|
| Summary | | | |
| I. Strategic Alignment | | | |
| 1. IDB Strategic Development Objectives | | Aligned | |
| Development Challenges & Cross-cutting Themes | -Gender Equality and Diversity -Institutional Capacity and the Rule of Law | | |
| Regional Context Indicators | -Rule of law (average LAC percentile) | | |
| Country Development Results Indicators | -Subnational governments benefited by citizen security projects (#) -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery* | | |
| 2. Country Strategy Development Objectives | | Aligned | |
| Country Strategy Results Matrix | GN-2689. | Improve the quality and results of criminal investigations. | |
| Country Program Results Matrix | GN-2849 | The intervention is included in the 2016 Operational Program. | |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program) | | | |
| II. Development Outcomes - Evaluability | | Highly Evaluable | Weight |
| | | 9.8 | Maximum Score |
| 3. Evidence-based Assessment & Solution | | 9.4 | 33.33% |
| 3.1 Program Diagnosis | | 2.4 | 10 |
| 3.2 Proposed Interventions or Solutions | | 4.0 | |
| 3.3 Results Matrix Quality | | 3.0 | |
| 4. Ex ante Economic Analysis | | 10.0 | 33.33% |
| 4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis | | 4.0 | |
| 4.2 Identified and Quantified Benefits | | 1.5 | |
| 4.3 Identified and Quantified Costs | | 1.5 | |
| 4.4 Reasonable Assumptions | | 1.5 | |
| 4.5 Sensitivity Analysis | | 1.5 | |
| 5. Monitoring and Evaluation | | 10.0 | 33.33% |
| 5.1 Monitoring Mechanisms | | 2.5 | 10 |
| 5.2 Evaluation Plan | | 7.5 | |
| III. Risks & Mitigation Monitoring Matrix | | | |
| Overall risks rate = magnitude of risks*likelihood | | High | |
| Identified risks have been rated for magnitude and likelihood | | Yes | |
| Mitigation measures have been identified for major risks | | Yes | |
| Mitigation measures have indicators for tracking their implementation | | Yes | |
| Environmental & social risk classification | | B | |
| IV. IDB's Role - Additionality | | | |
| The project relies on the use of country systems | | | |
| Fiduciary (VPC/FMP Criteria) | Yes | Financial Management: Budget, Treasury, Accounting and Reporting. Procurement: Information System. | |
| Non-Fiduciary | Yes | Strategic Planning National System. | |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions: | | | |
| Gender Equality | | | |
| Labor | | | |
| Environment | | | |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project | | | |
| The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan | | Yes | A "Differences-in -Differences" methodology will be used to measure the impact of a revised case management system at the Jalapa District Prosecution Office, including a differentiated attention model to indigenous population. |

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

In Guatemala only 2% of the criminal complaints received by the Public Ministry culminated in convictions, and impunity in cases of violent deaths reached 89 %, in 2014. In this context four specific problems were identified: (1) low and inefficient initial triage of the complaints received, (2) low probability that a case with evidence of probable cause will be prosecuted, (3) low quality of the cases that are sent for prosecution, and (4) inadequate spatial distribution of human resources and specialized units, which increases internal response and customer service times, and discourages complaints by victims of crime. The determinants of the main problems are identified and quantified. However, the loan proposal does not satisfactorily quantify how much of the main problems can be explained by the determinants of the problems identified.

The project's vertical logic is clear and well specified. The project presents adequate evidence of internal and external validity of the proposed solutions. The Result Matrix included in the loan proposal contains all of its required elements for the monitoring of the project.

The project's economic analysis is adequate. Taking a social discount rate of 12%, a time horizon of 20 years and benefits and costs at market price, the program proposed is economically viable. The internal rate of return under the conservative scenery is of 42.3%

The loan proposal includes a satisfactory monitoring and evaluation plan (MEP). The project has identified and adequately addressed the monitoring and evaluation requirements and the data availability. The project proposes an impact evaluation to measure the effectiveness of Public Ministry management system in the areas of indigenous population that seek to incentivize the reporting of crimes by their victims. The evaluation plan proposes a quasi -experimental design (Differences-in-Differences) to evaluate the reform of the case management system (intervention) in the District Office of Jalapa (treatment group) compared to the Municipal Office of Santiago Atitlan, Sololá (control group).

The project's overall risk rating is High. Of the eight risks identified, four were classified as High. Mitigation measures were identified with appropriate monitoring indicators.

RESULTS MATRIX¹

| | |
|---------------------------|---|
| Project Objective: | To enhance the efficiency of the Office of the Public Prosecutor (MP) in order to help reduce impunity in Guatemala. This objective will be achieved by: (i) boosting efficiency in the processing of complaints and cases; (ii) increasing the probability that judges will accept motions for indictment; and (iii) reducing internal response times and speeding assistance to the public. |
|---------------------------|---|

IMPACTS

| Indicators | Unit of measure | Baseline | Baseline Year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification |
|---|------------------------------|----------|---------------|--------|--------|--------|--------|--------------|--|
| Increase the probability of being prosecuted for a crime | | | | | | | | | |
| 1. Annual number of final judgments per prosecutor | Final judgments | 3 | 2015 | 4 | 4 | 5 | 4.5 | 5.0 | Report generated by the MP's computerized case management control system – SICOMP Report (RSICOMP) |
| 2. Annual number of positive outcomes per prosecutor | Positive outcomes | 14 | 2015 | 15 | 16 | 17 | 17 | 20 | |
| 3. Violent crime rate (homicide) | Rate per 100,000 inhabitants | 33.8 | 2015 | 33 | 32 | 31 | 30 | 28 | Report of the National Institute of Forensic Sciences (INACIF) |
| 4. Level of public approval of vigilante justice. Baseline 2009 | % | 22.9 | 2009 | 22.9 | 20.6 | 20.6 | 21.7 | 20.66 | Final consultant's report (RFC) |

¹ For more detailed information, see [Itemized Results Matrix](#).

EXPECTED OUTCOMES

| Indicators | Unit of measure | Baseline | Baseline Year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification |
|--|-----------------|----------|---------------|--------|--------|--------|--------|--------------|-----------------------|
| Outcome 1: More efficient processing of complaints | | | | | | | | | |
| 1.1 Processing rate for complaints received by MP (Metropolitan Prosecution Office [FM]) | % | 25.68 | 2015 | 36 | 36 | 37 | 38 | 40 | RSICOMP |
| 1.2 Percentage of “non-crimes” in total complaints received in OAP (FM) | % | 8.69% | 2015 | 10 | 10 | 10 | 10 | 11 | RSICOMP |
| 1.3 Percentage of alternative solutions (UDT of FM) with respect to complaints received | % | 24.9 | 2015 | 24.9 | 25.0 | 25.2 | 25.7 | 26 | RSICOMP |
| 1.4 Percentage of unconfirmed complaints of cell phone theft received in FM | % | 100 | 2015 | 95 | 95 | 90 | 85 | 70 | RSICOMP |
| Outcome 2: More efficient processing of cases | | | | | | | | | |
| 2.1 Average number of days between receipt of complaint (abuse of minors) and presentation of motion for indictment in sectional prosecution office in the capital | Days | 307 | 2015 | 307 | 307 | 307 | 250 | 200 | RSICOMP |
| 2.2 Percentage of complaints of abuse of minors converted into motions for indictment (sectional prosecution office in the capital) | % | 10 | 2015 | 11 | 11 | 12 | 15 | 20 | RSICOMP |
| 2.3 Time required to retrieve a file (4 offices to be relocated in Tower III of the MP) | Days | 20 | 2015 | 20 | 20 | 20 | 14 | 10 | RFC |
| 2.4 Time required to retrieve physical evidence (4 offices to be relocated in Tower III of the MP) | Days | 2 | 2015 | 2 | 2 | 2 | 1 | 0.5 | RFC |

| Indicators | Unit of measure | Baseline | Baseline Year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification |
|---|-----------------|----------|---------------|--------|--------|--------|--------|--------------|-----------------------|
| 2.5 Rate of cases of abuse of minors converted into motions for indictment (sectional prosecution office in the capital) | % | 10.15 | 2015 | 11.5 | 11.8 | 12 | 12 | 12 | RSICOMP |
| 2.6 Rate of cases of abuse of minors converted into motions for indictment in District Prosecution Office in Jalapa | % | 1.9 | 2015 | 2 | 2.2 | 2.4 | 2.6 | 3 | RSICOMP |
| 2.7 Rate of cases of violence against women converted into motions for indictment (District Prosecution Office in Jalapa) | % | 4.4 | 2015 | 4.6 | 4.9 | 5 | 5.6 | 6 | RSICOMP |
| Outcome 3: Increased probability that judges will accept motions for indictment in two types of crime | | | | | | | | | |
| 3.1 Case file transfer times between investigation units and sectional prosecution units (crimes against minors) | Days | 11 | 2015 | 11 | 11 | 7 | 7 | 5 | RFC |
| 3.2 Time between receipt of the complaint, uploading of photographs, and availability of final photographic report from crime scene | Days | 18 | 2015 | 18 | 18 | 12 | 10 | 2 | RFC |
| 3.3 Case resolution rate for abuse of minors (sectional prosecution office in the capital) | % | 4.6 | 2015 | 4.9 | 5.3 | 5.6 | 5.8 | 6 | RSICOMP |
| 3.4 Case resolution rate for abuse of minors (District Prosecution Office in Jalapa) | % | 50 | 2015 | 50 | 50 | 52 | 54 | 55 | RSICOMP |
| 3.5 Case resolution rate for violence against women (District Prosecution Office in Jalapa) | % | 57.62 | 2015 | 59 | 59 | 60 | 60 | 62 | RSICOMP |

| Indicators | Unit of measure | Baseline | Baseline Year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification |
|--|-----------------|----------|---------------|--------|--------|--------|--------|--------------|-----------------------|
| Outcome 4: Reduce internal response times and speed service to public | | | | | | | | | |
| 4.1 Proportion of violent crimes reported to the police in the District Prosecution Office in Jalapa | % | 2.38 | 2015 | 2.3 | 2.3 | 2.3 | 2.2 | 2.1 | RSICOMP |
| 4.2 Percentage of written or oral complaints presented to the MP in the capital | % | 30 | 2015 | 30 | 35 | 35 | 38 | 40 | RFC |
| 4.3 Man-hours lost in movement of personnel between offices in the capital | Hours | 82,368 | 2016 | 82,368 | 82,368 | 82,368 | 8,000 | 1,000 | RFC |
| 4.4 Average time between date of crime and its reporting outside the capital | Days | 15 | 2015 | 15 | 15 | 15 | 13 | 10 | RSICOMP |
| 4.5 Percentage of written or oral complaints presented to the District Prosecution Office in Jalapa | % | 35.2 | 2015 | 36 | 36 | 37 | 39 | 42 | RSICOMP |
| 4.6 Percentage of plaintiffs who declared their ethnic identity in the District Prosecution Office in Jalapa | % | 0.03 | 2015 | 2 | 3.5 | 6 | 8.8 | 10 | RSICOMP |
| 4.7 Percentage of indigenous plaintiffs requesting interpreter services in District Prosecution Office in Jalapa | % | 0 | 2015 | 1 | 2 | 2 | 4 | 5 | RSICOMP |

EXPECTED OUTPUTS

| Outputs | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification |
|--|------------------|----------|---------------|--------|--------|--------|--------|--------------|---------------------------------------|
| Component 1: Reengineering internal systems | | | | | | | | | |
| 1.1 Action plan implemented to institutionalize basic functions and collect data on processes and support systems | Plans | 0 | 2016 | 0 | 1 | 0 | 0 | 1 | RFC |
| 1.2 Action plan implemented to improve and monitor complaint filters and communicate to the public | Plans | 0 | 2016 | 1 | 0 | 0 | 0 | 1 | RFC |
| 1.3 Action plan implemented to modify the case management system including the filing and governance model (up to 4 sectional prosecution offices) | Plans | 0 | 2016 | 0 | 1 | 1 | 2 | 4 | RFC |
| 1.4 Action plan implemented for training model and promotion and disciplinary mechanisms | Plans | 0 | 2016 | 0 | 0 | 0 | 1 | 1 | RFC |
| Component 2: Improved collection, transmission, and use of information to support decision-making | | | | | | | | | |
| 2.1 Action plan implemented to transform SICOMP into a management tool with expanded fields | Plans | 0 | 2016 | 0 | 1 | 0 | 0 | 1 | RFC |
| 2.2 System installed for storing and transmitting digital data for investigation | System | 0 | 2016 | 0 | 1 | 0 | 0 | 1 | Contract(s) recorded in PEU |
| 2.3 Electronic media installed for recording complaints of cell phone theft | Electronic media | 0 | 2016 | 0 | 25 | 25 | 25 | 75 | Contract(s) recorded in PEU |
| 2.4 Statistical Analysis and Data Mining Unit created and functioning during the life of the program | Unit | 0 | 2016 | 0 | 1 | 0 | 0 | 1 | Instruction of the Prosecutor General |

| Outputs | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification |
|---|---|----------|---------------|--------|--------|--------|--------|--------------|-----------------------------|
| Component 3: Adoption of an integrated working model coordinating investigation and prosecution teams | | | | | | | | | |
| 3.1 Studies of victimization and perceptions conducted at the beginning and end of program | Studies | 0 | 2016 | 1 | 0 | 0 | 1 | 2 | RFC |
| 3.2 District Prosecution Office in Jalapa replaced and equipped under a new, culturally relevant management model | Prosecution with modified management system | 1 | 2016 | 0 | 1 | 0 | 0 | 1 | Contract(s) recorded in PEU |
| 3.3 Tower III of the MP in the capital constructed and equipped to reduce response times | Tower | 0 | 2016 | 0 | 0 | 0 | 1 | 1 | Contract(s) recorded in PEU |

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Republic of Guatemala
Name: Office of the Public Prosecutor Strengthening and Modernization Program
Executing agency: Office of the Public Prosecutor (MP)
Prepared by: Lilena Martinez and Rodrigo Castro (FMP/CGU)

I. EXECUTIVE SUMMARY

- 1.1 The Office of the Public Prosecutor (MP) was created by Congressional Decree 40-94, containing the Organic Law of the MP as an institution with autonomous functions for initiating criminal prosecution and directing the investigation of publicly actionable crimes, as well as ensuring the enforcement of the country's laws.
- 1.2 In evaluating the fiduciary capacity of the MP, the analysis focused on institutional capacity, fiduciary risks, and lessons learned as coexecuting agency of loan 1905/OC-GU. The MP has the capacity to engage in financial management, procurement, and administration of loan proceeds, while other considerations impact its execution capacity, for which reason its fiduciary risk is considered medium.
- 1.3 Financial management will be handled in accordance with the Financial Management Guidelines for IDB-financed Projects (document OP-273-6), supplemented by the SIAF rules. For procurement, the policies established in documents GN-2349-9 and GN-2350-9 will be applied. The evaluation of Guatemala's procurement system, using the MAPS methodology, showed that it is usable only as a mechanism for publicizing processes in the case of Bank-financed contracts.
- 1.4 The program components will be linked to existing institutional programs in the MP, which will be identified in the budget structure for each fiscal year. The total cost of the program is US\$60 million, financed entirely with Bank resources. No other multilateral financing sources are anticipated.

II. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT

- 2.1 Financial administration of the nonfinancial public sector in Guatemala is organized and regulated by the SIAF, which combines budget, accounting, cash flow, and public credit systems operating under the principle of regulatory centralization (MINFIN) and operational decentralization in the executing entities (Financial Administration Units). Program resources will be executed in the SIAF, without the use of parallel systems, recognizing that, as a limiting factor in the information

- recording process, there is simultaneous input of commitments, accruals, and payments. Project execution is affected by untimely and inaccurate allocation of budgetary entries and financing quotas, staff turnover, lack of coordination between execution units and institutional financial administrative areas, as well as the limitation on signing contracts that cover more than one fiscal year, a situation permitted under Article 15 of the Organic Budget Law.
- 2.2 Given the limitations of the local procurement system, the Bank only accepts the use of GUATECOMPRAS as a publicity mechanism, recognizing the compulsory use of the system for that purpose.

III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 3.1 The financial fiduciary risk of the program was evaluated on the basis of the MP's current experience as coexecuting agency of loan 1905/OC-GU, considering the regulatory framework, the quality of its financial and accounting information system, the degree of compliance with contractual conditions, and disbursement management. It was found that the financial risk is medium and can be mitigated through support, advice, and training for the executing unit.
- 3.2 In terms of procurement, while the MP built significant capacities during execution of loan 1905/OC-GU in carrying out international competitive bidding (ICB) processes, the nature, magnitude, and complexity of the procurement associated with the planned works entail a high risk. The MP does not have technical staff specialized in large-scale engineering works; consequently, to mitigate the risk, consulting firms and individual consultants will have to be hired to support the activities involved in the contracting of studies, works, and supervision.
- 3.3 In conclusion, the fiduciary team considers that, with the proposed measures, the overall fiduciary risk for the program is medium.

IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

- 4.1 Presentation of a program operating manual for the Bank's approval.
- 4.2 Opening of a special account in U.S. dollars specific to the program, within the Single Treasury Account (CUT), which will receive loan disbursements, and an operating account which the MP can use to pay obligations.
- 4.3 Any disbursement modality established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-6) may be used. As a general rule, the advance of funds modality will be used, based on an actual financial plan covering six months or other reasonable period to be evaluated during execution, subject to prior fulfillment and documentation of payments made. Subsequent disbursement may be processed when 80% of the previous advance is substantiated, making use as necessary of the flexibility measures established in document OP-273-6. Disbursements will be subject to ex post review.
- 4.4 The exchange rate used for program accounting will be the exchange rate in effect on the transaction date as reported by the Bank of Guatemala.

- 4.5 The loan components will be linked to the institutional programs of the MP, which will be identified in the budget for each fiscal year for the financing of activities planned for the program. The MP, in accordance with program planning, will assign the corresponding expense line items and categories according to the Budgetary Classification Manual of the Organic Budget Law. This approach is consistent with Articles 53 bis and 73 of the Organic Budget Law and Article 21 of its regulations.
- 4.6 The program will have a specific and exclusive allocation within the annual budget of the MP, in accordance with the costs stipulated in the program's multiyear budget, which will be consistent with the corresponding planning instruments.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

A. Procurement execution

- 5.1 For procurement and contracting, the Bank's Policies for the procurement of works and goods financed by the IDB (document GN-2349-9) and Policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9) will apply as follows:
- a. **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services¹ subject to ICB will be carried out using the standard bidding documents issued by the Bank. Contracts subject to national competitive bidding (NCB) will be carried out using the national bidding documents agreed upon with the Bank. The review of technical specifications is the responsibility of the program's sector specialist.
 - b. **Selection and contracting of consultants.** Consulting services will be contracted using the standard request for proposals issued by or agreed upon with the Bank. The review of the terms of reference for contracting consulting services is the responsibility of the program's sector specialist.
 - c. **Selection of individual consultants.** Individual consultants will be selected on the basis of shortlists of qualified individual consultants.
 - d. The contract will expressly state that there will be no restriction on participation by individuals or legal entities from member countries of the Bank.
 - e. **Use of the country procurement system.** At present, the Bank has no plans to approve the government procurement system of Guatemala or any other subsystem for use in Bank-financed procurement processes, with the exception of using GUATECOMPRAS for publicizing such processes.
 - f. **Thresholds applicable to the program.** The recommended threshold amounts for the program in terms of international publicity are consistent with those established by the VPC/PDP for Guatemala.

¹ Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) paragraph 1.1: Nonconsulting services are treated as goods.

B. Table of Thresholds (US\$000)

| International publicity (Works) | Shopping (Works) | International publicity (Goods) ² | Shopping (Goods) | International publicity (Consulting) | Shortlist 100% national |
|---------------------------------|------------------|--|------------------|--------------------------------------|-------------------------|
| >= | < | >= | < | >= | < |
| US\$1,500,000 | US\$150,000 | US\$150,000 | US\$25,000 | US\$200,000 | US\$200,000 |

Notes:

1. All ICB and NCB for works and goods and all processes to select consulting firms will be subject to ex ante review. The ex post review method may be used for the selection of individual consultants and works and goods procured through the shopping procurement process, after the satisfactory ex ante review of the first three procurement processes in each case.
2. Project supervision requires that inspection visits take place every six months for procurement processes subject to ex post review. Ex post review reports will include at least one physical inspection,³ selected from among the procurement processes subject to ex post review (a minimum of 10% of the reviewed contracts must be physically inspected).

C. Main procurement processes

- 5.2 The most significant procurement processes for the program are included in the following table. Once the loan is approved, the executing agency will be responsible for preparing the procurement plan,⁴ and the procurement specialist will ensure and certify that these are adequate and have the expected quality in accordance with the Bank's procurement policies.

| Activity | Selection method | Estimated date of request for proposals | Estimated amount (US\$ thousands) |
|--|------------------|---|-----------------------------------|
| Goods | | | |
| Equipment for Tower III | ICB | November 2018 | 4,000 |
| Works | | | |
| Construction Tower III/Gerona | ICB | July 2017 | 24,500 |
| Construction Jalapa Prosecutor's Office | ICB | August 2018 | 1,399 |
| Construction Treatment Plant Tower III /Gerona | NCB | February 2020 | 1,000 |
| Consulting Services | | | |
| Consulting Firms (27 processes) | QBCS | January 2017 forward | 24,000 |

- 5.3 **Initial procurement plan.** To access the 18-month procurement plan, see [procurement plan](#).

² Includes nonconsulting services.

³ The inspection verifies the existence of the procurement, leaving verification of quality and compliance with specifications to the sector specialist.

⁴ Documents [GN-2349-9](#), paragraph 1.16; and [GN-2350-9](#), paragraph 1.23. The borrower will prepare and submit to the Bank for its approval, prior to negotiation of the loan, a procurement plan acceptable to the Bank for an initial period of at least 18 months.

D. Procurement supervision

- 5.4 The supervision of procurement processes, procurement plans, procurement plan updates, and the PRM evaluation are the responsibility of the Program Team Leader.

E. Records and files

- 5.5 The MP will be responsible for keeping program records and files. Consultants supporting the program's procurement processes must work with the MP to ensure its institutional strengthening in procurement matters, as well as the integrity of the processes. It is recommended that the MP document internal work flows and that these flows be attached to the program's operating manual

VI. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL EXECUTION

A. Programming and budget

- 6.1 The management of the national budget is regulated by the Organic Budget Law and its regulations. Pursuant to Articles 53 Bis and 73 of the Law and Article 21 of its regulations, all external loan operations must be related to an existing institutional program of the executing agency, which must in turn be part of or be consistent with the current Institutional Strategic Plan. To comply with this national legislation, the components of the loan will relate to institutional programs of the MP, which will be identified in the budget for each year for financing the planned activities in the context of program execution. The MP will assign the expense line items and categories in accordance with the plan, pursuant to the Budgetary Classification Manual of the Organic Budget Law.
- 6.2 The loan contract is expected to contain a new provision for using the budget approved in the table of costs in the loan contract as the ceiling for committing resources: within that ceiling, the executing agency will be able to carry out procurement processes for works or for goods, services and consulting services, including the award and signature of contracts. The budget for each year will include the appropriations necessary for the executing agency to fulfill its payment obligations, in accordance with its annual execution plan. The foregoing is consistent with Article 15 of the Organic Budget Law.

B. Accounting and information systems

- 6.3 Program accounts will be managed via the Integrated Government Accounting System (SICOIN), which will be the sole source of information on the use of program funds. The existing expense structure and accounts will be used, and there will be no special chart of accounts. Supporting documentation for payment transactions will be kept in the files of the executing agency/financial administration unit. Transactions will be converted using the exchange rate on the day of the transaction as reported by the Bank of Guatemala.

C. Disbursements and cash flow

- 6.4 The CUT mechanism is acceptable for handling the resources provided by the Bank. Accordingly, the proceeds from the advances of funds will be deposited in a CUT subaccount in dollars. In addition, the MP, as a decentralized entity that does

not use the CUT mechanism to pay its obligations, may open an operating account for such purposes.

- 6.5 The funds will follow a cash flow system established by the Ministry of Finance in the Procedures Manual for the Administration of Monetary Deposit Accounts and other financial execution mechanisms with resources provided by multilateral and bilateral investment organizations, which was approved by Ministerial Order 59-2007. The Bank will disburse funds using the advance of funds modality or other modality established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-6). Funds will be deposited into the CUT, in a subaccount in dollars opened for the program. Funds will be advanced on the basis of a financial plan for the next six months or other reasonable period, when disbursements are duly completed and documented; subsequent disbursements may be processed when 80% of the preceding advance has been substantiated. Use of the flexibility measures established in document OP-273-6 may be considered if necessary.

D. Internal control and internal audit

- 6.6 Program execution is expected to be covered by the internal control structure of the MP using the SIAF, which has been designed and developed to guarantee internal control and the segregation of functions when it comes to making budget, accounting, and cash flow entries. The country's internal control subsystem will not be used, as it is still at an early stage of development.

E. External control and reports

- 6.7 The CGC is the supreme audit institution in Guatemala, overseeing the management of public funds. However, the CGC is not eligible to audit Bank-financed projects, and the program's financial statements will therefore be audited annually by an independent private audit firm acceptable to the Bank, in accordance with the terms of reference and the standard contract model established by the Bank.

F. Financial supervision plan

- 6.8 Financial management will be supervised using the SICOIN access rights granted by the Ministry of Finance. It is therefore possible to consult online the budgetary and accounting situation and the availability of funds in the program's bank account. In addition, at least one field visit is planned to confirm the status of the works financed by the loan, and a financial fiduciary supervision visit will be conducted each year.

G. Execution arrangements

- 6.9 Program execution will be centralized in the MP, which will establish a PEU that, for fiduciary purposes, will include a financial management specialist and a procurement specialist who will maintain constant communication and coordination with the financial administration and institutional procurement areas. The persons performing these functions will meet the minimum profile established by the Bank and will receive the Bank's no objection before they are hired.

H. Other financial management agreements and requirements

- 6.10 Not applicable.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/16

Guatemala. Loan ____/OC-GU to the Republic of Guatemala
Office of the Public Prosecutor Strengthening and
Modernization Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Guatemala, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the office of the public prosecutor strengthening and modernization program. Such financing will be for the amount of up to US\$60,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ _____ 2016)