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Submitted to:

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

Latin American and Caribbean Bureau (LAC)

Office of Democratic Initiatives (DI);

Office of Contracts (OC)

Division B, Latin American (LA) Branch; and

Development, Planning, and Budget (DPB) Bureau

Center for Development Information and Evaluation (CDIE)

Washington, DC

USAID/LAC/DI  
REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT PROJECT,  
PHASE II (RFMIP II)  
Contract # LAG-0800-C-00-3004-00 and  
TECHNICAL SERVICES FOR REGIONAL FINANCIAL MANAGEMENT  
IMPROVEMENT PROJECT  
Contract # LAG-0800-Q-00-3005-00  
SEMI-ANNUAL SUBSTANTIVE REPORT  
September 30th, 1993 through March 31st, 1994

Submitted By:

CASALS & ASSOCIATES, INC.

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## **EXECUTIVE SUMMARY**

The United States Agency for International Development (USAID) Contract #LAG-0800-C-00-3004-00 requires that a Semi-Annual Substantive Report be submitted by Casals & Associates, Inc. (C&A) covering the status of the work under the Contract, indicating progress made with respect thereto, and setting forth plans in the fields of activities covered. Thus, this report presents a summary of activities undertaken during the first six month period of the Contract (September 30, 1993 through March 31, 1994), the problems encountered during the reporting period, and a projection of activities planned for the next six months.

The goals of the Latin American and Caribbean (LAC) Regional Financial Management Project Phase (RFMIP) II are to:

- encourage democratic governments to budget resources and meet the needs of citizens through effective and efficient management of public finances;
- promote democratic stability and sustained growth in Latin America and the Caribbean by investing in the people and government, and non-governmental and civic organizations involved in good governance; and
- institutionalize the concept of multilateral coordination at both the Washington and country level to emphasize the recognition of the more limited resources available for development activities.

Because there was a sixteen month lapse of time between Phase I and Phase II of the RFMIP, the first six months were oriented toward start-up activities which focused on updating and reestablishing ties made under Phase I. This included relocation of some members of the RFMIP II Team, logistical arrangements for preliminary site visits to selected countries, revamping of the RFMIP II newsletter, and receipt and classification of all USAID and previous contractor documents and publications. The first RFMIP II Team meeting was held in Washington in October, 1993, to prepare the first Annual Work Plan for submission to USAID. This plan was submitted on November 15, 1993.

All RFMIP II Team staff members were on board and active by January 1994. A second RFMIP II Team meeting was held in February, 1994, and included RFMIP II collaborators and sub-contractors. RFMIP II requirements and status were discussed and preliminary agreements were entered into with sub-contractors so that the RFMIP II Team would be available to deliver on any aspect of the RFMIP II, be it an activity under the CORE or BUY-IN Contracts.

In December, 1993, meetings were held with the World Bank (WB), Inter-American Development Bank (IDB), and United Nations Development Programme (UNDP) to re-initiate the Donor Working Group (DWG) meetings. A Planning Group meeting was held in January, 1994, where key donors and the RFMIP II Team prepared the operational

framework for the DWG, which will lead to its institutionalization. Additional meetings were held in February and March of 1994 and progress is being made in this area.

Eight countries were selected to be visited during the first year. The objectives of the visits were to identify the level of interest of host country in improving financial management, establish personnel contacts between the RFMIP II Team and government officials, identify non-governmental organizations and professional groups with an interest in improving financial management and good governance, collect data and documents in the area of financial management and governance, and identify professional expertise available in the region. The eight countries selected were: El Salvador, Nicaragua, Colombia, Dominican Republic, Peru, Paraguay, Brazil and Guatemala.

The first edition of the Accountability newsletter was printed and the mailing list was increased substantially. A program was developed and logistical arrangements were made for the provision of short term technical assistance to Nicaragua in the area of financial management.

Although sixteen months had passed before the start-up of the second phase, the requests for technical assistance were surprisingly high, demonstrating the continued interest in improving financial management and good governance. Some immediate actions were taken; however, because of the uncertainty generated by the Partial Termination for Convenience Letter received by C&A on February 15, 1994, the ability of the RFMIP II Team to respond as originally proposed was hampered.

During the April through September, 1994, reporting period, several important documents will be produced as the results of the site visits, DWG decisions, and RFMIP II Team findings. These include the RFMIP II Implementation Plan and the Annual Work Plan. The RFMIP II Team will meet in July, 1994, to concertize the strategies and actions necessary during the life of the RFMIP II to meet the goal stated above, within the context of the shorter time period and reduced level of effort.

## **INTRODUCTION**

This Semi-Annual Substantive Report (SASR) has been prepared in accordance with Section C.4.(a)(1) and Section C.4.(a)(1) of USAID Contract # LAG-0800-C-00-3004-00 (CORE) which states that "the Contractor shall submit a semi-annual substantive report covering the status of the work under this Contract, indicating progress made with respect thereto, setting forth plans in the fields of activity covered under the terms of this Contract." Section C.4. of the CORE Contract requires that the SASR delineate between the CORE Contract and companion contract #LAG-0800-0-00-3005-00 (BUY-IN). There were no activities conducted under the BUY-IN Contract during this reporting period. According to the Contract, the report is to be distributed as follows: 3 copies to the Contracting Officer, 2 copies to USAID's PPC Bureau's Center for Development Information and Evaluation, and 4 copies to the cognizant USAID RFMIP II Officer.

C&A presents within this document a summary of activities undertaken during the first six month period of the Contract (September 30, 1994 through March 31, 1994). Additionally, this report presents problems encountered during the reporting period and solutions found, as well as a projection of activities planned for the April through September, 1994 period.

## **BACKGROUND**

On September 24, 1993, USAID awarded a five year Contract, divided between the CORE Contract and BUY-IN Contracts, to C&A--to implement RFMIP II. This effort, begun in 1988 under Phase I of the RFMIP, recognizes the importance of assisting democratic institutions to provide accountability and transparency in their management of public resources in order to demonstrate that political stability and economic growth can better meet popular demands for improved living standards.

USAID is committed to supporting good governance to make government institutions more transparent, accountable, effective, decentralized, and accessible. As a result of the achievements made under Phase I of the RFMIP, RFMIP II's purpose is to assist countries with democratically elected governments as they restructure their public sectors to be more responsive to the needs of the population and provide greater accountability to the public.

Thus, RFMIP II's goals are to:

- encourage democratic governments to budget resources and meet the needs of citizens through effective and efficient management of public finances;
- promote democratic stability and sustained growth in the LAC region by investing in the people and government, and non-governmental and civic organizations involved in good governance; and

- institutionalize the concept of multilateral coordination at both the Washington and country level to emphasize the recognition of the more limited resources available for development assistance.

On November 15, 1993, the First Year Work Plan for the RFMIP II was submitted to Mr. John Davison, USAID RFMIP II Officer. C&A was notified on February 1, 1994, that USAID was unable to approve the plan, as the LAC Bureau had been notified of budget cuts for the 1994 Fiscal Year.

The USAID Office of Procurement issued letters to C&A on February 15, 1994 and March 11, 1994 requesting a restructuring proposal based on partial termination which included a revised completion date of March 1997, level of effort reduction to 6,500 person days, and deletion of RFMIP II activities in the areas of teleconferences and development of a regional center. A restructuring proposal was prepared and submitted to USAID on April 7, 1994 as required. No further action has been taken as of the date of this report.

## **RFMIP II STATUS AND ACCOMPLISHMENTS**

The RFMIP II, as delineated by the Contract, has four major components:

1. RFMIP II Management and Contract Administration
2. Technical Assistance
  - Promotion of the IFMS Concept
  - Implementation of the IFMS Concept
  - Anti-Corruption Initiatives
3. Donor Project Database
4. Regional Center (deleted)

The First Year Work Plan presented in **Attachment A** was used as a guide for RFMIP II start-up. This section of the report presents RFMIP II status and accomplishments by component and in reference to the Contract.

## **CONTRACTOR RFMIP II MANAGEMENT AND CONTRACT ADMINISTRATION**

### **RFMIP II Management**

During the first three months of the RFMIP II, (September 30, 1993 through December 31, 1993) focus was given to start-up activities. Overall management and financial tracking systems were established, as was a detailed timesheet for employees, listing tasks under each RFMIP II component (**See Attachment B**). This type of data reporting will assist C&A and USAID in the analysis of the best approach to RFMIP II requirements in the development of the long-term RFMIP II Implementation Plan, and will help C&A to better manage and examine the costs associated with each task. Although this type of record keeping is not contractually required, it is in the best interest of the RFMIP II to have access to this information. Regular and frequent evaluation, to determine the RFMIP II's impact and cost effectiveness on an on-going basis, will provide opportunities

for RFMIP II improvements while it is current; it will not be necessary to wait until the end of the RFMIP II to evaluate the outcome.

Contract specifications were carefully reviewed and Approval and Reporting requirements were summarized to make this documentation more "user friendly" by RFMIP II staff (**See Attachment C**). A letter outlining Contract omissions and discrepancies found during C&A's more in-depth review of RFMIP II documents was sent to the Contracts Office to advise USAID where further guidance might be needed (**See Attachment D**). It is expected that many of these issues will be clarified with the approval of RFMIP II restructuring. All clauses incorporated into the Contract by reference were researched in the Federal Acquisition Regulations (FAR) and USAID Acquisition Regulations (AIDAR), and incorporated into daily RFMIP II management and operations as appropriate.

The RFMIP II Director and Associate RFMIP II Director developed detailed administrative guidelines and procedures for daily RFMIP II operation by expanding the roles and responsibilities of each RFMIP II Team member. This included a system to track data collection and RFMIP II deliverables, to ensure their completion in a timely manner. Effective methods of communication were established with the field offices and consultants. Completion of a RFMIP II Manual will be delayed pending resolution of the restructuring proposal; however, administrative procedures have been adopted to comply with corporate policies and USAID regulations.

C&A and the USAID RFMIP II Officer studied the placement of sub-regional workstations for the Regional Accountability Officers (RAOs), so that sites chosen would best serve RFMIP II requirements. It was decided to place the South American RAO in Lima, Perú. He already resided in Lima and he would be strategically located to serve South America, and more specifically the Andean countries (where most RFMIP II activity is expected to take place). Miami, Florida was chosen as the location of the Central America and Caribbean RAO. From this vantage point, all Central American and Caribbean countries would be easily reached. In addition, Miami is an advantageous city for RFMIP II activities since two of C&A's sub-contractors, Florida International University (FIU) and Barry University (BU), as well as the Inter-American Accounting Association (IAA) are located in Miami. To have one of the RFMIP II's RAOs in Miami will ensure better coordination and monitoring of RFMIP II activities.

Both the RFMIP II Director and the Central American and Caribbean RAO needed to be relocated. Three moving company bids were obtained by both the RFMIP II Director (relocating from Panama to Washington, DC), and by the RAO for Central America and the Caribbean (relocating from Bolivia to Miami, Florida). To ensure proper immigration status for both the RFMIP II Director and the Central America and Caribbean RAO, C&A obtained H1B visas. This required approval to enter and work in the United States by the U.S. Department of Labor, approval of the visa to the individuals and their families by the U.S. Department of Justice, and issuance of the visas by U.S. Consulates abroad.

Materials from the first phase of the RFMIP were collected from USAID's LAC Office of Democratic Initiatives; the previous contractor under Phase I of the RFMIP, Price-Waterhouse (PW); and professional organizations cooperating with the RFMIP II, such

as the IAA. These were reviewed and organized for inclusion in the RFMIP II library and database. RFMIP II Team members reviewed all reports, publications, and products developed under Phase I. To improve accessibility, an appropriate indexing system for these materials will be incorporated into the database to be developed for the DWG.

A meeting of RFMIP II collaborators and sub-contractors (FIU, BU, PW, and the IAA) was held to discuss RFMIP II status and requirements. Individual meetings with sub-contractors were also initiated, and preliminary agreements were entered into, to have the RFMIP II Team available to deliver on any aspect of the RFMIP II, be it an activity under the CORE or BUY-IN Contracts.

All RFMIP II staff joined C&A during this reporting period. Although the RFMIP II Team met for planning and participated in RFMIP II activities from the inception of the Contract, their dates of hire as full-time employees were as follow:

- Edison Gnazzo, RFMIP II Director and RAO  
January 10, 1994
- Jesús Alberto Plata, RAO for Central America/Caribbean  
January 14, 1994
- Alberto Ramírez Enriquez, RAO for South America  
January 5, 1994
- Lidia Soto-Harmon, Associate RFMIP II Director  
December 6, 1993
- Charles Becker, Editor  
October 25, 1993
- Ruth Martínez, Training Coordinator  
October 25, 1993
- Karen Murray, Administrative Assistant  
November 8, 1993

## **Contract Administration**

The RFMIP II Team was brought together for the first time in October to conduct an in-depth review of the Scope of Work (SOW) and to start planning RFMIP II activities. These sessions led to the development of the First Year Work Plan as required under C.(4)(a)(3)(B) of the Contract. Proposed first year activities were also reviewed in terms of USAID's Development Strategies (as presented by the Administrator), to ensure compliance with USAID priorities and focus.

The Work Plan included a proposal to USAID to re-organize the SOW into three categories rather than four. The three are: i) RFMIP II Management; ii) IFMS; and iii) IFMS Support Activities. The rationale for this re-organization was based on the RFMIP II Team's conclusion that Anti-Corruption Initiatives should be an integral part of iFMS implementation and support components.

The Annual Work Plan was delivered to USAID on November 15, 1993. Since at that time USAID was considering termination or partial termination of the Contract because

of budget cuts, official approval of the Work Plan was not received. In order to comply with the Contract without an approved Work Plan, C&A has requested and received approval from the USAID RFMIP II Officer for each activity undertaken--on a case by case basis. This has required RFMIP II operations and reporting on four rather than the three proposed components, in order to be consistent with the current Contract and C&A's Technical Proposal as accepted by USAID.

The second RFMIP II Team meeting took place in February, 1994. These planning sessions were to review RFMIP II methodology and administrative requirements in the conduct of country visits (with the support of USAID Missions). The USAID RFMIP II Officer, with the RFMIP II Director and RAOs, agreed on the need to carry out site assessments versus baseline assessments, and identified countries to be visited based on Mission requests and USAID priorities. The rationale for conducting site assessments instead of baseline assessments is discussed in the section of this report titled Promotion of IFMS.

## **TECHNICAL ASSISTANCE**

C.3.(b)

### **PROMOTION OF THE IFMS CONCEPT**

In order to institutionalize the IFMS concept, on-going promotion will be necessary at two levels: in Washington, D.C. with donors and in the LAC region with governments, non-governmental organizations (NGOs), professional associations, educational institutions, and the public at large. There was a sixteen month lapse of time between the conclusion of Phase I and the award of the Contract for Phase II of the RFMIP; the RFMIP II Team took this into consideration in planning first year activities, especially with regard to the RFMIP II's ability to regain momentum and support in the promotion of the IFMS concept. Government acceptance and implementation of systems that promote accountability/transparency, resulting in good governance, require continuous long-term efforts.

#### **Technical Assistance**

C.3.(b)

Provision of technical assistance is an important part of a LAC regional project, given that financial management and good governance expertise is not readily available in the region. In addition, Missions are being reduced in size or eliminated, so regional support is needed to help USAID promote and further its priorities .

During this reporting period, the RFMIP II received several requests for technical assistance.

- USAID/Nicaragua requested a technical expert to assist in a pre-implementation activity of the Nicaraguan Financial Management Reform Project. The Nicaraguan project's intent is to improve the basic financial and control systems of the government. As part of the project, a Technical Commission and Executive Secretariat will be created to administer the multi-agency (USAID, IDB, and WB) funded effort. The development of an

acceptable model for this commission will help alleviate concerns about in-country fund management. The RFMIP II Team, in consultation with the USAID RFMIP II Officer, has decided to provide a consultant on a short-term basis to assist the Mission with this effort.

- USAID/Ecuador, based on a request from the Government of Ecuador, has asked RFMIP II to assist in the development of a program to fight corruption in the Public Sector.
- USAID/Panama has requested that RFMIP II participate in the mid-term evaluation of the Financial Management Reform Project (USAID Project #525-0306).

### **Donor Working Group**

C.3.(b)

The institutionalization of the DWG and the commitment of its members to promote and fund IFMS projects is one of the most important vehicles available to USAID to ensure that the IFMS concept is implemented in as many countries as possible. Because of the long-term commitment and diminishing bilateral resources, multi-agency cooperation in financial management and good governance in LAC should be the primary focus of the RFMIP II. The RFMIP II Team decided to poll member institutions regarding their past experience with DWG activities, and to solicit ideas regarding the restructuring of the DWG to better serve its members and the LAC region.

To begin the consolidation of the donor partnership concept and to strengthen the DWG's role during the life of the RFMIP II, meetings were held during the first semester with key personnel from the major donor institutions: the WB, International Monetary Fund (IMF), UNDP, United Nations (UN), and IDB. More specifically, on December 8, 1993, RFMIP II staff met with Malcolm Rowatt, Division Chief, Public Sector Management Division, WB, to discuss the restructuring of the DWG. Two meetings were held in early December with IDB President Enrique Iglesias, to present the RFMIP II and gain the IDB's commitment. Discussions were also held with Nohra Rey de Marulanda, Manager, Economic and Social Development Department, IDB; and with Luisa Rains, Chief, Fiscal Unit, Economic and Social Development Department, IDB. The meetings with Ms. Rains were of most importance, as she was an active participant in the DWG during Phase I of the RFMIP II. Her comments and suggestions helped the RFMIP II Team to begin formulating a plan for DWG activities.

A need for a Planning Group composed of selected DWG member institutions became apparent to RFMIP II staff. It was felt that this approach would help avoid meetings that focused exclusively on information sharing. The first Planning Group meeting of the DWG took place at the IDB on January 21st, 1994. In attendance at the session were representatives from the IDB, UN, UNDP, WB, and USAID, as well as the staff of the RFMIP II. The DWG reviewed all projects in financial management being completed or projected by donor agencies. Discussion at the meeting centered on the need to begin a process of institutionalization of the DWG. The RFMIP II Team agreed to present a

concept paper (operational framework for the DWG) at a follow-up meeting set for February.

The meeting offered the participants a unique opportunity to update themselves on the activities and projects in the area of financial management that are either in progress or under consideration at the participating institutions. The participants agreed in principle to coordinate these activities and projects more closely among themselves in order to avoid redundancy and make better use of resources.

The second Planning Group meeting of the DWG took place on February 18th, 1994. The draft of the concept paper elaborated by the RFMIP II Team was presented for discussion, comment, and further development. The final version will be submitted to the DWG at the June 10, 1994 meeting.

In addition to holding meetings for the DWG Planning Group, the RFMIP II Team scheduled a general DWG meeting at the Organization of American States (OAS) on March 14, 1994. At this time all member agencies of the DWG were invited to participate. They are the:

- Canadian International Development Agency (CIDA),
- German Foundation for International Development (GFID),
- German Technical Assistance Agency (GTAA),
- IDB,
- IMF,
- Japanese Agency for International Cooperation (JAIC),
- OAS,
- WB,
- UN,
- UNDP,
- USAID,
- United States (US) General Accounting Office (GAO),
- US Information Agency (USIA), and
- US Office of Management and Budget (OMB).

In preparation for this meeting, it was decided to establish and agree on an operational framework for the DWG. At this time the DWG was renamed the **Consultive Group on Improving Financial Management in Latin America and the Caribbean** (Consultive Group). Planning Group members presented the concept paper for the Consultive Group, around which the agenda revolved. All members were invited to comment, because the Consultive Group will achieve its intended results only if its members are working from the same frame of reference and have had an opportunity to contribute to a common operational approach. The final concept paper will be developed for distribution at the June, 1994 Consultive Group meeting to be held at the UN in New York City. See **Attachment E** for the concept paper and the minutes from these three meetings.

## **New Developments Conference**

C.3.(b)(1)(A)

Each year, the RFMIP II is expected to support the Annual International Conference on New Developments in Government Financial Management held in Miami, Florida. Additionally, the RFMIP II Team has established criteria for the support of other conferences which promote RFMIP II goals (**See Attachment F**). This year's Eighth Annual Conference will be held from April 11-13, 1994 and it hopes to assemble over 200 participants from around the world. Discussions with the organizers, regarding RFMIP II guidelines to support aspects of the event, were begun in November, 1993. Negotiations on the program's focus took place, and three presentations designed by RFMIP II staff were included in the conference program.

After a proposal was put forth by the conference organizers and reviewed by the RFMIP II Team, a commitment was made to support designated conference speakers. The speakers will present papers on lessons from recent experiences in implementing financial management projects in such areas as public revenues, budgeting, credit, tracking of expenditures, and professional training.

The RFMIP II's Education/Training Coordinator also assisted the conference organizers by translating some of the conference materials into Spanish, as it is in the RFMIP II's interest to increase the promotion of the conference in Latin America.

## **Key Financial Managers Meeting**

C.3.(b)(1)(A)

To take advantage of the attendance of high level country representatives and USAID Mission Controllers at the New Developments Conference in Miami, the RFMIP II Team decided to hold a Key Financial Managers Meeting on April 14, 1994. To hold this meeting immediately after the New Developments Conference provided a captive audience, and RFMIP II support for travel related costs were greatly reduced. Most importantly, the RFMIP II needed to receive an update on financial management activities in LAC countries. It was also an opportunity to make the initial contacts for the site visits. A letter of invitation was sent to those individuals the RFMIP II Team felt could significantly contribute to information sharing. See **Attachment G** for the letter of invitation and a list of participants.

## **Educational/Training Programs**

C.3.(b)(1)(C)

Expecting that the RFMIP II as currently designed and funded will be altered, the RFMIP II Team is placing special emphasis on the promotion and institutionalization of educational and training programs developed during Phase I of the RFMIP. USAID and countries in the region would benefit from the adoption and delivery of these courses by universities, as the most sustainable method of technology transfer.

The RFMIP II Team has identified The Latin American Council of Business Schools (CLADEA) and its member institutions as possible providers of IFMS educational programs. CLADEA meets annually in the region, and is composed of the deans of business administration schools of Latin America. During the 23rd Assembly of CLADEA

this past November 7-10, 1993, the RFMIP II's Training Coordinator made a presentation on the IFMS concept and stated the RFMIP II's interest in working with CLADEA in implementing educational programs. Over 300 university and business school administrators participated in the conference titled "Education and Management: Strategic Alliance," which focused on the future of business education in a rapidly changing global marketplace. Of the participants forty percent came from Latin American, forty from North America, and another twenty percent from Europe. Conference topics included the cooperative alliances between universities and the private sector, the privatization of large government owned companies, and public sector reform in general. Specific contacts with the deans and faculty from universities in the LAC region were made for future follow-up.

### Accountability Newsletter

C.3.(b)(1)(D)

The RFMIP II newsletter, Accountability in English and ResponDabilidad in Spanish, is one of the most important vehicles available to promote the IFMS and good governance in the LAC region, as the awareness and participation of the individual is vital to the institutionalization of these concepts. It also serves as a tool to update USAID and other donors on financial management and good governance programs. The RFMIP II has also undertaken to publish and distribute papers presented at conferences and other meetings it has supported, the content of which is in some cases summarized and included as an abstract in the newsletter.

ResponDabilidad, the title given to the newsletter during Phase I, does not exist in the Spanish language. The RFMIP II Team considered replacing the title, but the English word "accountability" does not have a direct translation into Spanish, and it was determined during Phase I of the RFMIP II that a possible equivalent, "responsabilidad" (meaning responsibility), did not project the concept of accountability to a Latin American audience. Therefore, the word "responDabilidad" was retained, with the definition used during Phase I: the duty to answer to a higher authority, which is essential to ethics, morality, and conscience. The Team decided that the first issue of the newsletter would utilize the title ResponDabilidad, but that the "d" would be capitalized to acknowledge that the RFMIP II Team was aware that this was a coined word. In a future issue a poll will be conducted to assess the impact of the use of this word, and based on its results, a decision will be made regarding the title's continued use.

The RFMIP II Team determined that the first Phase II issue of the newsletter needed to have a new focus, format, and layout to reach the desired readership in the region. To facilitate its reading, the team decided to make the newsletter less crowded visually and shorter in length. In its new format, the newsletter has a primary feature article in addition to the permanent sections that follow:

- **RFMIP II Activities** provides readers with general RFMIP II information.
- **Upcoming Events** lists courses and conferences held in areas of financial management and good governance.

- **Commentary** runs an opinion piece by a contributor selected by the Editor.
- **Good Governance Watch** provides news and information on governance issues.
- **Financial Management Update** provides news and information on financial management projects.
- **Views and Interviews** consists of contributions and interviews with experts in technical areas of financial management or good governance.
- **Publications** consists of a book review and/or bibliographic listings.

The new format is designed to accustom the reader to a consistent approach, making it easier and faster to read. In addition, the newsletter must be informative, interesting, and technically useful. The editorial premise of the newsletter is that it appeals to the lay reader and the expert alike, as a reliable source of news and information. The new format should make the newsletter accessible to a broader readership, and allow it to continue to provide authoritative information to experts in the field.

After decisions were made regarding the title in Spanish and the new format, scopes of work were distributed to graphic artists/studios and printers; three of each were selected to make presentations to the RFMIP II Team. This process helped the RFMIP II Team develop a look for the newsletter and a production schedule. Final text, design, and layout for both English and Spanish editions of the newsletter were completed. For copies of the first issue of the RFMIP II newsletter in both English and Spanish see **Attachment H**.

Research was conducted to determine the best way to distribute the newsletter to LAC countries. Sending a country's supply to a local courier service was considered, but not all countries have the same type and quality of service, and this option was not pursued. Sending the materials to USAID Missions for local distribution would have been unrealistic; therefore, it was determined that the U.S. Postal Service would be utilized. Additionally, the first several newsletters will include a subscription coupon so that the mailing list developed during Phase I may be updated and expanded.

## **IMPLEMENTATION OF IFMS**

Long term improvements in financial management and evidence of good governance in LAC countries will require governments to become more accountable and transparent. The role of a regional project is to provide support and coordination of technical resources as well as serve as the center of expertise for the integrated financial management system and good governance concepts. The RFMIP II Team will assist USAID Missions and other donors by processing information, making recommendations, and providing technical assistance, so that country specific projects may be developed and implemented. The process is lengthy and requires a long-term commitment.

Implementation of the IFMS concept requires more than technical improvements in government financial management. The RFMIP II Team will be available to support the USAID Missions and donors in assessing a country's commitment to democratic principles, as well as its political will. These aspects are as important to the successful implementation of the IFMS concept as technical knowledge and system reform.

To increase the potential for success of IFMS concept implementation by USAID Missions and donors, the RFMIP II is providing training in IFMS, technical assistance in financial management systems and good governance, diagnostics (Financial Management Assessments), and support to NGOs and professional groups.

### **Education/Training**

C.3.(b)(2)(A)

RFMIP II will concentrate on finding ways to have courses in IFMS adopted and institutionalized by universities and training institutes in the region. The basic "Sistema Integrado Modelo de Administración Financiera en América Latina y el Caribe" (SIMAFAL) courses, written during Phase I, include a short, introductory course, lasting five days, and a comprehensive course lasting five months. Both courses cover the following areas: integrated financial management system, budgeting, control and audit, public debt, treasury, and accounting. The SIMAFAL courses had not been piloted or taught during Phase I, so it will be necessary to carefully pilot, evaluate, review, and update these courses prior to broad dissemination. The RFMIP II Team has reviewed SIMAFAL materials and is considering the applicability of the course, as well as methods to promote its broad implementation and adoption. Course and trainer evaluations for the SIMAFAL short course are being designed to solicit feedback from participants. As mentioned above, the Training Coordinator attended the CLADEA Conference, a first step in the identification of educational institutions that may be willing to pilot and adopt the SIMAFAL comprehensive course.

### **Baseline/Site Assessments**

C.3.(b)(2)(B)

Given the lapse of time between the RFMIP and the RFMIP II, the RFMIP II Team determined it necessary to revise the previously established methodology developed for baseline assessments--to better meet the needs of the region and the RFMIP II, and to have up to date information to share with donors. The methodology developed during Phase I was primarily concerned with the conduct of diagnostic assessments, to determine the need for technical assistance. The RFMIP II Team established a procedure for site assessments, which were to gather information and renew contacts in selected countries, so that the RFMIP II Team may effectively provide technical assistance. The methodology for baseline and site assessments may be found in **Attachment I**.

Since the RAOs have knowledge and access to both protocols, they will use them in a combined fashion depending on Mission and country needs and circumstances. Coordination with the Consultative Group allowed the RFMIP II Team to share plans for site assessments with Consultative Group members, and obtain contact lists from donor agencies in countries to be visited. The countries selected to be visited for site

assessments are: Brazil, Colombia, Dominican Republic, El Salvador, Guatemala, Paraguay, Peru, and Nicaragua. These countries were selected based on interest expressed by the USAID RFMIP II Officer and USAID Missions.

In order to update the RFMIP II, and in anticipation of conducting site assessments, the South American RAO researched news articles on issues of good governance and financial management from major South American newspapers [El Clarín (Argentina), El Mercurio (Chile), O'Globo (Brazil), El Nacional (Venezuela), and El Tiempo (Colombia)] to share with the RFMIP II Team. The RFMIP II receives the Daily Report, Latin America, of the Foreign Broadcast Information Service (FBIS) published by the US Government. This is a valuable source of information for the RFMIP II Team, and is to be included in the RFMIP II library.

The RAOs also reviewed relevant data, such as financial management assessments and donor projects for countries identified to be visited during the site assessments. Eight countries were identified to be visited during the first year of the RFMIP II. The analysis of these site assessments and recommendations based on the findings will be presented to the Consultative Group.

### **Financial Management Assessments**

C.3.(b)(2)(D)

Financial Management Assessments (FMAs) serve as the preamble to project design and implementation in countries that have demonstrated the conditions and political will to establish accountability measures. These types of diagnostic tools will only be utilized by the RFMIP II Team after the USAID Mission and other donors have indicated that project design and implementation is being considered, and if site assessment reports indicate that there is potential for successful project implementation. The RFMIP II Team has reviewed the protocol and reporting requirements established for FMAs during Phase I of the RFMIP, and is considering revision of the methodology in order to improve the effectiveness of the FMAs. FMAs require the involvement of RFMIP II staff and several other expert consultants for approximately one month in-country. Consequently, the RFMIP II Team will judiciously invest in these assessments.

There has been some indication of interest on the part of Brazil and the Dominican Republic to carry out FMAs. The RFMIP II Team and USAID RFMIP II Officer have decided to schedule site assessments in these countries as a means to determine the financial management capacity, the conditions for successful project implementation, and political will. During the next reporting period, and after discussions with members of the Consultative Group, a decision will be made regarding the conduct of FMAs in Brazil and the Dominican Republic.

### **ANTI-CORRUPTION INITIATIVES**

The anti-corruption components of the RFMIP II serves to support the development and implementation of the IFMS concept in LAC countries. The RFMIP II will work with NGOs and professional groups to raise public awareness of the need for accountability and transparency in the public sector. The RFMIP II Team for good governance includes

Poder Ciudadano, an Argentine civic action organization that has been very successful in promoting anti-corruption programs, and select members of the Florida International University faculty that have been involved in good governance research and program development.

### **Strategy Preparation**

C.3.(b)(3)

The First Year Workplan established the need to develop a RFMIP II strategy on good governance, since development organizations have only recently begun to set policy and develop programs in this area. The first RFMIP II Team strategy session, including sub-contractors (Poder Ciudadano and faculty members of Florida International University), took place on February 10 and 11, 1994. This session provided the foundation for the development of a four year regional strategy to combat corruption in the public sector. The agenda and minutes of this meeting may be found in **Attachment J**. To expand on this initial effort and better prepare the RFMIP II Team to respond to USAID Mission requests for technical support, the RFMIP II Director has been researching good governance documentation developed by the international community.

### **Seminars: Training/Mass Communication**

C.3.(b)(1)(A)

USIA joined the Consultive Group at the invitation of the USAID RFMIP II Officer. USIA's participation in the Consultive Group has assisted the RFMIP II in the search for cost effective delivery of information and training on anti-corruption activities. In principle, it was agreed that the RFMIP II Team would develop a concept paper for the development and implementation of a series on accountability and good governance for the English speaking Caribbean. A preliminary paper on an American Republics Network (ARNET) Series on Corruption in the Caribbean was developed and potential presenters were contacted. (See **Attachment K**). This interactive television series would provide the target audience (government officials, journalists, and NGOs) a forum for the discussion of corruption issues in an open and democratic arena. USIA and the RFMIP II will proceed to implement the programs as soon as the level of interest is determined by USIA missions in the English speaking Caribbean.

### **Assistance to NGOs and Professional Groups**

C.3.(b)(3)(A)

The site assessment protocol to select countries in the next few months includes the identification of local NGOs and professional groups interested in promoting good governance and fighting corruption in their countries. Although no direct RFMIP II assistance was given to an organization during this reporting period, the South American RAO met with a group of influential individuals in Peru interested in forming a civic organization to help fight corruption in their country. They were provided with general information on the IFMS concept, RFMIP II activities, and Poder Ciudadano's objectives and programs.

## **Anti-corruption Programs**

C.3.(b)(3)(B)

This section of the Contract was deleted by the Partial Termination for Convenience Letter dated February 15, 1994 and was reinstated on March 11, 1994.

## **DONOR PROJECT DATA BASE**

C.3.(c)

The database will be designed to coordinate Consultive Group activities, and thereby facilitate the formulation, implementation, and evaluation of, and provide technical assistance to the implementation of the IFMS concept in LAC countries.

After reviewing Phase I database materials, the RFMIP II Team conceptualized the use of several related and interactive databases that may be developed during the Contract period. The Phase I database included abstracts of projects funded by donor agencies. The Phase II database will build on this, and also include: 1) consultants, 2) educational programs, 3) conferences and seminars, 4) publications, 5) NGOs and professional associations, and 6) norms and standards and legal framework.

During this reporting period the RFMIP II Team researched possible software applications for the database, developed a concept paper on the database for presentation to the Consultive Group meeting scheduled for June 10, 1994, and built a resource list of individuals in the financial management field (for newsletter distribution and a future consultant database).

An activity related to the development of the database/library was the completion of an inventory of all courses developed under Phase I, an accounting course developed in Chile, a budgeting course developed in Brazil, and a tax administration course developed and administered by the "Centro Inter-Americano de Administradores Tributarios" (CIAT) in Panama. The RFMIP II Team researched the availability of trainers in financial management and good governance, including RFMIP II subcontractors FIU and BU, as well as government institutions, professional associations, and NGOs such as the "Federación Internacional de Contadores" (IFAC), IAA, and Poder Ciudadano of Buenos Aires, Argentina.

## **REGIONAL CENTER**

C.3.(d)

This section was deleted by the Partial Termination for Convenience Letter dated February 15, 1994, as was section C.3.(b)(2)(C), which also refers to the Regional Center.

## **PROBLEMS AND SOLUTIONS**

RFMIP II received a letter of Partial Termination for Convenience on February 15, 1994. This letter deleted three sections of the Scope of Work [C.3.(b)(2)(C), C.#.(b)(3)(B), and C.3.(d)], reduced the level of effort from 9,858 total person days to 6,500 person days, and revised the estimated completion date from September 24, 1998, to March 31, 1997. A letter dated March 11, 1994, reinstated section C.3.(b)(3)(B). The RFMIP II Team

continued to carry out implementation of the RFMIP II in accordance with the terms of the Contract as proposed in the First Annual Work Plan submitted November 15, 1993, and amended to reflect the reductions specified in the Partial Termination letter. A restructuring proposal was submitted on April 7, 1994, but the partial termination has not been negotiated as of the date of this report.

The first issue of Accountability was slated to be published in January 1994; however it was delayed two months because it was decided that a new focus was needed in order to best reach the readership through feature articles and clearer design. The one issue shortfall for the first year will be made up in Fiscal Year 1995, when in addition to the quarterly publication of the newsletter, a special edition will be published. It will be devoted exclusively to issues of greatest concern to the Office of Democratic Initiatives at USAID.

## **ACTIVITIES PLANNED DURING THE NEXT SIX MONTHS**

### **CONTRACTOR RFMIP II MANAGEMENT AND CONTRACT ADMINISTRATION**

#### **RFMIP II Management**

In the area of RFMIP II Management, the RFMIP II Team plans to institutionalize its role as the Executive Secretariat of the Consultative Group and organize two general meetings and several planning meetings to implement the activities and strategies approved by the Consultative Group.

RFMIP II Team meetings are scheduled for April, 1994, following the New Developments Conference and for July, 1994, to analyze the information gathered from the preliminary site visits and to draft the RFMIP II Implementation Plan for the life of the RFMIP II.

#### **Contract Administration**

The reports which will fall due and are planned for preparation during the next six months include:

- The RFMIP II Implementation Plan
- The Annual Work Plan
- Periodic Status Reports
- Quarterly Progress Reports
- Quarterly Financial Reports
- Semi-Annual Level of Effort Reports

The RFMIP II Team will convene in July, 1994, to develop the RFMIP II Implementation Plan and the 1995 Annual Work Plan.

## **TECHNICAL ASSISTANCE**

C.3.(b)

### **New Developments Conference**

C.3.(b)(1)(A)

The RFMIP II will participate in and co-sponsor the VIII International Conference on New Developments in Government scheduled for April 12-14, 1994, in Miami, Florida. The following members of the Team will present papers on topics of relevance to the RFMIP II:

RFMIP II Director Edison Gnazzo: Tax Administration;

RAO for Central American and the Spanish-Speaking Caribbean Jesus Plata: Integrated Governmental Financial Management: the SAFCO Model; and

Consultant Lynnette Asselin: Integrated Governmental Financial Management: the SIMAFAL Model.

### **Donor Working Group (Consultative Group)**

C.3.(b)

A June, 1994, Consultive Group meeting is scheduled to be held at the UN in New York City and a September, 1994, Consultive Group meeting will be organized and held in Washington. The September meeting will feature workshops on the IFMS concept as related to donor activities.

### **Key Financial Managers Conference**

C.3.(b)(1)(A)

A one-day informal Key Financial Managers' meeting will be held immediately following the New Developments Conference. This conference will include higher level government officials from most of the LAC countries. The purpose will be to discuss the present status of financial management and identify technical assistance projects currently underway in the respective countries.

### **Conferences and Key Speakers**

C.3.(b)(1)(B)

Various technical assistance requests have been received for assistance in sponsoring conferences and speakers. Criteria for technical assistance grants have been developed and as part of the RFMIP II Implementation Plan meeting, selected support will approved.

### **Training**

C.3.(b)(1)(C)

The main activity in this area during the next six months will be the review of the SIMAFAL short course. Two SIMAFAL courses were prepared under Phase I of the RFMIP. Preliminary review of the short course identified several problems with the course as now presented and the RFMIP II Team will review the course in order to make it available to institutions and organizations throughout the region.

**Accountability Newsletter**

C.3.(b)(1)(D)

The June and September, 1994, issues of Accountability in English and ResponDabilidad in Spanish will be published and distributed during the reporting period.

**Success Stories**

C.3.(b)(1)(E)

The identification of successful experiences is an on-going activity. Although no specific cases have been targeted for this period, the RFMIP II Team's participation in the New Developments Conference and the site assessments may lead to particular case identification.

**Model Professional Standards**

C.3.(b)(1)(F)

Legal documents, codes, professional standards and other related tools of financial management will be identified and collected during the RAOs preliminary site visits.

**Assistance to NGOs and Professional Groups**

C.3.(b)(1)(G)

One of the main purposes of the preliminary site assessments will be to identify, make contact with, and explore possibilities for collaboration with non-governmental organizations and professional groups in the financial management and good governance areas.

**Site Assessments**

C.3.(b)(2)(B)

Eight site assessments in selected Latin American and Caribbean countries will be conducted to update information on financial management capability, promote the concept of integrated financial management systems and good governance with the USAID Missions, governments, professional groups, and NGOs. The countries being selected are: Peru, El Salvador, Nicaragua, Guatemala, Brazil, Colombia, Paraguay, and the Dominican Republic.

**Financial Management Assessments**

C.3.(b)(2)(D)

It is expected that one FMA will be conducted in the first year of the RFMIP II (September 1994). This is if the initial site assessments indicate the need and the presence of other propitious conditions for a full financial management assessments.

**Anti-corruption Initiatives**

C.3.(b)(3)(A)

Ecuador, Peru, and Chile have requested assistance in sponsoring anti-corruption activities. These technical assistance requests will be reviewed and decisions made on their applicability to the RFMIP II.

## **Development of Anti-corruption Initiatives**

C.3.(b)(3)

The anti-corruption strategy for the RFMIP II will be developed in conjunction with Poder Ciudadano and FIU during this period.

## **Seminars: Training/Mass Communication**

The RFMIP II will hold a discussion session with the Democracy versus Corruption U.S. Study Tour for Latin American Opinion Leaders. The Institute of Public Administration (IPA) with funding from RFMIP II and USIA, will bring ten prominent opinion leaders to the United States for a ten-day session to become acquainted with anti-corruption efforts and activities in the United States.

The RFMIP II will implement the ARNET Series for the English Speaking Caribbean.

## **DONOR PROJECT DATABASE**

### **Data Base Development**

C.3.(c)(1)

The preliminary financial management data base will be installed for the RFMIP II. The preliminary design will be submitted to the Consultative Group in June 1994. Data input will begin upon approval of the data base by the Consultative Group. Three initial cross-referenced data bases are projected to be available on disk for: projects, consultants, and training and education Programs.

## **REGIONAL CENTER**

C.3.(d)

This section was deleted by the Partial Termination for Convenience Letter dated February 15, 1994, as was section C.3.(b)(2)(C), which also refers to the Regional Center.

**ATTACHMENT A**



**FIRST YEAR WORK PLAN**

**REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT  
PROJECT, PHASE II**

**PROJECT NUMBER 598-0800  
CONTRACT NUMBER LAG-0800-C-3004-00**

**Submitted To:  
Mr. John Davison  
Project Officer  
U.S. Agency for International Development  
Bureau for Latin America and the Caribbean  
Office of Democratic Initiatives**

**Submitted By:  
Project Team  
Casals and Associates, Inc.**

**November 15, 1993**

**Submitted To:**

**Mr. John Davison  
Project Officer  
U.S. Agency for International Development  
Bureau for Latin America and the Caribbean  
Office of Democratic Initiatives  
Washington, DC 20523-0025**

**November 15, 1993**

**FIRST YEAR WORK PLAN**

**REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT  
PROJECT, PHASE II**

**PROJECT NUMBER 598-0800  
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**Submitted By:**

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**Activities Under The Contract**

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## **LAC/RFMIP-II AND USAID DEVELOPMENT STRATEGIES**

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### **Background**

From 1988 to 1992, USAID funded a three-year pilot project in Latin America and the Caribbean designed to improve the financial management capability of newly elected democratic governments. Specific objectives were to:

- support broad-based, sustainable economic growth;
- support the development of stable, democratic societies; and
- respond to specific development challenges in the hemisphere.

The first phase was divided into two components: first, building public awareness and support for upgrading financial management and related skill levels in the region; and second, developing a strategy for improved financial management.

USAID recognizes that improved financial management plays an important role in achieving the consolidation of the democratic process in the less developed countries of the Western Hemisphere. The USAID Inspector General has called attention to the adverse impact of weak financial management by host countries on the effectiveness of USAID development projects.

Based on the results and interest developed under the first project, and in view of its Strategy for Development, USAID has developed a follow-on activity that will further improve governmental accountability and financial management in Latin America and the Caribbean. Phase II of the Latin American and Caribbean Regional Financial Management Improvement Project (LAC/RFMIP-II) will:

- Institutionalize the Donor Working Group concerned with improving financial management in the Latin American and Caribbean region and foster a coordinated approach among international donor agencies;
- Collaborate with other international donors in developing technical assistance programs which are designed to implement the integrated financial management system in Latin American and Caribbean governments;
- Provide timely and relevant assistance to governments committed to democratic political institutions and processes that are responsive and flexible in addressing the demands of citizens;

- Enhance the technical capacity of developing countries to prioritize public resources required to meet the citizens' needs; and
- Support the empowerment of citizens in the democratic process by working with civic and professional groups to provide new avenues for participating in the political process and keeping governments accountable for their actions.

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## USAID Development Strategies

The USAID Strategy for Development targets the host of new geopolitical problems in today's world. The goal of this development assistance strategy is to enhance the permanent capacity of other nations to deal peacefully and productively with the problems of national life. In order to achieve this goal, development assistance must facilitate the empowerment of individuals and communities alike. To this end, USAID projects will employ a triad of methodologies for their development mission: support for **sustainable and participatory development**, emphasis on **partnerships**; and application of **integrated approaches and methods**.

*Sustainable  
Development*

The key to sustainable development is the enhancement of indigenous capacity. This is done through emphasis on participation, accountability, transparency, decentralization, and local empowerment. The Latin American and Caribbean Financial Management Improvement Project (LAC/RFMIP-II) is predicated upon the concept that a democratic government is committed to improving its permanent capacity to efficiently and honestly manage public resources in order to provide an improved quality of life for its citizenry. This will win the confidence of the citizens and will be able to provide the environment necessary for democratic stability and economic growth. Past experience has shown that national crises have been brought on directly by governments that fail to provide for the basic needs of the citizenry or that act without efficiency and honesty. When citizens lack a stake or sense of participation in their government, they feel powerless and absolved of any responsibility for public policy. Participation by citizens encourages accountability among all participants in the democratic process.

*Participation  
and  
Partnerships*

Phase II of the Regional Financial Management Improvement Project is structured to develop maximum participation and partnerships in the region among professionals, the government and the general public. It will place two Regional Accountability Officers (RAOs) in Latin America and the Caribbean (in contrast to

Phase I, which operated mainly from Washington, D.C.) The two RAOs are specialists of long standing in government financial management. Their role will be to ensure collaboration and cooperation in the field among host governments, USAID missions, other donor agencies, local non governmental organizations (NGO)'s and other professional and civic associations with a vested interest in assessing and responding to evolving issues.

In addition, LAC/RFMIP-II will bring on board an academic institution and a respected Argentine citizen awareness group to develop and implement a strategy to: (a) foster government integrity and accountability, (b) target threats to sustainable democracy, and (c) increase public understanding of citizens' rights and responsibilities to watch over their own government and its exercise of power.

LAC/RFMIP-I was one of the first regional projects to institute a Donor Working Group (DWG) in Washington to coordinate areas of planning and division of responsibilities; allocate and pool resources; share technical resources and expertise; and cooperate and communicate in the field and collectively with host governments. Donor coordination remains a cornerstone of LAC/RFMIP-II. To consolidate the donor partnership concept and strengthen the Donor Working Group's role during the life of the project, meetings are being held during the first semester of the project with key personnel from the major donor institutions: the World Bank, International Monetary Fund, United Nations Development Programme, and Inter-American Development Bank. The goal of the Donor Working Group on Financial Management will be to formalize all multilateral cooperation in the financial management improvement area throughout Latin America and the Caribbean.

*Integrated  
Approaches*

**Building  
Democracy**

With few exceptions, Latin American and Caribbean countries have democratically elected governments. Many of these governments are still fragile and marked by elemental problems. They require external and internal support in sustaining democracy.

Democratization is ultimately an internally driven process, but the citizens of many countries are just beginning to experience an understanding of their roles and responsibilities. The problems stem from many cultural and traditional influences: unrealistic expectations, misperceptions and feelings of powerlessness. In order for USAID to carry out its strategic objective of consolidating democratic regimes throughout the region, both long-term

commitments and timely, politically adept interventions will be needed. The role of the Office of Democratic Initiatives is to provide development assistance in support of the increasing commitment to democratic political institutions and processes which are both responsive and flexible in addressing the demands of citizens increasingly accustomed to shaping their own destinies.

The role of the Regional Financial Management Improvement Project (LAC/RFMIP-II), as a component of the Democratic Initiatives (DI) program, will be to provide technical support to democratically elected governments in their efforts to improve the functioning of government, its efficiency and honesty, throughout the hemisphere.

The primary purpose of the project will be to provide the technical assistance necessary to improve government accountability and financial management by implementing an integrated financial management system strategy in the Executive Branch. As evidenced in Bolivia, the integrated approach assures efficient, flexible and reliable governance. The project will also work in cooperation with other DI initiatives which support the legislative function. Of key importance is the promotion of an independent audit organization that is responsible to the legislature for the external review of the uses of public funds. It will complement Administration of Justice programs in the judicial area by promoting the principle that those who are responsible for public resources; i.e. government employees and elected officials, will be punished should they be found to be involved in the willful misuse or misappropriation of public resources. Finally, it will work in coordination with non-governmental organizations and civic groups to develop relationships which will foster government accountability.

## **Encouraging Economic Growth**

The regional financial management improvement project ties in with the USAID strategy to promote economic growth. The keys to economic growth include an appropriate policy environment and good governance. Success in achieving project objectives would help eliminate the kind of environment that discourages investment, productivity and economic growth. Good financial management impacts on economic policy and permits the prioritization of government expenditures in the areas of such basic services as health and education. When taxes, revenues and prioritized expenditures are appropriately structured and not overly restrictive, the economic and social environments are improved, thus enhancing

## **Stabilizing Population Growth**

confidence and stability which results in sustainable economic growth.

As USAID recognizes in its strategy, high population growth rates render inadequate or obsolete any investment in schools, housing or infrastructure. High population growth rates seriously complicate and often undermine the planning, allocation, and rational use of limited resources. When governments fail to meet the expectations of their population for a better life, the result is often political instability, civil war, or regional conflict. The ability to prioritize the use of resources in order to provide needed social services programs, especially in the health and education fields, is absolutely imperative if a government is going to meet the expectations of its citizenry.

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## **Relationship to USAID Reorganization**

The reorganization plan of USAID calls for a reduction in the number of its missions and personnel. However, it must continue as always to meet congressional demands for full accountability of U.S. taxpayers' money. Recipients of USAID funding now face stricter accountability requirements, at a time when management at missions face greater constraints. Public and private sectors must operate in a transparent and accountable environment in order to ensure productivity and sustainable development; however, the necessary levels of performance are not sufficiently robust in many developing countries in Latin America and the Caribbean region.

Improving financial management capabilities at a finance ministry, NGO or professional association, is an investment in human capital. By strengthening the capabilities and performance of democratic institutions and processes, the project will involve, respond, and be accountable to the people who will benefit directly from the development of good governance. It will give citizens the power to participate in government and hold officials accountable for their actions.

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## **FIRST YEAR WORK PLAN FOR LAC/RFMIP-II ACTIVITIES**

The Project Team of Casals & Associates convened the week of October 11-15, 1993 to initiate the development of the Work Plan and Strategy for Phase II of the Regional Financial Management Improvement Project (LAC/RFMIP-II).

In recognition of USAID's development strategy, the Project Team focused on designing the first year activities to meet the criteria of sustainable development and enhancing indigenous capacities, as follows:

- The project is structured to promote democratic stability and sustained growth in Latin America and the Caribbean by investing in the people, government and non-governmental and civic organizations involved in good governance. Good financial management recognizes that resources are limited and demand for them will always surpass supply. However, when citizens know that their government has taken the necessary steps to prioritize expenditures for public needs, that public servants are held accountable for their actions, that public resources are employed efficiently and honestly, and that all transactions are fully traceable, then the public confidence in government will grow on a stable foundation, hand in hand with sustainable development and democracy.
- The measurable results of this project will be the ability of democratic governments to budget resources and meet the needs of citizens through effective and efficient management of national finances.
- National social needs, particularly in areas of health, education, and other basic services, can only be met when government sets firm priorities and holds itself accountable for the use of public resources.
- Institutionalization of the multilateral coordination concept at both the Washington and country will be emphasized in recognition of the more limited resources available for development assistance.

In order to ensure that LAC/RFMIP II remains consistent with these goals and objectives, the first six months of the project will be a time for information gathering and planning. From April to June, 1994, the Project Director and the Accountability Officers will conduct site assessments of as many of the countries as possible within their corresponding regions. They will examine the levels of accountability within the government, meet with members of civic and professional groups, and develop action plans to program activities to improve public sector financial management and fulfill public demand for improvements in the quality of life. Therefore, the preparation of the Project Implementation Plan (PIP) will be

undertaken after the initial phase so that an integrated long-term approach will be consistently followed throughout the life of the project. Under separate cover, Casals & Associates will be requesting an extension on the submission of the PIP. The coordination with the Donor Working Group will help achieve greater commitment among donor institutions, and increase the opportunities for leveraging resources earmarked for improved public sector financial management.

The following core activities were identified as among those critical to the success of the project. Based on the discussions held by the Casals & Associates Project Team, it is proposed that activities be regrouped as follows: 1) Project Management; 2) Integrated Financial Management Systems (IFMS); and 3) IFMS Support Activities. The following activities were listed under the original Work Statement and the Casals & Associates Best and Final Offer accepted by USAID: 1) Project Management; 2) Promotion of the IFMS Concept; 3) Implementation of the Strategy to Improve Accountability, Financial Management and Audit in Latin America and the Caribbean (STRATAC); and 4) Anti-Corruption Initiatives. In analyzing project activities the Project Team concluded that the good governance or anti-corruption component should be an integral part of implementation or support. It was also concluded that RFMIP-I emphasized the promotion of IFMS and that any further promotion activities should be viewed as either part of implementing IFMS or in support of IFMS projects.

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## Project Management

Based on the initial Project Team planning sessions, and subsequent research and discussions, Casals & Associates proposes that the following activities be considered and approved by USAID for first year implementation of LAC/RFMIP-II. The activities proposed under the three categories--i) Project management; ii) Integrated Financial Management Systems; and iii) IFMS Support Activities--take into account the July 1992 completion of the First Phase of LAC/RFMIP and the late 1993 launching of Phase II. Full consideration is also given to USAID's Development Strategies and Reorganization Plan within the context of Casals & Associates' Contractual Obligations to USAID.

### RFMIP II Project Manual

The Manual will be prepared between December 1993 and March 1994 by Project Team Associate Director Lidia Soto-Harmon and will serve as a road map to the Project. It will specify the steps required for implementing the activities laid out in the approved Work Plan. It will define the approach and strategies for collecting information and coordinating the activities of the Donor Working Group, and it will detail the position of each Project Team member and the responsibilities and roles thereof. The Manual will also list relevant USAID regulations, including administrative and reporting requirements, ethical standards, and travel-related information.

## **Library Establishment**

Between October and December, 1993, all reports, publications, and products developed or used under Phase I of the Project are being collected from USAID and Price Waterhouse. An appropriate indexing system will be devised and should be in place by February 15, 1994. Duplicate sets of project component notebooks will be organized for the offices of both the USAID Project Officer and the Project Team to have on hand for ready reference.

The Inter-American Accounting Association (IAA) has previously served as a depository and distributor of financial management materials in print and video. The Project Team will coordinate with IAA to determine what materials would be appropriate for IAA distribution and will transfer them to the IAA premises in Miami.

## **Data Base Information**

Under LAC/RFMIP-I, a comprehensive data base was created listing all technical assistance projects, funded between 1988 and 1992 by agencies participating in the Donor Working Group, whose primary focus (or at least a significant component thereof) was devoted to financial management improvement. By February 1994, all 1992-1993 information gathered from agencies will be added to the data base. The updated data will provide the RAOs with the information necessary for their site assessments scheduled from April to June, 1994.

## **Inventory of Courses and Regional Conferences**

During the initial months of the project, Training Coordinator Ruth Martinez will take inventory of all courses developed under LAC/RFMIP-I (e.g., Price Waterhouse, accounting courses in Chile, budgeting courses in Brazil, tax administration courses at CIAT.) In addition, an assessment will be made of the availability of other courses and training course providers, including project subcontractors Florida International University (FIU) and Barry University, as well as government institutions, professional associations, and NGOs (e.g., IFAC, Inter-American Accounting Association, Poder Ciudadano).

A survey of upcoming conferences in financial management and related disciplines in the public sector will be completed by January, 1994. The survey will assist the Project Team in deciding which conferences to support and which may require project representation.

**Coordination of RFMIP Network**

Initially, USAID Project Officer John Davison and Beatriz Casals will make contact with representatives of the Donor Working Group, USIA, FIU, Barry University, Price Waterhouse and Poder Ciudadano to establish project linkages and understandings. The Project Team will conduct all follow-up required to perform project activities.

In early December, 1993, Project Director Edison Gnazzo will meet with the President of the Inter-American Development Bank, Enrique Iglesias, and individual DWG members in order to set the schedule and agenda for the first DWG meeting under RFMIP-II.

Pursuant to USAID approval of the First Year Work Plan, Casals & Associates will enter into interim intents to subcontract with Price Waterhouse, FIU, Barry University and Poder Ciudadano. These agreements will be refined and finalized after approval of the PIP.

**Strategy Development**

In January, 1994, a second Project Team meeting will be convened in Washington to prepare the detailed strategy for the site assessments that will be conducted by the RAOs throughout Latin America and the Caribbean between April and June, 1994. By this time, the Project Team will be prepared to determine the countries to be visited, the scope and nature of information to be gathered, the individuals to be contacted, as well as other tasks deemed appropriate for the site assessments.

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**Integrated Financial Management Systems**

**Research Activities/  
Baseline Assessments**

Between April and June, 1994, Project Director Edison Gnazzo and Regional Accountability Officers Jesús Plata and Alberto Ramírez will conduct site assessments in those countries considered and selected during the second Project Team meeting. Tasks to be performed during the site assessments include:

- Review status of current and completed international projects relating to IFMS;
- Determine level of public sector commitment to IFMS;
- Establish institutional and professional linkages;
- Identify professional associations, civic groups, and other NGOs that pursue good governance and anti-corruption activities, and

- Conduct selective baseline assessments.

As a result of the site assessments, countries will be classified under one of three categories: exploratory; interested; or implementing. The classification of a given country will be determined by the research conducted on the level of commitment to IFMS.

Site assessments will also provide information required for drafting the Project Implementation Plan (PIP) and will enable the focus and objectives of the project to be defined on a country-by-country basis.

### **Financial Management Assessments**

Country specific financial management assessments will be conducted if initial site assessments indicate the need and the presence of other propitious conditions. These financial management assessments will be provided throughout the life of the project. Full assessments will be funded under the buy-in component of the project. It is expected that at least one of eight financial management assessments will be conducted in the first year by the RAOs.

### **Donor Working Group**

Between November 1993 and January 1994, individual meetings with DWG members will take place. Based upon the discussions and commitment of the donor agency representatives, the Donor Working Group will be restructured during Phase II of the project. The first DWG meeting is planned for March 1994.

### **Good Governance/ Anti-Corruption Strategy**

In February 1994, a meeting will be held with the Project Team, Poder Ciudadano and FIU to set the guidelines for gathering data on a good governance/anti-corruption strategy for the project. Poder Ciudadano and FIU will assist in the preparation of a Four-Year Strategic Plan and rationale for activities to be included under this component during the project. A second meeting will be held in July 1994 so that information gathered through site assessments can help refine the good-governance/anti-corruption strategy that will be incorporated into the PIP.

It has been agreed that the LAC/RFMIP-II Project and USIA will collaborate in the planning and implementation of a Worldnet interactive television series on anti-corruption. It has been scheduled for the Spring, 1994. The target audience for the series will be journalists from the English-Speaking Caribbean countries.

### **Regional Codes, Ethics,**

During the second half of the first year, the Project Team will collect the regional codes, ethical and regulatory standards for each

**Guidelines,  
Standards**

country in the region. Based on these documents, the Project Team will begin to develop certain guidelines and standards that may serve as models throughout Latin America. These guidelines will be based on the integrated approach to public sector management, internal control and audit for Latin America (SIMAFAL) model.

**Training Courses**

On the basis of the ongoing assessments of the scope and nature of the courses inventoried, the Project Team will promote the courses best suited for given countries and public agencies. In addition, the Project Team will coordinate its efforts with FIU, Barry University and IAA Executive Director and Training Specialist, Mr. Victor Abreu, in order to institutionalize relevant course offerings.

**Technical  
Assistance**

Based upon the findings of the first months of the project and the results and information gathered by the RAOs, technical assistance activities will be identified and included in the Project Implementation Plan.

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**IFMS Support Activities**

**Conferences**

Recognizing the critical contribution of conference activities to promoting the IFMS concept, the Project Team has committed itself to developing objective criteria and guidelines to help determine the level of support, if any, that will be provided for certain events throughout the life of the project. Training Coordinator Ruth Martinez will transmit these guidelines and explanatory information to all groups expressing interest in conference support so that the project philosophy and criteria for supporting certain activities will be clear from the outset.

During the first year of the project, it is expected that several conference-related activities will be supported based on the criteria developed. By February, 1994 the Project Team will identify events at which the RFMIP-II should be represented.

**Accountability  
Newsletter**

Publications Editor Charles J. Becker will be responsible for the quarterly publication in Spanish and English editions of the Accountability Newsletter. The first issue under this project will be published in January 1994. As part of this activity, the Project Team will review the newsletter for content, methods of distribution, readership, and purpose. Discussion has already taken

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place on the virtues of using a Spanish title in lieu of "Responsabilidad" for the Spanish edition.

The first newsletter may include the following columns, articles, and information:

- Calendar listing of activities;
- USAID strategy and RFMIP-II;
- Introduction of the project team;
- Review of Luis Moreno Ocampo's latest book;
- A message from the Project Officer;
- Project criteria for supporting conferences and events; and
- Columns by technical specialists and leading figures in the field of public finance in Latin America and the Caribbean.

## **Publications**

The identification and support for publications will be an on-going activity. The publication policy has not been determined yet, but will be included in the Project Team meeting to be held in January 1994. It is expected that the project will both acquire relevant publications, distribute them and develop new ones. Results of conferences and other events may be published in a series, or a project journal may be developed and made part of a future Regional Center.

## **Training**

LAC/RFMIP-I saw the development and publication of the course and accompanying text *Introduction to Integrated Financial Management Courses*. The System of Financial Administration and Control (SAFCO) has also published a similar course. These two one-week courses will be reviewed, consolidated, and made available in interested countries by July or August, 1994. The three-month SIMAFAL course will be evaluated for optimal application, and possible distribution.

Other brief but useful courses on IFMS will be identified and made available for distribution throughout the region. The development of a one-week course on ethics was also considered for further exploration during the second Project Team meeting. The most appropriate courses or graduate programs should be integrated into the IFMS Regional Center or interested universities in the region.

## **IFMS Regional Center**

The development of a Regional IFMS Center will be incumbent chiefly upon the Project Director. The feasibility of this concept and the level of material interest and support for such a center will be explored during the first year of the project by the Donor Working Group and Accountability Officers. By-laws for the Center will be

developed during the first year so that potential members may provide their responses to them. A currently planned conference may be extended in order to allow discussion on the center.

### **Data Bases**

In January, 1994, the Project Team will convene to develop the strategy and information to be gathered during its initial site assessments throughout the region. A data base will be designed and maintained to facilitate project implementation. It will include information that the Project Team considers useful to project development and execution. The initial RFMIP II data base should include courses, publications, associations and NGOs, and names and data of project consultants. In addition, the project data base developed under LAC/RFMIP-I will be reviewed and updated.

### **Information Systems**

In recognition of the role that information systems play in the development of an integrated financial management system, the project will offer the services of an information systems specialist with IFMS expertise to aid in the design and installation of computerized systems compatible with IFMS. Technical assistance in this area will be provided as needed.

### **Assistance to NGOs**

NGOs in the region and in the United States will be identified in order to explore which activities could be supported and coordinated in conjunction with this project. This will include professional associations, civic groups, universities and other groups open to the IFMS concept who demonstrate a commitment to transparency, accountability and democratic governance in general.

### **Good Governance and Anti-Corruption Activities**

The Project Team will convene with Poder Ciudadano and FIU in February to begin formulating the project strategy in this area. On the basis of these discussions and the July 1994 working sessions, the range of good governance and anti-corruption activities will be fully developed and defined.

### **Mass Communication**

The Project Team is eager to explore fully the advantages of the mass media, teleconferencing, and other state-of-the-art communications formats. The Project Team has decided to further evaluate the original "Respondación" concept proposed for this Project, alongside possibly with less costly alternatives (e.g., more frequent productions in cooperation with USIA/WorldNet). On the basis of these qualitative and quantitative evaluations, the most effective and efficient mass communication format shall be selected to support IFMS in conjunction with the concept of good governance and anti-corruption throughout the region. Barry

University's teleport and production facilities will also be appraised as a potential avenue for program transmission to target audiences.

Publications Editor Charles J. Becker will explore the opportunities for promoting regular feature news coverage of events and issues among television networks with daily Spanish-language broadcasts in Latin America and the Caribbean, such as CNN International, NBC International, SKY, Univision and Telemundo. In addition, Casals & Associates has access in Latin America and the Caribbean to a network of print and electronic media outlets that may be contacted to support the dissemination of information to the general public.

**ACTIVITIES UNDER THE CONTRACT**  
October 1993–September 1994

PROJECT MANAGEMENT		OCT 1993	NOV 1993	DEC 1993	JAN 1994	FEB 1994	MAR 1994	APRIL 1994	MAY 1994	JUNE 1994	JULY 1994	AUG 1994	SEPT 1994
1. WORK PLAN													
2. RFMP II PROJECT MANUAL		RM, CB, BC	NOV 11 RM, CB, BC										
3. SET UP LIBRARY				LBH	LBH	LBH	LBH					ALL	
4. DATABASE INFORMATION		RM, CB	RM, CB	LBH, RM, CB									
5. INVENTORY OF COURSES/CONFERENCES			CB	LBH, CB	EQ, LBH, CB			CB	CB	CB	CB	CB	CB
6. COORDINATION OF RFMP II NETWORK		RM	RM	RM	RM					CB	CB	CB	CB
7. STRATEGY DEVELOPMENT		BC	BC	BC, EQ, LBH	ALL	ALL	ALL	ALL	ALL	ALL	ALL	ALL	ALL
					JAN 18-20								

INTEGRATED FINANCIAL MANAGEMENT SYSTEMS		NOV 1993	DEC 1993	JAN 1994	FEB 1994	MAR 1994	APRIL 1994	MAY 1994	JUNE 1994	JULY 1994	AUG 1994	SEPT 1994
1. RESEARCH ACTIVITIES												
1A. BASELINE ASSESSMENTS												
2. FINANCIAL MANAGEMENT ASSESSMENTS												
3. DONOR WORKING GROUP												
4. GOOD GOVERNANCE STRATEGY				JAN 21		MAR 14						
5. REGIONAL CODES, ETHICS, GUIDELINES, STANDARDS					FEB 10-11							
6. TRAINING COURSES												
7. TECHNICAL ASSISTANCE												

IFMS SUPPORT ACTIVITIES		DEC 1993	JAN 1994	FEB 1994	MAR 1994	APRIL 1994	MAY 1994	JUNE 1994	JULY 1994	AUG 1994	SEPT 1994
1. CONFERENCES											
	- Development of criteria and guidelines										
	- New Developments Conference										
	- Conference Support										
	- Country Specific Support										
	- Sub-Regional Key Per. Managers Meetings					APR 11-13					
2. NEWSLETTERS											
	- Accountability Newsletter (4)										
	- Responsabilidad en Español										
3. PUBLICATIONS											
4. TRAINING											
	- IFMS Course										
	- Other Individual Courses										
5. IFMS REGIONAL CENTER											
6. DATABASES											
7. INFORMATION SYSTEMS											
8. ASSISTANCE TO NGOs											
9. GOVERNANCE ACTIVITIES											

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# LAC/RFMIP II

## FIRST YEAR ESTIMATED BUDGET

### OCTOBER 1993 – SEPTEMBER 1994

	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT
SALARIES & WAGES	\$13,254	\$11,983	\$29,756	\$43,721	\$43,721	\$43,722	\$43,722	\$44,722	\$44,722	\$44,722	\$43,722	\$43,722
FRINGE	3,976	3,595	8,927	13,116	13,116	13,117	13,117	13,417	13,417	13,417	13,117	13,117
OVERHEAD	8,615	7,789	19,341	23,419	28,419	28,419	28,419	29,069	29,069	29,069	28,419	28,419
<b>TOTAL</b>	<b>25,845</b>	<b>23,367</b>	<b>58,024</b>	<b>85,256</b>	<b>85,256</b>	<b>85,258</b>	<b>85,258</b>	<b>87,208</b>	<b>87,208</b>	<b>87,208</b>	<b>85,258</b>	<b>85,258</b>
<b>OTHER DIRECT COSTS</b>												
CONSULTANTS	1,500	1,500	5,196	14,692	13,229	0	7,878	0	15,006	6,851	0	6,698
TRAVEL & PERDIEM	8,747	5,550	0	39,889	24,508	0	30,826	18,340	26,088	2,584	0	6,734
ACTIVITIES:												
CONFERENCE	0	0	0	39,000	0	0	0	0	0	0	0	0
NEW DEVELOP CONFERENCE	0	0	0	0	35,000	0	0	0	0	0	0	0
CONFERENCES (TEAM)	1,500	0	0	4,000	0	0	0	0	0	0	0	0
GENERAL EXPENSES	3,767	3,767	3,767	3,767	3,767	3,767	3,767	3,767	3,767	3,767	3,767	3,767
DONOR WORKING GROUP	0	0	0	0	0	3,000	0	0	3,000	0	0	3,000
FIN. MGT. ASSESSMENT	0	0	0	0	0	0	0	0	0	0	25,000	0
IFMS COURSE	0	0	0	0	0	0	0	0	0	0	5,000	0
TA TO BRAZIL/D.R.	0	0	0	0	0	15,000	0	0	0	0	0	0
NEWSLETTER	0	0	0	20,000	4,000	0	20,000	0	0	10,000	0	0
RELOCATION	0	0	0	65,515	0	0	0	0	0	20,000	0	0
<b>TOTAL</b>	<b>5,267</b>	<b>3,767</b>	<b>3,767</b>	<b>132,282</b>	<b>42,767</b>	<b>21,767</b>	<b>23,767</b>	<b>3,767</b>	<b>6,767</b>	<b>37,767</b>	<b>33,767</b>	<b>10,767</b>
SUBTOTAL FOR PERIOD	41,359	34,184	66,987	272,118	165,759	107,025	147,729	109,315	135,069	134,410	119,025	111,455
G&A	8,272	6,837	13,397	54,424	33,152	21,405	29,546	21,863	27,014	26,882	23,805	22,291
<b>TOTAL</b>	<b>49,631</b>	<b>41,021</b>	<b>80,384</b>	<b>326,542</b>	<b>198,911</b>	<b>128,430</b>	<b>177,275</b>	<b>131,178</b>	<b>162,083</b>	<b>161,292</b>	<b>142,830</b>	<b>133,746</b>
FIXED FEE	3,474	2,871	5,627	22,858	13,924	8,990	12,409	9,182	11,346	11,290	9,998	9,362
<b>CUMULATIVE</b>	<b>\$53,105</b>	<b>\$96,997</b>	<b>\$183,008</b>	<b>\$532,408</b>	<b>\$745,243</b>	<b>\$882,669</b>	<b>\$1,072,948</b>	<b>\$1,212,708</b>	<b>\$1,388,186</b>	<b>\$1,558,719</b>	<b>\$1,711,547</b>	<b>\$1,854,655</b>

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**ATTACHMENT B**

**REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT PROJECT TIMESHEET, PHASE II**  
**CASALS & ASSOCIATES, INC.**

**EMPLOYEE NAME:**

TASK	1042 Code	Expected Hours/Goals	TOTAL	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Component 1: Project Management</b>																		
Overall Management/Administration	01																	
RFMIP II Project Manual	02																	
Library Set Up	03																	
Project Recordkeeping	04																	
Inventory of Courses/Conferences	05																	
Subcontractor/Consultant Management	06																	
Planning: Strategy Development	07																	
Research Activities	08																	
Conferences: Criteria/Guideline Development	16																	
<b>Component 2: Promotion of IFMS</b>																		
Promotion Activities	33																	
Site Assessments	31																	
New Developments Conference	17																	
Conference Support/Speakers	18																	
Country Specific Conference Support	19																	
Key Financial Managers Conferences	20																	
Baseline Assessments	09																	
Accountability Newsletter	21																	
Other Publications	22																	
<b>Component 3: Implementation/IFMS</b>																		
Training Courses: Identification/Development	14																	
Courses: IFMS Training Course	23																	
Courses: Other	24																	
Financial Management Assessments	10																	
Technical Assistance	15																	
IFMS Regional Center	25	N/A	N/A															
Donor Working Group	11																	
Databases/Library: Databases	26																	
Databases/Library: Library Maintenance	32																	
Information Systems Specialist	27																	
Assistance to Professional Groups	28																	
<b>Component 4: Anti-Corruption</b>																		
Strategy Prep.: Assistance to NGOs/Govts.	12																	
Seminars: Training/Mass Communication	29																	
Model Codes/Norms & Standards	13																	
RESPONDACON	30	N/A	N/A															
<b>TOTAL:</b>																		

**Employee Signature:**

**Supervisor Signature:**

**ATTACHMENT C**

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**APPROVAL REQUIREMENTS: FINANCIAL MANAGEMENT CONTRACT**  
**#LAG-0800-C-3004-00 (CORE CONTRACT)**  
 (Does not include clauses incorporated by reference in Section I)

<b>REFERENCE LOCATION</b>	<b>ITEM TO BE APPROVED</b>	<b>APPROVING AID OFFICIAL</b>	<b>APPROVAL TIMELINE</b>
B.3.(b)(3)	Exceeding total obligated amount	Contracting Officer	Prior
B.4.(a)	Exceeding total estimated cost or total obligated amount	Contracting Officer	Prior
B.4.(a)	Exceeding estimated dollar cost for any individual line items of itemized budget in B.4.(c) by more than 15%, except for indirect costs, salaried, wages and consultant fees. For indirect costs, indirect cost rates ceiling and rate determination prevails. For salaries and consultants see below.	Project Officer	Prior
B.4.(a)	Exceeding the salaries and wages, and consultants line items of itemized budget in B.4.(c) by more than 15%.	Contracting Officer	Prior

B.7.(d)(3)	Payment by AID Mission of any in-country costs, under emergency circumstances, on behalf of the contractor in order to facilitate implementation of contract activities.	Contractor (C&A)	Prior
C.3.(a)(2)(C)	Agreements and subcontracts	Contracting Officer or Project Officer	Prior
C.3.(a)(2)(K)	Charging the core contract for costs incurred in preparation of a buy-in	Contracting Officer	Prior
C.3.(b)(1)(G)	Project assistance to host country governments and professional associations designed or assessed by project staff	Project Officer	
H.4.(h)(1)(E)	When nonexpendable property located within the U.S. is no longer needed or usable	Contracting Officer	
H.4.(h)(2)(E)	When nonexpendable property located outside of the U.S. is no longer needed or usable	Mission Executive Officer	
E.1.	Payment to Contractor is based on acceptance of services and reports and other deliverables by AID	Project Officer	Prior to payment
F.2.(a)	Performance of work	Project Officer	

F.6.(b)(1)	Utilization of all professional technical, managerial, and administrative personnel whose salaries or consulting fees will be charged as a direct cost to the contract.	Project Officer	
F.6.(b)(2)	Number of person hours for any labor classification may be utilized in any other labor classification if necessary in performance of work, provided that total person hours of effort is not exceeded.	Project Officer	
F.6.(c)(3)	Utilization of key personnel on the buy-in contract should be charged to the buy-in contract unless approved for charge to the core contract.	Project Officer	Prior
F.6.(c)(4)	Departure of key personnel	Project Officer and Contracting Officer, simultaneously	Prior to departure
F.6.(c)(4)	Replacement of key personnel	Contracting Officer	Prior
F.6.(c)(4)	Proposed substitutions of key personnel	Project Officer and Contracting Officer, simultaneously	Prior to 30 days after departure of original staff member
F.6.(d)(1)	Other personnel--to the extent feasible, should be cooperating country personnel and/or institutions	Project Officer and Contracting Officer, simultaneously	Prior to 10 days after the identification of need for such personnel

H.1.(a)	Approval for all international travel outside the U.S.	Project Officer 1st Contracting Officer 2nd	Prior
H.1.(b)	Notification of Project Officer and AID Missions of arrival date and time and flight identification of all international travel outside the U.S.	Project Officer and AID Missions	Prior
H.2.(h)(2)	Exemption from Medevac Services Coverage: eligible employees and dependents with a health insurance program that includes sufficient medevac coverage	Contracting Officer	Prior
H.2.(h)(2)	Exemption from Medevac Services Coverage: eligible employees and dependents located at Missions where the Mission Director makes a written determination to waive the requirement based on quality of local medical services	Mission Director	Prior
H.3.(b)(1)	Utilization and compensation for non-clerical employees	Project Officer	Prior
H.3.(b)(1)	Reimbursable salaries paid to a person employed directly under this contract that are above the ceiling of FS-1 or equivalent	Contracting Officer	Prior

H.3.(b)(1)(A)	Reimbursement level for non-key, non-clerical employees charged as a direct cost to the contract, if employees were not employed with the Contractor for at least six months	Contracting Officer	Prior
H.3.(b)(1)(B)	Reimbursement for annual salary increases of any kind that exceed the limitations of 12 months or cause the employee's salary to exceed the maximum FS-1 level	Contracting Officer	Prior
H.3.(b)(2)	Utilization of consultants	Project Officer	Prior
H.3.(b)(2)	Compensation of consultants	Contracting Officer	Prior, but after Project Officer approval
H.3.(b)(3)(A)	Utilization of third country nationals	Project Officer	Prior
H.3.(b)(3)(A)	Compensation of third country nationals	Contracting Officer	Prior, but after Project Officer approval
H.3.(b)(3)(A)	Compensation of third country nationals by any means other than the currency of the cooperating country	Mission Director	Prior
H.3.(b)(3)(B)	Utilization of Cooperating Country Nationals	Project Officer	Prior
H.3.(b)(3)(B)	Compensation of Cooperating Country Nationals	Contracting Officer	Prior, but after Project Officer approval

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H.3.(b)(3)(B)	Compensation of Cooperating Country Nationals by any means other than the currency of the cooperating country	Mission Director	Prior
H.3.(b)(3)(B)	Payment to employees of the host government or any agency thereof	Contracting Officer	Prior
H.3.(b)(4)	Compensation to personnel while in travel status, when travel period is greater than the time required for travel by the most direct and expeditious air route	Contracting Officer	Prior
H.3.(b)(5)	Compensation to personnel serving overseas who are discharged for misconduct, when travel period is greater than the time required for return to point of origin by most direct and expeditious air route	Contracting Officer	Prior
H.3.(c)(3)	Activities that take place outside of the U.S. in excess of an 8-hour work day or 40-hour work week. No premium pay may be authorized	Project Officer	Prior
H.4.(a)(1)(A)	Good/commodities. Also see sections H.4.(a)(1)(B), H.4.(a)(1)(C), H.4.(a)(1)(D), H.4.(a)(1)(E).		

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H.4.(a)(2)(A)	Ocean Transportation via non-U.S. flag vessels. Also see Section H.4.(a)(2)(A) for ineligible carriers.	Contracting Officer	Prior
H.4.(a)(2)(B)	Marine Insurance via insurance companies located outside of the U.S. Also see Section H.4.(a)(2)(B) for other rules.	Contracting Officer	Prior
H.4.(a)(2)(C)	Air travel via non-U.S. air carriers. Also see Section H.4.(a)(2)(C) for other rules.	Contracting Officer	Prior
H.4.(a)(3)	Nationality of Suppliers. Also see sections H.4.(a)(3)(A), H.4.(a)(3)(B), H.4.(a)(3)(C), H.4.(a)(3)(D).		
H.4.(c)	Purchase of nonexpendable property (complete in itself, does not lose its identify or become a component part of another article when used, has an expected service life of 2 years or more, and has a unit cost of \$500 or more) to be charged as a direct cost to the contract	Contracting Officer	Prior
H.4.(d)	Subcontracting (other than specified in Best and Final)	Contracting Officer	Prior

H.4.(e)	Purchase of automation equipment (computers, etc.) to be charged as a direct cost to this contract if total cost exceeds \$100,000.	Contracting Officer	Prior
H.4.(g)	Leasing of nonexpendable equipment	Contracting Officer	Prior
H.9.(a)-(k)	Organizational conflicts of interest. See sections referenced to left.	Contracting Officer	Prior
H.10.(a)-(1)	Procurement integrity. See sections referenced to left.	Contracting Officer	Prior

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**REPORTING REQUIREMENTS: FINANCIAL MANAGEMENT CONTRACT**  
**#LAG-0800-C-3004-00 (CORE CONTRACT)**  
(Does not include clauses incorporated by reference in Section I)

REFERENCE LOCATION	REPORT	SUBMIT TO:	DUE DATE:
B.2.(b) C.3.(a)(2)	Reports specified in C.4.		
B.4.(a)	Format for submitting reports and other deliverables in B.4.(c)		
B.4.(f)	Data on costs expended or accrued under this contract in support of budget information as requested by Contracting Officer	Contracting Officer	
B.7.(c)(1)	Format for invoicing AID		
B.7.(c)(2)	Payment office specified in G.2.		
C.3.	Reports and other deliverables described in C.4. and F.7.		
C.3.(a)(2)(D)	Reports and other deliverables described in C.3.(e) through C.4.		
C.3.(a)(2)(H)	Provide daily accounting and time recording and assignment of that time against core or buy-in delivery order.		

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C.3.(a)(2)(H)	Management Information System to be established to account for all authorized time and expenses, and accrued time and expenses for project, by funding source, and nature of the activity.		
C.3.(a)(2)(I)	Time sheets are to show specific activity billings, and are to be completed daily and approved/signed by supervisors.		
C.3.(a)(2)(J)	Billing of project expenditures in accordance with contractual requirements	Payment Office Project Officer Applicable Mission and/or Bureau	
C.4.	<p>Requirements for all reports required by C.4.: delineation between core and each buy-in delivery order; delineation between project management and project administration (see C.3.(a) and each of the technical strategies (C.3.(b) - C.3.(e)).</p> <p>All reports required by C.4. shall be in accordance with PPC/CDIE/DI Style Manual, except C.4.(a)(1).</p>		
C.4.(a)(1)	Semi-Annual Substantive Reports: covering status of work under this contract, indicating progress made, setting forth plans in the fields of activity.	Contracting Officer Project Officer PPC Bureau's Center for Development Information and Evaluation	Semi-Annual

C.4.(a)(2)	Semi-Annual Administrative Reports: covering expenditures, foreign national trainees, and personnel employed under this contract.	Project Officer Contracting Officer	Semi-Annual
C.4.(a)(3)(A)	Project Implementation Plan:	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions	Not later than 4 months from effective date of contract
C.4.(a)(3)(B)	Annual Workplan: to include C.4.(a)(3)(B)(i)-(iv) below.	Project Officer (for approvals)  Contracting Officer Project Officer POL/CDIE/DI- Acquisitions	Draft not later than 45 days from effective date of contract. Project Director will have 30 days to review. Final not later than 30 days after receipt.  Years 2, 3, 4, 5: draft not later than 60 days before each anniversary date of contract. Same schedule as above applies.

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C.4. (a) (3) (B) (i)	Action-oriented Workplan: delineated by calendar quarter and linked to project goals and objectives that describes type and magnitude of planned activities, level of effort for individuals to be involved, and where and when the activities will be conducted. Planned activities to be grouped by subject and related to project objectives		
C.4. (a) (3) (B) (ii)	Projected budget for each calendar quarter that corresponds to workplan		
C.4. (a) (3) (B) (iii)	Publications, reports, workshops, seminars, other information dissemination activities and training planned by calendar quarter.		
C.4. (a) (3) (B) (iv)	Milestones and scheduled completion dates for project activities, including production schedule for newsletters and other publications		
C.4. (a) (3) (C)	Periodic Status Reports to correspond to billing periods: covering summary of activities conducted (including locations) and individuals involved (including level of effort)	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions	Same time as billing is submitted to Payment Office

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C.4.(a)(3)(D)	Quarterly Progress Reports: covering summary of activities conducted (including locations) and individuals involved (including level of effort). Also describe accomplishments during the reporting period, activities planned for next quarter, and any program and budgetary deviations from the annual workplans.	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions	Within 30 days from end of each reporting period.
C.4.(a)(3)(E)(i)a	Participant Training Reports: comply with AID Handbook 10 requirements.	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions Office of International Training	See Handbook 10 for due dates
C.4.(a)(3)(E)(i)b	Quarterly reports on location, number, and nationality of trainees, type, duration, and purpose of training.	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions	Not less than 30 days following end of each calendar quarter
C.4.(a)(3)(F)(i)	Payment	Payment Office Project Officer Contracting Officer	
C.4.(a)(3)(F)(ii)	Quarterly financial report that specifically includes line item budgets, advances, expenditures and accruals, and a balance remaining. Also identify current problems and future financing needs.	Contracting Officer Project Officer	Not later than 30 days following the end of each calendar quarter and shall coincide with the quarterly progress reports described in C.4.(a)(3)(D).

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C.4. (a) (3) (G) (i)	Buy-In Summary Reports	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions	Within 45 days of completion of activity
C.4. (a) (3) (G) (ii)	Buy-In Specific Reports		
C.4. (a) (3) (H)	<p>Level of Effort Reports: number of person-hours of effort that were: separately expended under each activity (core and buy-in); committed for buy-in activity but not yet performed or funded; committed for core activities to the extent they are funded. To be by contractor, each subcontractor, consultants; to be delineated by project/contract activity, and by core and each non-core activity. Number of person- hours to be delineated by the five main project/contract activities and differentiate between professional technical, managerial, and administrative personnel, and support staff.</p>	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions	Semi-Annual: each 6 month period. Not later than 30 days following the end of the reporting period
C.4. (a) (3) (I)	Small Subcontract Reports for subcontracts other than proposed in Best and Final. Each subcontract must submit reports required in C.4.		

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C.4.(a)(4)	Final Report: See AIDAR: to include: project accomplishments/failings in each activity; overall description of activities and significance to AID; methods of work used; recommendations regarding unfinished work and/or project continuation; fiscal report on how contract funds were used.	Contracting Officer Project Officer POL/CDIE/DI- Acquisitions National Technical Information Service	Not later than 60 days following estimated completion date of contract
C.4.(b)(1)	Curricula Development and Training Materials and Methods	Project Officer and any other parties designated by Project Officer or Contracting Officer	
C.4.(b)(2)	Publications		
C.4.(b)(3)	Other Data	Project Officer and any other parties designated by Project Officer or Contracting Officer	
C.4.(b)(4)(A)	Small Business and Small Disadvantaged Business Subcontracting Plan Reports: does not apply		
C.4.(b)(4)(B)	Property Reports	Contracting Officer	Annual. Within 30 days from the end of the reporting period

C.4.(b)(4)(C)	Indirect Cost Rate Proposals	Contracting Officer Cognizant US Government Audit Agency	Within 90 days from the end of each of the contractor and subcontractor's fiscal years.
C.4.(b)(4)(D)	Invention and Patent Reports (FAR 52.227-11)		
C.4.(b)(4)(E)	Reporting of Royalties (FAR 52.227-08)		
C.4.(b)(4)(F)	Equal Opportunity (FAR 52.222- 26)		
C.4.(b)(4)(G)	Special Disabled Veterans and Veterans of the Vietnam Era (FAR 52.222-37)		
D.1.	Format of reports and deliverables		
D.2.	Format for marking supplies and equipment/commodities purchased and shipped		
H.8.	Completion Voucher	Payment Office	Within 60 days from actual completion date of contract.  Up to 1 year to submit a revised completion voucher

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# **ATTACHMENT D**



CASALS&ASSOCIATES

January 14, 1994

Mr. Jay Bergman  
Contracting Officer  
Chief, LA Branch  
Ms. Kathie Frascella  
Contracting Specialist  
Division B  
Office of Procurement  
U.S. Agency for International Development  
1100 Wilson Boulevard  
15th Floor Receptionist  
Arlington, Va. 22209

Re: Contract No. LAG-0800-C-00-3004-00 (the "Contract")

Dear Ms. Frascella:

As we have discussed, we have been reviewing the above referenced contract awarded to Casals & Associates, Inc. this past September 24, 1993. In reviewing our firm's duties under the contract as well as our notes from negotiations that took place with you on September 24, 1993, we have a need for some clarifications.

Our first request for clarification is as follows: As you know, the Core Contract has a companion Buy-In contract, which provides a mechanism enabling various missions to contract for services similar to that which we are providing under the Contract. Under the Buy-In Contract, Technical Service Orders ("TSOs") are used to authorize and definitize the performance of certain technical services. However, work is conducted under the Core in accordance with the Statement of Work ("SOW"), the Workplan, and the Project Implementation Plan ("PIP"). Therefore, TSOs are not utilized to authorize work which we are to perform under the Core Contract. Accordingly, we believe that A.I.D. inadvertently included Section F.3, "Preparation and Submission of Technical Service Orders" in the Core Contract. Additionally, Section F.3 and its subparagraphs are referred to throughout the Core Contract. We also believe that these inclusions may be in error. (See, for example, Sections B.7.(a), C.1.(i), C.3.(a)(2)(A), C.4., F.2.(b)(3), F.2.(c)(1), F.2.(c)(4), F.2.(c)(5), F.4., all of Section F.5. including subparagraphs, G.7., H.3.(b)(1), H.3.(b)(1)(A), H.3.(b)(2), H.4.(c), H.4.(d), H.4.(f)(2), H.5., H.9.(f) and H.10.(h)).

There may be omissions in the Core Contract. For example, certain sections of the Core Contract refer to other sections. However, in certain circumstances, various referred-to sections are missing from the Core Contract. Please see Sections C.3.(a)(2), C.3.(a)(2)(A), C.3.(a)(2)(B), C.3.(a)(2)(C), C.3.(a)(2)(D), C.4., all of which refers to Section C.3.(e). However, Section C.3.(e) is not included in the Core Contract.

In addition to the foregoing, Section C.4.(a)(2) refers to Sections C.4.[a][3][I][i], C.4.[a][3][J] and C.4.[a][3][K] of the Contract, none of which sections are included therein. Please also see Section H.2.(g) which refers to missing Section H.4.[a][2][E]. In the event that Sections C.3.(e), C.4.[a][3][I][i], C.4.[a][3][J], C.4.[a][3][K] and H.4.[a][2][E] should be included in the Core Contract, please forward copies of these provisions to us. Such sections may provide for Casals to undertake certain obligations to A.I.D., which we cannot undertake as long as we are unaware of the content of the missing provisions.

Please review references to the Exhibits, which are listed on Section J of the Core Contract. For example, see Section C.4.(b)(2) of the Core Contract, entitled Publications, which refers to Section J.12. That section, entitled "A.I.D. Eligibility Rules for Goods and Commodities, Commodity-Related Services, and for Suppliers of Goods and Services (Other than Commodity-related Services)," does not refer to A.I.D.'s publication policies. See also Section C.4.(b)(4)(A)(i) referring to Section J.8. regarding a subcontracting report. However, Section J.8. refers to Definitions of Absolute Language Proficiency Ratings. Similar problems occur in Section C.4.(b)(4)(A)(ii), referring to Section J.9, Section H.4. which refers to Sections J.15. and J.16., Section H.4.(b)(1) and H.4.(b)(2) which refers to Section J.16, H.5.(b) which refers to Section J.13., and H.10, referring to Section J.8.

In addition to the foregoing, we also wish to confirm our understanding regarding permitted salary increases to our employees who are dedicated to this Contract.

Section H.3.(b)(1)(B) of the Contract provides as follows:

"Annual salary increases for the Core Contractor's employees may not exceed those provided by the Contractor's established policy and practice. With respect to employees performing work directly under this contract, A.I.D. shall reimburse the Contractor for one annual salary increase of not more than 3.9% of the employee's base salary, subject to the contractor's established policy and procedure (emphasis added), either after the employee's completion of each twelve-month period of satisfactory services under this contract (if the individual was not an employee of the Contractor prior to the award of this contract) or after the employee's completion of each twelve-month period of

satisfactory job performance as a employee of the Contractor (if the individual was an employee of the Contractor prior to the award of this contract).

As submitted in our Best and Final Offer ("BAFO") and the budget, it is Casals' policy and procedure to confer salary increases on our employees as of January 1 of each year. To do otherwise would create a significant accounting ordeal. In addition, we did not make adjustments in salary levels from the time of our original proposal (January, 1993) to the BAFO and final negotiations in September, 1993 because our January 1 policy would allow us to adjust for the twelve months lapse of time between original submission and the actual increase. The staff who joined the project prior to December, 1993 will be receiving a salary increase as of January, 1994, whereas any staff members joining the project during the month of January, 1994 will not receive a salary adjustment until January, 1995 in order to comply with our firm's policy in this regard. It is our position that the Contract authorizes Casals to give salary increases to its employees who are working on the Core Contract, whether or not these persons have been working on the Core Contract for a previous twelve month period, as long as such salary increases are in accordance with Casals' policies and procedures. Please confirm that the foregoing is your understanding as well.

Our review of Section B.5 of the Contract also necessitates our request for clarification with respect to the establishment of indirect cost rates. As you are aware, Section B.5 provides for certain rates to be applied towards fringe benefits, overhead and general and administrative ("g&a"). Although the rates set forth in Section B.5 may not be final, they are listed as ceiling rates (See Section B.6.(c)).

As we mentioned on September 24, 1993, we are uneasy with the term "ceiling rates" as used to describe the foregoing provisional rates, and wish to confirm our understanding that, despite use of the term "ceiling rates," we would be able to present data to A.I.D., supporting a possible change of these rates. A change in rates may be warranted in view of the following: Casals' cognizant audit office is the U.S. Department of Labor, which has established a ceiling rate with us for indirect costs of 162.5% on one of their contracts with us. However, the Core Contract currently has a composite ceiling rate of 151% for indirect costs. Again, a change in rates may be warranted if there are variances between our costs and the rate established by A.I.D. Please confirm our understanding that the Contract's indirect rates may be changed in the event we have data supporting same.

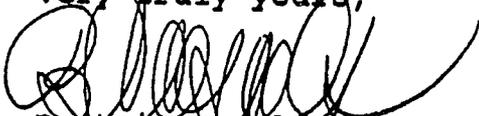
Finally, we would like to address some of the more substantive areas of the Contract. It is, as you know, currently comprised of two components, as set forth in Section C.3.(a) and C.3.(b) et. seq. of the Core Contract. Prior to this date, we have submitted our first year Work Plan, which restructures (but does not "change") the components of the project in accordance with

our discussions with A.I.D. If you approve of the manner in which we have restructured the components of the project according to our Work Plan, please advise. We believe that the Core Contract should reflect such restructuring.

At this time, we would like to formally request an extension of time to submit our Project Implementation Plan, (the "Plan") as set forth in Section C.4.(a)(3)(A) of the Contract. The Contract currently contemplates that the Plan will be submitted not later than four months from the effective date of the contract; i.e., on or about January 30, 1994. Such deadline is not realistic in light of the time elapsed between Phases I and II of the project. As you are aware, Phase I of the project terminated during July, 1992. However, the Core Contract (Phase II of the project) was not awarded until September, 24, 1993. The gap between completion of Phase I and awarding Phase II necessitates an update of field status and of the Donor Working Group members' priorities in the LAC region prior to our being able to put in place a Four Year Project Implementation Plan. Some of our proposed first-year activities include activities in the field and it would be premature to conduct further planning based on assumptions until we have had a chance to study the data and gain firsthand information in the field, which we propose doing in the Winter and Spring of 1994, and conduct strategy sessions with our subcontractors. Once we have the foregoing data, the plan that we submit will be a more meaningful one than we could submit while some of the data is not yet available. Finally, our first year Workplan which we submitted on November 15, 1993 contains activities planned during the year which are linked to the project's goals. Approval of our Workplan is a necessary prerequisite for our development of a Project Implementation Plan which schedules the project's activities. Therefore, we look forward to AID's written approval of the activities in the Workplan before we can effectively develop the Longer Term Plan. For all of the foregoing reasons, not to mention the closing of certain missions which may impact on our Plan, we propose that we submit the Plan to A.I.D. by July 31, 1994. Doing so will enable us to more fully accomplish the goals that the Plan should encompass.

We know that the foregoing letter contains much material to analyze. We would be happy to meet with you and discuss any issues contained in this letter, and in any event, request your prompt attention to the issues raised herein.

Very truly yours,



Beatriz Casais  
President

**ATTACHMENT E**



# **REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT PROJECT - PHASE II**

## **SUMMARY FIRST MEETING OF THE CONSULTATIVE GROUP ON IMPROVING FINANCIAL MANAGEMENT IN LATIN AMERICA AND THE CARIBBEAN**

**MONDAY, MARCH 14, 1994  
ORGANIZATION OF AMERICAN STATES  
WASHINGTON, D.C.**

**Canadian International Development Agency  
German Foundation for International Development  
German Technical Assistance Agency  
Inter-American Development Bank  
International Monetary Fund  
Japanese Agency for International Cooperation  
Organization of American States  
The World Bank  
United Nations (PF/DDSMS)  
United Nations Development Programme  
U.S. Agency for International Development  
U.S. General Accounting Office  
U. S. Information Agency  
U.S. Office of Management and Budget**

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## **SECTION I: INTRODUCTION**

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**The Regional Financial Management Improvement Project Phase II (RFMIP-II) serves as the Executive Secretariat to the Consultative Group on Improving Governmental Financial Management (Group). This document summarizes activities of the Group from January 21, 1994 to March 14, 1994.**

**Section II presents a summary, agenda and list of participants of the Consultative Group on Improving Governmental Financial Management meeting held March 14, 1994 at the Organization of American States in Washington, D.C. The materials found in Sections III and IV are minutes of planning meetings, agendas, lists of participants, preliminary concept paper and presentations made to update members of the group on donor activities and projects.**

**SECTION II: CONSULTATIVE GROUP MEETING, MARCH 14, 1994**

**SUMMARY**  
**CONSULTATIVE GROUP MEETING**  
**MARCH 14, 1994**  
**ORGANIZATION OF AMERICAN STATES**  
**WASHINGTON, D.C.**

The first meeting of the Donor Working Group (DWG) under the second phase of the Regional Financial Management Improvement Project was called to order by Beatriz Casals of Casals & Associates. The welcoming remarks were given by Dr. Julio César Gil, Executive Secretary for Economic and Social Affairs of the Organization of American States. A roundtable introduction by those present followed the welcoming remarks.

Mr. Kenneth Schofield, Director of the Office of Democratic Initiatives of the U.S. Agency for International Development, made a special presentation on the importance of donor agency collaboration in achieving public sector accountability. Mr. Schofield stated that there were four primary reasons for donor coordination: 1) few technical resources exist to draw upon, therefore, it is important to keep one another advised of the best ways to proceed with regional projects; 2) USAID financial resources have been reduced, so it is necessary to utilize limited monies effectively; 3) since financial management reform is a new area, we, as donors, must be careful not to pull countries in different directions; and 4) successful implementation will strengthen the democracies in the region.

The members of the planning committee of the Donor Working Group then presented the Concept Paper prepared for the meeting's discussion. Jim Wesberry presented a new Scope of Interest to be included in the Concept Paper and a lengthy discussion and exchange of ideas followed. Attached is the final draft of the concept paper. All comments and suggestions made at the meeting have been incorporated into this final document. (Appendix II-A)

Other items discussed at the meeting included:

- the set-up of an on-line data base to include regional consultants, courses, and country projects related to integrated financial management for the use of all donors. C&A will present a data base

**proposal to the Group at the June 10th meeting, which will include information on the fields and software to be utilized;**

- **a change in the name of the Group was suggested by Jim Wesberry and in the future it will be called "Consultative Group on Improving Government Financial Management in Latin America and the Caribbean;"**
- **a listing of the countries to be visited and the indicators utilized by the Regional Accountability Officers on their assessment trips to the region will be sent to the DWG;**
- **once the assessment trips are completed, C&A will share the country diagnostic studies which are developed; and**
- **a brief proposal will be presented at the next meeting by Doug Arnold, from the Office of Donor Coordination/USAID on how to best "engage" the principal officers of the agencies and keep them informed of pertinent issues.**

**The host and site for the next meeting were discussed. Mr. Peter Dean agreed to check to see if the meeting could be held at the United Nations. Although alternate sites were offered, members will be advised in the letter of invitation as to the meeting site. Without further business, the meeting was adjourned at 1:00 p.m.**



**CONSULTATIVE GROUP ON IMPROVING FINANCIAL  
MANAGEMENT IN LATIN AMERICA AND THE CARIBBEAN**

**AGENDA**

**MONDAY, MARCH 14, 1994**

**SITE: ORGANIZATION OF AMERICAN STATES  
1889 F STREET, NORTH WEST  
PADILLA VIDHAL CONFERENCE ROOM  
WASHINGTON, D.C. 20006**

- |                              |  |
|------------------------------|--|
| <b>8:45 a.m. - 9:00 a.m.</b> | <b>ARRIVAL</b>   |
| <b>9:00 a.m. - 9:05 a.m.</b> | <b>I. CALL MEETING TO ORDER</b><br><br>Beatriz Casals<br>Casals & Associates   |
| <b>9:05 a.m. - 9:10 a.m.</b> | <b>II. WELCOMING REMARKS</b><br>Dr. Julio César Gil, Executive Secretary for<br>Economic & Social Affairs, General<br>Secretariat, Organization of American States |
| <b>9:10 a.m. - 9:30 a.m.</b> | <b>III. ROUNDTABLE INTRODUCTION OF<br/>PARTICIPANTS: DONOR WORKING GROUP</b>   |



**Recommended Agendas:**

**June 10: Donors' reports on current activities**

**September 16: Workshop (for discussion)**

**December 9: Workshop (for discussion)**

**Edison Gnazzo, RFMIP-II Project Director,  
Casals & Associates**

**12:45 p.m. - 1:00 p.m.**

**CONCLUSION AND ADJOURNMENT**

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# **CONSULTATIVE GROUP ON IMPROVING FINANCIAL MANAGEMENT IN LATIN AMERICA AND THE CARIBBEAN**

## **LIST OF PARTICIPANTS**

**MARCH 14, 1994**

**Mr. Greg Adams**  
Cultural Coordinator  
Office of American Republic Affairs  
United States Information Agency

**Mr. Doug Arnold**  
Assistant Controller  
Accounting Control Systems Development  
United States Agency for International Development

**Mr. Rodolfo Alvarez Bajares**  
Coordinator of Interamerican Systems of  
Horizontal Cooperation (CIES)  
Organization of American States

**Mr. Marco Borsotti**  
Deputy Chief, Regional Office  
Regional Bureau for Latin America and the Caribbean  
United Nations Development Programme

**Ms. Beatriz C. Casals**  
President  
Casals & Associates

**Mr. Edison Gnazzo**  
Project Director  
Regional Financial Management Improvement Project II  
Casals & Associates

**Mr. Luis Carlos Danin Lobos**  
Consultant  
Department of Economic & Social Affairs  
Organization of American States

**Mr. Ricardo Murua**  
Principal Specialist  
Department of Economic & Social Affairs  
Organization of American States

**Dr. Norman K. Nicholson**  
Office of Donor Coordination  
United States Agency for International Development

**Mr. Jesús Plata**  
Regional Accountability Officer for  
Central America and Spanish-Speaking Caribbean  
Regional Financial Management Improvement Project II  
Casals & Associates

**Mr. A. Premchand**  
Assistant Director  
Fiscal Affairs Department  
International Monetary Fund

**Mr. Malcolm Rowatt**  
Division Chief  
Public Sector Management Division  
The World Bank

**Mr. George Russell**  
Financial Adviser  
Central and Operating Accounting Division  
The World Bank

**Mr. Mario Sanginés**  
Public Expenditure Specialist  
Fiscal Unit  
Inter-American Development Bank

**Mr. Kenneth Schofield**  
**Director, Office of Democratic Initiatives**  
**United States Agency for International Development**

**Ms. Lidia Soto-Harmon**  
**Associate Project Director**  
**Regional Financial Management Improvement Project II**  
**Casals & Associates**

**Mr. Alain Tobelem**  
**Principal Institutional Development Specialist**  
**Public Sector Modernization Division**  
**The World Bank**

**Mr. James P. Wesberry,**  
**Principle Advisor on Accounting & Auditing**  
**Public Sector Modernization Division, LAC Region**  
**The World Bank**

**Mr. Pablo Zuñiga**  
**Specialist, Office of the Assistant Secretary for Management**  
**Organization of American States**

**Ms. Maria Zwanikken**  
**Technical Advisor, Bureau for Programme Policy and Evaluation**  
**United Nations Development Programme**

**APPENDIX II-A**  
**FINAL CONCEPT PAPER**

## **FINAL CONCEPT PAPER:**

# **STRENGTHENING THE CONSULTATIVE GROUP ON IMPROVING GOVERNMENT FINANCIAL MANAGEMENT IN LATIN AMERICA AND THE CARIBBEAN**

### **BACKGROUND**

The Consultative Group on Improving Government Financial Management in Latin America and the Caribbean (hereafter: "the Group") responds to the need to coordinate the activities of multilateral institutions, bilateral agencies and governments involved in government financial management and accountability (hereafter: "the participating institutions"). Such an effort ensures maximum success in the projects and activities that the participating institutions undertake, and makes the best use of available resources.

Efforts by participating institutions to agree upon a unified set of standards, methodologies, and concepts employed for the purpose of improving one or more areas of government financial management will increase the effectiveness of these projects throughout the Western Hemisphere. In order to make these efforts more productive, closer coordination among the participating institutions is required. It is agreed that strengthening the cooperation of the Group in these areas constitutes a prerequisite to improving public sector financial management in Latin American and the Caribbean.

As such, this concept paper is the Group's frame of reference for its activities.

Strengthening the Group takes into account six fundamental areas:

- I. GOAL
- II. SCOPE OF INTEREST
- III. COMPOSITION
- IV. ACTIVITIES
- V. CONSENSUS
- VI. EXECUTIVE SECRETARIAT

## **I. GOAL**

The goal of the Group is to promote sustainable development and maximum effectiveness in the cooperation of and assistance provided by participating institutions in the field of government financial management and accountability in Latin America and the Caribbean, as a means to better manage government resources and prevent fraud and corruption that undermine the consolidation of democratic institutions. Government financial management is of strategic importance to the fostering of democracies and building of peoples' confidence in their governments.

## **II. SCOPE OF INTEREST**

Government financial management encompasses a number of separate areas: tax administration (direct and indirect), budgeting, cash management, public debt management, accounting and financial reporting (both internal and external), internal control, information management structures, compliance and performance auditing put in place by management to assure that the respective systems function properly, and human resource management and training in the above subjects.<sup>1</sup>

Sound government financial management and auditing is indispensable to the achievement of accountability, which in turn, is a vital component of effective governance. There is accountability when a public servant is answerable to a higher authority for resources and duties within his/her area of responsibility. Financial accountability is the duty to present timely, comprehensive, concise, useful, and auditable financial reports to those at higher levels of supervision and oversight, and ultimately, in a democracy, to the people.

## **III. COMPOSITION**

Each of the participating institutions will designate one individual to serve as the official representative to the Group and an alternate. The official representative's duties will include: serving as the principal contact for the institution, promoting the activities of the Group, and seeing that other interested individuals at the institution are invited to and informed of relevant activities.

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<sup>1</sup> It may also, by specific definition (which varies from government to government and entity to entity), include acquisitions and supply management, grant administration, public works projects management and pension fund administration.

Specialized groups, task forces, or committees from the participating institutions may be created in order to consider select areas of endeavor. The Group may invite guests to participate in select activities.

#### **IV. ACTIVITIES**

The following activities are among those the Group will perform and foster at an international and local level:

- a. It will provide mechanisms for coordination among the participating institutions on current and future projects that each of them may develop either individually or jointly, and identify common obstacles that affect the provision of international assistance, such as:
  - to undertake the study, design, and execution of improvement projects, by sharing responsibilities in a manner that best uses the strengths of each participating institution in order to avoid duplication of efforts and
  - to share the use of experts from one or more institutions on development missions in specific areas of projects, including such activities as project follow-up, oversight, and evaluation.

These mechanisms must provide for ongoing effective coordination in-country and among institutions' headquarters.

- b. Representatives will share information concerning their institutional activities and projects carried out in the field of financial management and accountability.
- c. The Group will constitute a forum for the exchange of opinions, information, experiences, and technological advances in the field of financial management and accountability. For this purpose, meetings, seminars, and workshops will be held to discuss specific areas within this field.
- d. An on-line data base on financial management and accountability will be developed and made available for the use of all participating institutions and government agencies. The data base will include:
  - information on the names and addresses of experts, organizations, and government agencies;
  - pertinent national and institutional regulations (legal framework)

- available training courses, meetings, and conferences; and
  - projects in progress or in the pipeline in each country.
- e. Special efforts will be made to take into account the concerns and expertise of representatives of host governments and in-country representatives of participating institutions.

## **V. CONSENSUS**

The Group will be of a consultative nature and strive to implement decisions reached by consensus.

## **VI. EXECUTIVE SECRETARIAT**

During the life of the RFMIP II Project, the Project itself will serve as the Executive Secretariat for the Group and will have responsibility for chairing the meetings. Thereafter, a permanent Executive Secretariat will need to be established to carry out activities assigned by the Group and to ensure continuity and logistical support. The Executive Secretariat will: organize and coordinate meetings, events, and other activities for the Group; develop the on-line data base on financial management and accountability; facilitate communication among the participating institutions; and channel all communications through the official representative or designated alternate of each institution.

**SECTION III: PLANNING GROUP MEETING, FEBRUARY 18, 1994**

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# **SUMMARY OF PLANNING GROUP MEETING**

**FEBRUARY 18, 1994**

**CASALS & ASSOCIATES  
ARLINGTON, VA.**

The planning group of the Donor Working Group (DWG) met on February 18, 1994 at the offices of Casals & Associates. The meeting was chaired by Mr. John Davison, Project Officer for the LAC Regional Financial Improvement Project Phase II.

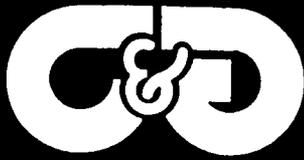
A concept paper on strengthening the Donor Working Group was presented to the representatives. The paper was discussed at length. The representatives agreed to the following:

- the coordination of the Group was extremely important;
- the Group should be of a more consultative nature; and
- decisions should be made by consensus.

There was much discussion about including the term "accountability" in the definition of the objective of the Group. It was finally decided to include the term in the scope of interest. The views of those present have been incorporated into a new draft concept paper, including the written comments submitted by Mr. Peter Dean of the United Nations. (Appendix III-A) This new concept paper will be presented at the March 14th meeting.

Taking into consideration the busy schedules and travel responsibilities that all representatives have, it was agreed that meetings for the Group should be scheduled one year in advance. Therefore, the schedule for the consultative group meetings was tentatively set as follows: March 14, June 10, September 16 and December 9, 1994. The schedule will be announced at the first meeting of the DWG on March 14th at the OAS. Possible items to be included in the agenda for the next meeting were discussed.

It was agreed that all members would receive within the next week: a final copy of the summary of the meeting held on January 21, 1994; a revised draft of the concept paper; a listing of the countries that the Regional Accountability Officers will visit; copies of the indicators they will utilize; and a preliminary agenda for the March 14th meeting. The meeting was adjourned at 1:30 p.m.



CASALS & ASSOCIATES

## **PLANNING GROUP MEETING**

### **AGENDA**

**FRIDAY, FEBRUARY 18, 1994**

**SITE: Casals & Associates  
Crystal Park Three, Suite 814  
2231 Crystal Drive  
Arlington, Va. 22202  
(703) 920-1234  
(703) 920-5750**

- |                                |   |
|--------------------------------|---|
| <b>8:45 a.m. - 9:00 a.m.</b>   | <b>ARRIVAL</b>  |
| <b>9:00 a.m. - 9:15 a.m.</b>   | <b>I. Review/Discussion of the Minutes of the January 21st Meeting</b>  |
| <b>9:15 a.m. - 11:15 a.m.</b>  | <b>II. Roundtable Discussion of Goals, Purpose and Coordination of the Core Working Group</b><br><br><b>Refer to Concept Paper Attached</b>                       |
| <b>11:15 A.M. - 11:30 A.M.</b> | <b>III. Set Agenda for Comprehensive Donor Working Group Meeting scheduled for March 14th, from 9:30 a.m. to 1:00 p.m. at the Organization of American States</b> |
|                                | <b>IV. Set Time and Date for Next Core DWG Meeting</b>  |



## **PLANNING GROUP MEETING**

### **LIST OF PARTICIPANTS**

**FEBRUARY 18, 1994**

**Lynnette Asselin**  
Consultant  
Casals & Associates

**Beatriz Casals**  
President  
Casals & Associates

**Juan Pablo Córdoba**  
Fiscal Economist  
Inter-American Development Bank

**John Davison**  
RFMIP-II Project Officer  
USAID/LAC/DI

**Peter Dean**  
Inter-Regional Advisor  
United Nations

**Edison Gnazzo**  
RFMIP-II Project Director  
Casals & Associates

**Ruth Martínez**  
RFMIP-II Education/Training Coordinator  
Casals & Associates

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**Norm Nicholson**  
Office of Donor Coordination  
USAID

**Luisa Rains**  
Chief, Fiscal Unit  
Inter-American Development Bank

**Lidia Soto-Harmon**  
RFMIP-II Associate Director  
Casals & Associates

**Jim Wesberry**  
Principal Advisor on Accounting & Auditing  
The World Bank

**Maria Zwanikken**  
Technical Advisor  
United Nations Development Programme

**APPENDIX III-A**  
**DRAFT OF CONCEPT PAPER**

# **DRAFT CONCEPT PAPER: STRENGTHENING THE DONOR WORKING GROUP**

## **BACKGROUND**

The Donor Working Group (hereafter: "Group") responds to the need to coordinate the activities of multilateral institutions and bilateral agencies involved in government financial management and accountability (hereafter: "the participating institutions"). Such an effort can ensure maximum success in the projects and activities that the participating institutions undertake and the best possible use of available resources.

Efforts by participating institutions to agree upon a unified set of standards, methodologies, and concepts employed in technical assistance projects in one or more of the areas of government financial management will increase the effectiveness of these projects throughout the Western Hemisphere. In order to make these efforts more productive, closer coordination among the participating institutions is required. It is agreed that strengthening the cooperation of the Group in these areas constitutes a prerequisite to improving public sector financial management in Latin American and the Caribbean.

As such, this proposed strategy has been drafted to generate discussion among the participating institutions, and this document is presented for the consideration of the Group as a frame of reference for the Group's activities.

Strengthening the Group takes into account six fundamental areas:

- I. GOAL
- II. SCOPE OF INTEREST
- III. COMPOSITION
- IV. RESPONSIBILITIES
- V. CONSENSUS
- VI. EXECUTIVE SECRETARIAT

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## **I. GOAL**

The goal of the Group is to promote maximum effectiveness in the assistance and cooperation provided by participating institutions in the field of government financial management and accountability in Latin America and the Caribbean.

## **II. SCOPE OF INTEREST**

Government financial management encompasses a number of separate areas: tax administration, accounting and internal and external auditing, budgeting, cash management, and debt management. It may also include such areas as procurement and supply management, civil service, and pension fund administration. Accountability or governance may be defined as the manner in which power is exercised in the management of a country's economic and social resources to produce the results for development.

## **III. COMPOSITION**

Each of the participating institutions will designate one representative and an alternate to serve as the official representative to the Group. The official representative's duties will include: serving as the principal contact for the institution, promoting the activities of the Group, and seeing that other interested individuals at the institution are invited and informed of relevant activities. Specialized groups, task forces, or committees from the participating institutions may be created in order to consider select areas of endeavor. The Group may invite guests to participate in select activities.

## **IV. RESPONSIBILITIES**

The following responsibilities are among those that the Group will perform:

- a. It shall provide mechanisms for coordination among the participating institutions on current and future projects that each of them may develop either individually or jointly, such as:
  - undertake the study, design, and execution of technical assistance projects, by sharing responsibilities in a manner that best uses the strengths of each participating institution in order to avoid duplication of efforts.

- share the use of experts from one or more institutions on development missions in specific areas of projects, including such activities as project follow-up, oversight, and evaluation.

These mechanisms must provide for ongoing effective coordination in-country and among institutions' headquarters.

- Representatives shall stay informed of the activities and projects that their institutions carry out in the field of financial management and accountability.
- The Group shall constitute a forum for the exchange of opinions, information, experience, and technological advances in the field of financial management and accountability. For this purpose meetings, seminars and workshops shall be held to discuss specific areas within this field.
- An on-line data base on financial management and accountability shall be developed and made available for the use of all participating institutions and government agencies. The data base shall include information on the names and addresses of experts, organizations, and government agencies, as well as pertinent national and institutional regulations and customary practices, training courses available, meetings and conferences. The concerns and expertise of in-country representatives and host governments will be included in the network of information.
- Special efforts will be made to take into account the concerns and expertise of representatives of host governments and in-country representatives of participating institutions.

## V. CONSENSUS

The Group will be of a consultative nature and strive to implement decisions reached by consensus.

## VI. EXECUTIVE SECRETARIAT

A permanent Executive Secretariat should be considered to carry out activities assigned by the Group and ensure continuity and logistical support. On the short term, the Project RFMIP II shall serve as the Executive Secretariat for the Group. The Executive Secretariat will: organize and coordinate meetings, events, and other activities for the Group; develop the on-line data base on financial management and accountability; facilitate communication among the participating institutions; and channel all communications through the official representative or designated alternate of each institution. The Chair of the meetings and events held by the Group will be the official representative of the host institution or a representative appointed by the Group.

**SECTION IV: PLANNING GROUP MEETING, JANUARY 21, 1994**

# **SUMMARY OF PLANNING GROUP MEETING**

**JANUARY 21, 1994**

**INTER-AMERICAN DEVELOPMENT BANK  
WASHINGTON, D.C.**

## **INTRODUCTION**

The first Planning Group Meeting was hosted by the Inter-American Development Bank at their headquarters in Washington, D.C.

Representatives from the following donor agencies were in attendance: United States Agency for International Development (USAID), the Inter-American Development Bank (IDB), the World Bank (IBRD), the United Nations Department for Development Support and Management Services (DDSMS) and the United Nations Development Programme (UNDP). Also present were members of the Regional Financial Management Improvement Project Phase II (RFMIP-II).

The meeting was called to order at 10:45 a.m. by Luisa Rains, Chief of the Fiscal Unit at the Inter-American Development Bank (IDB). Ms. Rains welcomed everyone and introduced Mario Sanginés and Juan Pablo Córdoba, Public Expenditure Specialists in the Fiscal Unit at the Inter-American Development Bank who will also be participating in these meetings. Luisa then turned the meeting over to John Davison of the United States Agency for International Development and Project Officer.

### **John Davison**

John Davison welcomed everyone and said that it was good to give commencement to the new phase of the Donor Working Group. He mentioned that it was an extreme pleasure to welcome back Jim Wesberry who will be working at the World Bank beginning in February, 1994. Mr. Davison said that the institutions represented had entered into new projects in financial management in the last 15 months.

U.S. President Clinton, has made clear the importance of good governance in this Administration. This is highly significant for this Project and for all of us present.

The major goals for the Financial Management Project include: 1) implementation of country projects promoting integrated financial management systems through either technical assistance or in cooperation with other donor agencies; and 2) development and support for grass-root organizations and NGOs working in good governance or anti-corruption activities. The DWG will be an instrumental body in the formation of a regional center dedicated to integrated financial management.

## **UPDATES ON CURRENT LATIN AMERICAN/CARIBBEAN FINANCIAL MANAGEMENT PROJECTS**

### **INTER-AMERICAN DEVELOPMENT BANK PRESENTATION**

Luisa Rains referred to the Bank's considerable experience in fiscal matters in Latin America and the Caribbean. Previously, activities centered around tax and customs administration, but in the last three years, the focus has also included technical assistance in the area of financial management. This assistance has included institutional support in areas of treasury, budgeting and cost management. The Bank is currently executing fiscal programs in 17 member countries for a total of 71 million dollars. Fourteen of these projects are in tax administration, eight in customs administration and four in public expenditures. The countries of Paraguay, Guyana, Barbados and Perú have projects in all three areas.

In the early 1990s, the Bank's fiscal agenda was set. It included issues of equity, neutrality and sustainability in tax policy and the strengthening of tax codes, providing effective information systems and strengthening community policy in the area of tax administration. Financial management projects will also focus on the areas of social security reform and decentralization.

Mario Sanginés continued with a review of the technical assistance projects. Most are reimbursable tax loans with the exception of one grant to Guyana. These include six countries (four currently in execution and two in IDB's 1994 Work Plan):

**Argentina** - This project is in the fiscal area and constitutes a major component of a larger administrative reform project. The project is aimed toward the improvement of integrated financial information systems and linkages between the central government and the provinces.

**Barbados** - Support of integrated financial management information systems is given, especially in the Accountant General's office. The basic idea here is to strengthen support in budget techniques and auditing performance.

**Guyana** - This grant is scheduled to begin in one year and will include the areas of tax and customs administration, as well as budgetary reform.

**Paraguay** - This project is a component of an investment sector loan with a technical cooperation component that integrates diverse aspects of financial management from the central government to the line ministries. A cash flow reporting system is being contemplated (informe de coyuntura).

**Perú** - A technical cooperation component is to provide integrated accounting control for cash flow information.

The above projects represent 40 million dollars in assistance from the IDB.

The two pending projects are:

**Suriname** - This is a budget reform project which will be co-financed by the Dutch government.

**Bahamas** - The government has requested a project in the area of public expenditures management.

### **WORLD BANK PRESENTATION**

Jim Wesberry expressed his pleasure at attending the DWG meeting and said he officially starts at the World Bank beginning on February 14. Malcolm Rowatt, Division Chief for the Public Sector Management Division has appointed him to serve as the official representative to the DWG.

He explained that there is a major movement in the bank towards accountability worldwide. The Vice-President/Controller of the Bank strongly supports this idea and has been instrumental in institutionalizing the Bank's Association of Professional Accountants. George Russell serves as the president of the group which also includes accountants from the IMF.

#### **Central America**

**Guatemala** - An integrated financial management assessment is to be made and a project developed for the Guatemalan government. It would also include the areas of personnel and supply management.

**Honduras** - Financial Management Project is under consideration.

**Nicaragua** - The Bank plans to send one or two individuals to work with the government in the budgeting area.

**Costa Rica** - A large loan not yet approved by the Costa Rican legislative assembly provides for IFMS. It is a sector loan co-financed with the IDB. The program has been delayed for a year and may be further delayed due to upcoming elections. Another project has suggested an Integrated Financial Management System for the agricultural sector through the Ministry of Agriculture.

### South America

**Venezuela** - This is a technical assistance loan to design an Integrated Financial Management model. The project is pending subject to approval from the new government. There is a need in Venezuela to draft a law that will support an IFMS system. The main focus would be on the computerization of these IFMS systems.

**Colombia** - An IFMS project has been designed and recently approved.

**Perú** - IFMS was proposed a year or two ago, but has not seen much progress. A structural adjustment loan is pending. The accounting system is weak, but Perú has an excellent treasury system.

USAID funds have been approved for use in Perú. The new Comptroller General who has been in office for six months is interested in reprofessionalizing the auditing institution. He is restructuring the Comptroller General's Office whose personnel had dropped from 1,000 to 100 auditors.

The government is currently hosting a basic auditing course for the 100 new auditors and has issued new regulations for internal auditing. The new Comptroller plans to utilize the internal auditors to audit the General Accounts (Cuenta General).

**Chile** - Efforts are concentrated on decentralization.

**Argentina** - There is an ongoing IFMS project and a second project seeks to assist provinces to set up IFMS. The Auditor General's office is weak, but the "Sindicatura General" is becoming more professional.

**Bolivia** - The SAFCO/ILACO project continues. The government is providing, with USAID and World bank support, a postgraduate degree program for personnel in the area of Public Administration and Auditing.

**Ecuador** - Prior activities continue, primarily in the budget area.

## **Caribbean**

**Guyana** - The Bank is looking into the IFMS areas. However, the World Bank has not coordinated efforts with the IDB.

Mr. Wesberry commented that there is an expressed need for the IFMS course in Argentina and Venezuela, and he urged the RFMIP II Project Team to make course materials available to those countries. In closing, he commented that it was extremely important for all agencies to collaborate with professional organizations such as accountant organizations (colegios de contadores) in the various regions.

## **USAID PROJECTS PRESENTATION**

### **El Salvador**

Doug Arnold, serving as Assistant Controller in the Accounting Control Systems Development Department at USAID Washington, worked, until recently, in El Salvador as the USAID Controller. He explained that Public Sector Accountability projects are being conducted in the country in cooperation with the IDB, IBRD and AID.

Mr. Arnold emphasized that since El Salvador's constitution is being revised, then March 20th through May 1st is the opportune time for donor agencies to effect any changes. This is the opportunity to make changes in the constitutional laws that affect IFMS. Attached is a copy of Mr. Arnold's presentation. (Appendix IV-A)

### **Nicaragua**

Richard Layton, USAID Controller in Nicaragua updated the group on the status of financial management reform in Nicaragua. He explained that some governmental changes are required in that country in order to provide transparency and an integrated financial management system. Part of the problem has been that an Auditor General has not been appointed and there is no independent evaluator. Yesterday however, Violeta Chamorro, president of Nicaragua stated that three candidates for the position of Auditor General would be announced. Without an Auditor General changes are difficult to implement. The chart attached represents how the Nicaraguan Project could be organized. (Appendix IV-B) Mr. Layton urged all donors to participate and coordinate in order for this project to be successful.

Mario Sanginés continued with further comments. He reported that in May of 1993 a mission was sent by the IDB to Nicaragua. The government accepted the diagnostic study and a project profile was prepared.

The objectives included: methodology formulation, execution of norms and regulations, training in all areas of financial management, and procurement of software to support any changes made in the system. The IDB currently is implementing projects in public credit, budget and the treasury which should be inter-related with the finance areas. A March, 1994 IDB mission to Nicaragua will develop a plan of operations to discuss with the government and by April or May final approval should be granted.

### **UNITED NATIONS DEVELOPMENT PROGRAMME PRESENTATION**

Maria Zwanikken made the presentation for the UNDP and commented that it would be a pleasure to participate in this group. She said the sharing of information and coordination of efforts is extremely important. Attached is Ms. Zwanikken's brief. (Appendix IV-C)

### **UNITED NATIONS PRESENTATION**

Peter Dean explained the role of the Department for Development Support and Management Services within the United Nations and the types of programs in which it participates. The work in the Netherlands Antilles is included. He explained that the UN is an executing agency, not a donor. For example, UNDP may design a program that the UN would implement. Attached is the text of the notes presented by Mr. Dean. (Appendix IV-D)

### **GOALS, PURPOSE AND COORDINATION OF THE DONOR WORKING GROUP**

Luisa Rains, Chief of the Fiscal Unit at the IDB, led a roundtable discussion on the need to coordinate field activities and projects more closely among the donors in order to avoid duplication of efforts and improve the utilization of scarce international resources. The participants voiced interest in strengthening the structure and operation of the group as a useful way of coordinating activities and sharing information.

**Luisa shared her vision of having an "institutionalized working group that would have higher level decision-making." Jim Wesberry, Audit/Financial Management Specialist of the World Bank, expressed his concern that there is conflicting advice from international donors because there is little coordination among agencies.**

**Richard Layton, USAID Controller in Managua, explained that from a field perspective, projects such as the one being considered in Nicaragua would not take place unless all donors participated in a collective manner. Ms. Rains concluded that a strategy for coordination of DWG activities needed to be developed at a follow-up meeting. It was therefore agreed that each institution would share its perspectives on how the Donor Working Group can best coordinate with the staff of the RFMIP II. The Project would then use this information to develop a concept paper that would be sent for consideration prior to the next Planning Group meeting.**

**The Concept Paper would focus on: 1. the need to institutionalize the Donor Working Group in order to have greater decision-making authority, as well as to provide technical assistance to countries in a more coherent manner; 2. the possibility of developing country-specific or regional focus groups in order to coordinate efforts; and 3. research to be completed in the region on professional groups and operating contacts for institutional use.**

**The next Planning Group meeting was scheduled for February 18th at the new offices of Casals & Associates. The meeting was adjourned at 1:30 p.m.**



## **PLANNING GROUP MEETING**

### **AGENDA**

**FRIDAY, JANUARY 21, 1994**

**SITE: Inter-American Development Bank  
1300 New York Avenue, N.W.  
Room Northwest 539  
Washington, D.C.**

**10:30 AM - 12:30 AM**

**10:15 a.m. - 10:30 a.m.**

#### **ARRIVAL**

**10:30 a.m. - 10:40 a.m.**

- I. WELCOME AND INTRODUCTION OF RFMIP-PHASE II PROJECT STAFF  
John Davison, Senior Financial Adviser, and  
Project Officer, USAID**

**10:40 a.m. - 10:50 a.m.**

- II. OVERVIEW OF LAC/RFMIP-PHASE II PROJECT  
Edison Gnazzo, RFMIP-Phase II Project  
Director, Casals & Associates**

**10:50 a.m. - 11:50 a.m.**

- III. UPDATES ON CURRENT LATIN AMERICAN/CARIBBEAN FINANCIAL MANAGEMENT PROJECTS:**

- 10:50 a.m. - 11:00 a.m.**
- A. INTER-AMERICAN DEVELOPMENT BANK INITIATIVES**  
Luisa Rains, Chief, Fiscal Unit,  
Economic and Social Development  
Department
- 11:00 a.m. - 11:10 a.m.**
- B. WORLD BANK INITIATIVES**  
Jim Wesberry, Audit/Financial  
Management Specialist, Public Sector  
Modernization Division, LAC Region
- 11:10 a.m. - 11:30 a.m.**
- C. USAID INITIATIVES**  
**EL SALVADOR**  
Doug Arnold, Assistant Controller,  
Accounting Control Systems  
Development
- NICARAGUA**  
Richard Layton, Controller,  
USAID/Managua  
Mario Sangines, Specialist, Public  
Expenditures, Fiscal Unit, IDB
- 11:30 a.m. - 11:40 a.m.**
- D. UNITED NATIONS DEVELOPMENT PROGRAMME INITIATIVES**  
Maria Zwanikken, Technical Adviser,  
Management Development  
Programme
- 11:40 a.m. - 11:50 a.m.**
- E. UNITED NATIONS INITIATIVES**  
Peter Dean, Inter-Regional Advisor,  
Department of Economic and Social  
Development
- 11:50 a.m. - 12:15 p.m.**
- IV. ROUNDTABLE DISCUSSION OF GOALS, PURPOSE AND COORDINATION OF THE CORE DONOR WORKING GROUP**

**12:15 p.m. - 12:30 p.m.**

- V. A. SET AGENDA FOR COMPREHENSIVE DONOR WORKING GROUP MEETING SCHEDULED FOR MARCH 14TH, FROM 9:30 A.M. TO 1:00 P.M. AT THE ORGANIZATION OF AMERICAN STATES**
  
- B. SET DATE AND TIME FOR NEXT CORE DWG MEETING AT CASALS & ASSOCIATES, CRYSTAL PLAZA 3, SUITE #814, CRYSTAL CITY, VA**



## **PLANNING GROUP MEETING**

### **LIST OF PARTICIPANTS**

**JANUARY 21, 1994**

**Nohra Rey de Marulanda, Manager**  
Economic & Social Development Department  
Inter-American Development Bank

**Luisa Rains, Chief**  
Fiscal Unit  
Economic & Social Development Department  
Inter-American Development Bank

**Mario Sanginés, Specialist**  
Public Debt, Fiscal Unit  
Inter-American Development Bank

**John Davison, Senior Financial Adviser**  
Latin America and Caribbean  
Democratic Initiatives  
United States Agency for International Development

**Doug Arnold, Assistant Controller**  
Accounting Control Systems Development  
United States Agency for International Development

**Richard Layton, USAID Controller/Managua**  
United States Agency for International Development

**María Zwanikken, Technical Advisor**  
United Nations Development Programme

**Peter Dean, Inter-Regional Advisor**  
Government Financial Management Department  
for Development Support and Management Services  
United Nations

**Jim Wesberry, Audit/Financial Management Specialist**  
Modernization Division, LAC Region  
The World Bank

**Beatriz Casals, President**  
Casals & Associates

**Edison Gnazzo, Project Director**  
Regional Financial Management Improvement Project, Phase II  
Casals & Associates

**Lidia Soto-Harmon, Associate Director**  
Regional Financial Management Improvement Project, Phase II  
Casals & Associates

**Jesús Plata, Regional Accountability Officer for Central America and the Spanish-Speaking Caribbean**  
Regional Financial Management Improvement Project, Phase II  
Casals & Associates

**Charles Becker, Editor**  
Regional Financial Management Improvement Project, Phase II  
Casals & Associates

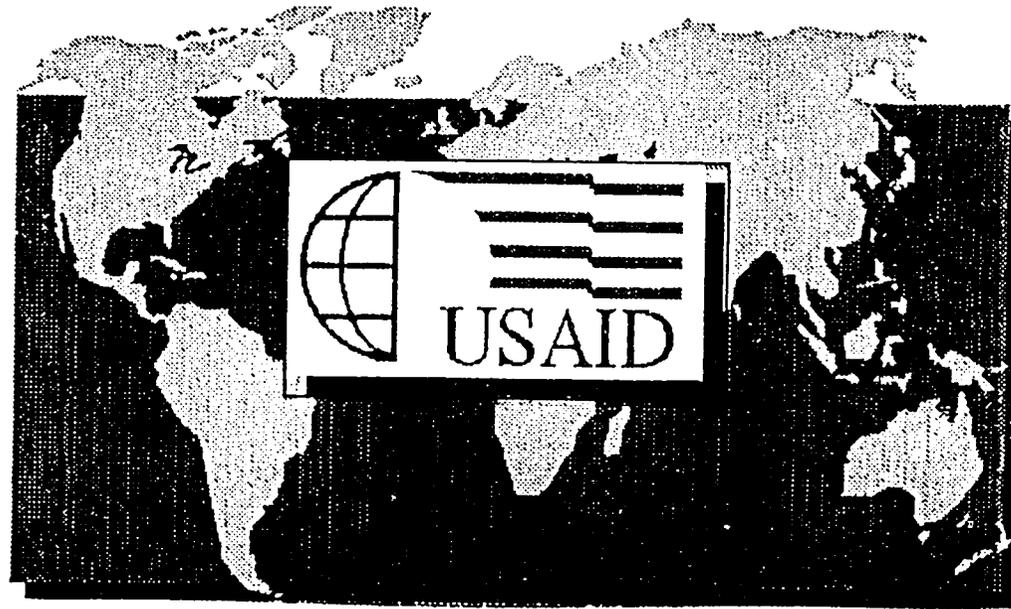
**Ruth Martínez, Education/Training Coordinator**  
Regional Financial Management Improvement Project, Phase II  
Casals & Associates

**Karen Murray, Administrative Assistant**  
Regional Financial Management Improvement Project, Phase II  
Casals & Associates

**APPENDIX IV-A**

**PRESENTATION**  
**USAID/EL SALVADOR**  
**PUBLIC SECTOR**  
**ACCOUNTABILITY INITIATIVES**

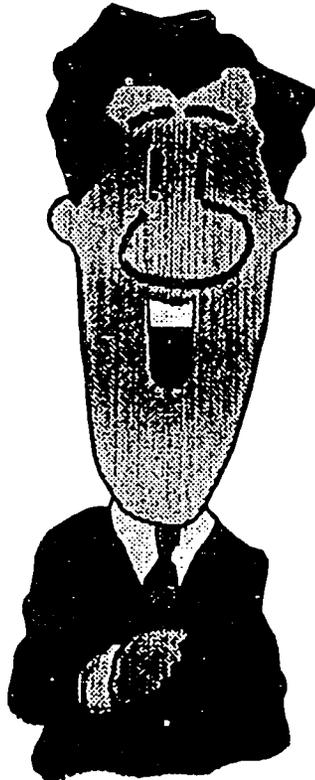
# United States Agency for International Development



## USAID/El Salvador Public Sector Accountability Initiatives

January 21, 1994

# Basic Questions...



**Why is USAID supporting accountability initiatives ?**

**What is happening in El Salvador today?**

**What does USAID plan to do in the future?**

**How can international donors work together to support El Salvador's continuing process of democratization?**

# Why Public Sector Accountability?



- **Accountability is a cornerstone of democracy.**
- **Democracy is government of the people, by the people for the people as reported to and as audited by the people.**

# What corollary benefits will Public Sector Accountability provide?



- **This is one donor activity that keeps on giving.**
  - If this project can help the GOES improve the use of just 1 % of their current resources the GOES will have \$11,2 million that can be redirected to other programs.

# Current Baseline



- The results of current operations are not reported or audited.
- Responsibility for effective use of resources is basically non-existent.
- The Court of Accounts co-administers nearly all financial activities.
- About 10 % of all GOES funds are administered off line as part of the extraordinary budget.
- Most laws relating to budgeting, treasury functions and financial control are hopelessly obsolete.
- Payments on GOES obligations are slow and cumbersome.

# What resources have been applied towards Public Sector Accountability?

- Development assistance funds.
- Local currency generations.
- Economic Support funds.
- Other donor assistance.
- Host country government resources,

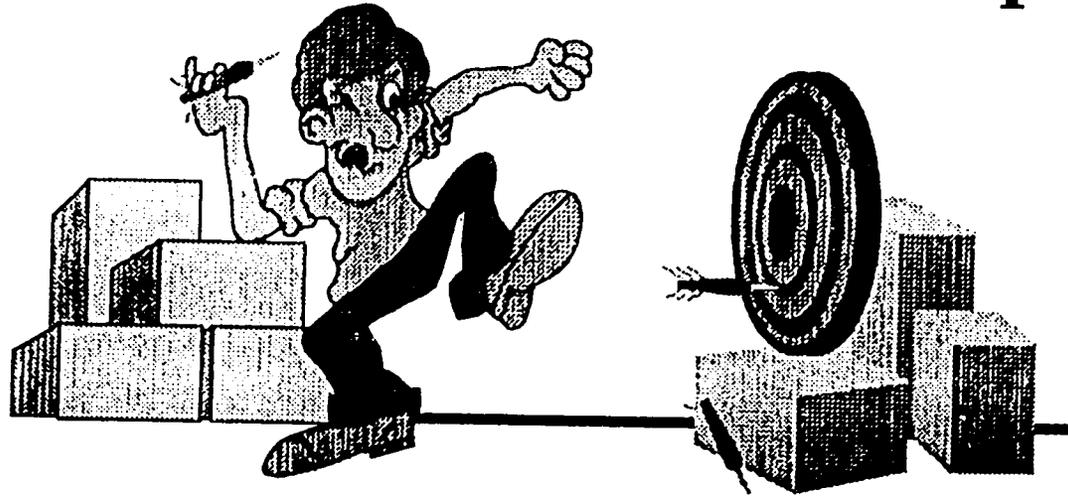


# USAID financed technical assistance in El Salvador

- Project officer
- Audit advisor
- Treasury advisor
- Budget advisor
- Accounting Officer
- Computer Science professionals
- Tax advisors
- Debt management advisor.



# What is included in USAID's new proposal?



- **Development of a prepared workforce.**
  - off shore training.
  - creation of an in-country masters degree program in public financial management.
  - support for existing government training centers.
    - » CECAMH.
    - » CECAP.

# What is included in USAID's new proposal? (cont.)

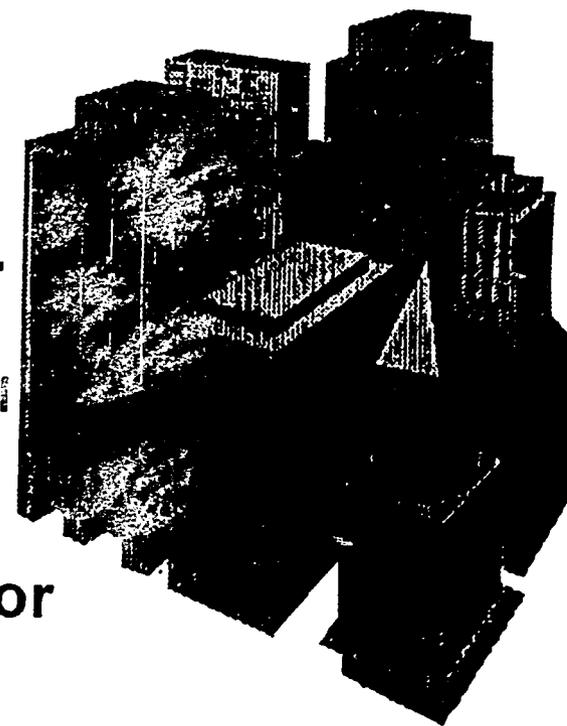


- **Civil Service reform within the Court of Accounts.**
  - Position descriptions.
  - Adequate compensation program, etc.
  - New ethics code enforcement.
- **System Design and Implementation.**
  - Quick response teams to support implementation of systems designed during phase one effort.
  - Design of new systems for procurement and fixed asset control.

*PUBLIC SECTOR ACCOUNTABILITY*

# What is included in USAID's new proposal? (cont.)

- **Creation of a new budget policy unit.**
- **Transition to a Supreme Audit Institution.**
  - reorganization and reduction of personnel.
  - standards for internal audits by other governmental agencies.
- **Increased public awareness of the need for effective transparent governance.**
  - Local professional organizations.
  - NGOs



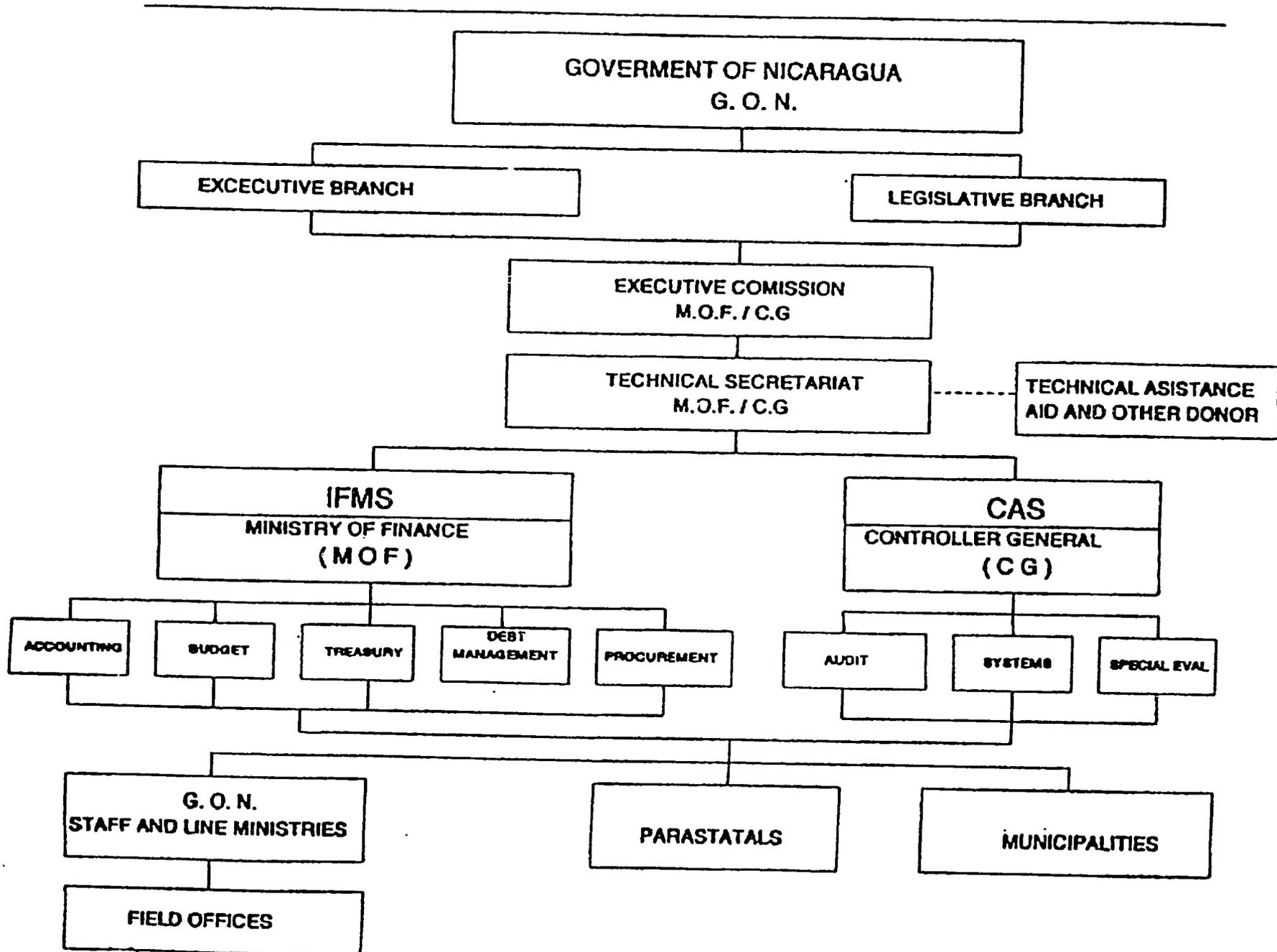
# What can other international donors contribute to the process?



- **Comment on the PSA PID.**
  - Meeting in El Salvador third week of February.
- **Support for Civil service reform to get and keep professional financial managers in the system.**
- **Support for a budget policy analysis unit within the Ministry of Finance,**
- **Request audited financial statements from GOES entities..**

**APPENDIX IV-B**  
**FINANCIAL MANAGEMENT**  
**REFORM PROJECT**  
**IN NICARAGUA**

FINANCIAL MANAGEMENT REFORM PROJECT  
ACTIVITY COORDINATION AND IMPLEMENTATION FLOW



**APPENDIX IV-C**

**UNDP'S ACTIVITIES IN  
FINANCIAL MANAGEMENT AND  
GOOD GOVERNANCE IN  
LATIN AMERICA AND THE  
CARIBBEAN**



BRIEF FOR THE CORE DONOR WORKING GROUP MEETING ON  
FINANCIAL MANAGEMENT AND GOOD GOVERNANCE  
IN LATIN-AMERICA AND THE CARIBBEAN

Washington D.C., January 21, 1994

I. INTRODUCTION

1. The UNDP Management Development Programme (MDP) aims at promoting good governance in developing countries worldwide by improving the efficiency and effectiveness of public sector management on the one hand, and by promoting national consensus building through political accords on the other hand.

2. From our long experience in public sector reform, we have concluded that it is indispensable to involve civic society in the state reform process, if the reforms are to have a sustainable effect on human development. UNDP's strength in this area is to be found particularly in its unique ability to promote, in parallel, effective and efficient public sector management, and a legitimate and accountable government whose actions are based on a broad political consensus.

3. MDP's main entry point in Latin-America and the Caribbean for the promotion of good governance and a modern, effective and democratic state apparatus is the de-centralization of central services to the municipal level. De-centralization is for historical reasons in high demand in the region, and can serve as a catalyst for democratization through the involvement of a broader spectrum of interest groups in the political decision making process.

4. Financial management and the transfer of financial and fiscal autonomy to the municipal level is a core-aspect of the de-centralization process. MDP's main objective in this area is to assist LDC's in developing financial systems which are accountable both towards the donor community and towards civic society. The ultimate effect of such increased accountability is the promotion of good governance in the region.

5. MDP has established a long track-record of cases where improved public sector financial management has successfully gone hand in hand with the promotion of good governance. Of the many cases, I will mention three examples in Central-America which are of particular relevance to this meeting :



## II. FINANCIAL MANAGEMENT AND GOOD GOVERNANCE IN CENTRAL-AMERICA :

### (i) Honduras

In Honduras, MDP designed a US\$1million umbrella project which entailed a comprehensive state modernization and de-centralization program. The project is one of the most successful examples of how de-centralization, including fiscal and financial reform, can enhance good governance, democracy and human rights.

Three mechanisms need to be further developed in order to strengthen the municipalities in a financial and fiscal respect: (i) mechanisms to enhance access to credit, (ii) mechanisms to make financial transfers, and (iii) mechanisms to improve the financial autonomy and efficiency of municipalities (e.g. budget approval mechanisms, tax collection mechanisms, accounting mechanisms).

Although significant progress has been made in these areas, the actual transfer of financial responsibilities can only take place once the required minimum institutional capacity has been developed at the municipal level. MDP has been requested to provide additional Technical Assistance (TA) to this effect.

Besides support for municipal strengthening and the development of accountable financial systems, additional TA has been requested to further support public sector administrative reforms, national accords for political reform, the combat of corruption, human rights, and privatization.

The MDP-supported umbrella project, which has had a high visibility and impact, will soon come to an end. MDP is planning to provide additional bridge-financing to ensure a continuation of the TA provided. Support from other members of the donor community to the initiatives would be welcome.

### (ii) El-Salvador

In El-Salvador, MDP designed a comprehensive US\$1.8mn state modernization program, which contains the following components : (i) de-centralization, (ii) institutional re-ordering, (iii) human resources, (iv) privatization, (v) de-regulation, (vi) civil-service reform, and (vii) pilot reviews of selected ministries. The program, which is co-financed with the World Bank, comprises various elements which aim at enhancing financial accountability.

The project is executed in the aftermath of a twelve year civil war, which deeply marked the country's physical, socio-economic, and political infrastructures. There is no tradition of 'political consensus building' in El-Salvador, and the political climate is still very fragile.

UNDP is in the process of developing a project in support of Political Accords for Governance in El-Salvador, which aims at stimulating public awareness of and participation in the discussion on state modernization issues. The sources of financing for the project are not yet entirely secure.

(iii) Nicaragua

In Nicaragua, MDP has designed and financed a US\$700,000 state modernization project which aims at (a) Institutional Strengthening of the Ministry of Finance, and (b) Strengthening of the capacity of the National Institute of Public Administration to effectively need the training needs of the public sector.

The project provides technical expertise and training in order to improve the financial management skills of the Ministry of Finance in the following areas: (i) monitoring and coordination of fiscal policy within the framework of macro-economic policy, (ii) management and control of the central government budget, and (iii) management of the tributary, customs, accounting and financial systems.

In parallel, UNDP initiated a programme on Governance for Nicaragua, which aims at facilitating the political consensus building process. Activities included the organization of a high-level seminar on Governance in December 1993. Additional financing is required to ensure the continuation of this program.

### III. COST-SHARING AND PARALLEL FINANCING

6. MDP funds available for programming and project financing are limited and provided on a grant basis. The funds are considered to be seed money with a multiplier effect, both by initiating the desired reform processes, and by attracting financial support from alternative sources.

7. Although UNDP/MDP Fifth Cycle resources have a fixed ceiling until 1996, the demand for MDP's services is increasing. MDP therefore attaches great importance to ensuring that its funds are used in the best possible way through strategic and innovative project design, which has a catalytic effect.

8. Simultaneously, close consultation with members of the international donor community is required -- both prior, during and after project formulation -- to ensure cooperation in both project design and financing, either through cost-sharing or parallel financing.

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Brief prepared by Drs. Maria Zwanikken, Technical Adviser at the UNDP Management Development Programme (telephone: 212/906-6636; facsimile : 212/906-6471).

**APPENDIX IV-D**

**NOTES ON THE PUBLIC  
FINANCE  
AND ENTERPRISE  
MANAGEMENT BRANCH OF  
THE UNITED NATIONS**

USAID LAC DONOR WORKING GROUP

Notes on the Public Finance and Enterprise Management Branch (PFEMB) of the United Nations, 21 January 1994.

1. This branch is a part of the Department for Development Support and Management Services (DDSMS) of the United Nations. DDSMS is not a donor institution, but an executing agency. It operates in the social and economic field in all regions of the world, and is essentially concerned with the provision of technical assistance in a range of technical areas.
2. Thus PFEMB, which is a branch of DDSMS, specializes in technical assistance in fields such as government accounting auditing and budgeting; tax administration and revenue mobilization; management and privatization of public enterprises; entrepreneurship; and private sector development. It also has a programme of training, research and publications, designed to supplement its technical assistance activities.
3. DDSMS has traditionally been an executing agency of projects funded by the United Nations Development Programme. Changes in the way projects are managed -principally the move towards national execution- have made it necessary for DDSMS to widen its funding sources. Nevertheless it works closely with UNDP.
4. PFEMB has 14 professional staff specializing in the subjects indicated. It also has a portfolio of projects in countries round the world. At present it has one project in the LAC Region, (in Netherlands Antilles). Following a recent mission, a second project has been proposed, this time in Peru.
5. Contact details are as follows:

Marc Schieber, Chief,  
Public Finance and Enterprise Management Branch  
Department for Development Support and Management  
Services, DC-1, 12th Floor,  
United Nations  
New York, NY 10017

(FAX NO 212 963 2916  
TEL NO 212 963 6171)

Peter N. Dean, Inter-regional adviser,  
Public Finance and Enterprise Management Branch  
Department for Development Support and Management  
Services, DC-1, 9th Floor,  
United Nations  
New York, NY 10017

(FAX NO. 212 963 2916  
TEL NO. 212 963 8405)

## PFEMB WORK IN NETHERLANDS ANTILLES

PFEMB has been active in Netherlands Antilles since 1987. From 1990 onwards advisory services were provided under the UNDP project NAN/90/003, Modernization of Financial Management. The main objectives of this project, known as MFM-I, were:

Implementation of a new computerized system, *Financieel Systeem Curacao* (FSC), in the Finance Department of the Island Government.

Strengthening of the Audit Office so that it was able to carry out system-based audits.

Building capacity in both the Finance Department and the Audit Office to enable them to take larger roles in the development and implementation of new systems.

Improvement of financial management controls to achieve better accountability.

The main outputs of MFM-I were:

Introduction of FSC, a fourth generation language, accounting system operating in the Finance Department, providing timely and accurate record-keeping and reports for Finance Department purposes.

Audit manual, providing appropriate procedures for the audit of FSC.

Extensive training of staff of the Finance Department to support the introduction of FSC.

Extensive training of government auditors to develop the skills required for the audit of modern financial systems.

General training to improve the quality of financial management.

Thus MFM-I focussed primarily on the Island Government of Curacao and the needs of its Finance Department and Audit Department. A new AS/400 computer was installed at the *Dienst Informatie Verzorging* (Computer Center). Accounting software from the Netherlands was selected, and modified for the use of Government of Curacao. The software known as FSC, was installed in the AS/400 and a local area network established in the Finance Department. At the same time, accounting and audit staff were trained in modern techniques, particularly those involving computer systems.

A second phase of this project is now planned with Dutch assistance. This phase, costed at about US\$1.4 million, is known as MFM-II and has a planned duration of three years. It aims to introduce FSC in about 32 line ministries; introduce objective-oriented budgeting in selected ministries; upgrade payroll and payments systems; and consolidate the systems and skills developed during MFM-I.

**This document was prepared by Casals & Associates, Inc., under USAID Contract No.LAG-0800-C-3004-00, LAC/DI Regional Financial Improvement Project for Latin American and the Caribbean, Phase II.**

**ATTACHMENT F**

## **CRITERIA**

### **FOR CONFERENCE PARTICIPATION**

#### **REGIONAL INTEGRATED FINANCIAL MANAGEMENT PROJECT (RFMIP II)**

##### **BACKGROUND**

The project's core contract, defines the types of conferences in which the project must become involved. The types of conferences are: regional, sub-regional, sub-regional for key financial officers (3 day duration) and country specific. During the first meeting of the project team (October 14-16, 1993), there was a consensus that a set of criteria and guidelines needed to be developed to determine the project's participation in conferences. With this in mind, the following criteria have been developed.

The principal consideration in determining project participation in conferences, seminars or other meetings will be how congruous the goals of the activity are with RFMIP II project objectives. These objectives are:

- assist regional countries in the design and implementation of integrated financial management systems; and
- promote the development of greater transparency and accountability on the part of governments.

The primary criteria will be:

1. Participation in the development of the agenda for the conference;
2. Participation in the selection of speakers (project staff may be presenters). It will also be necessary to consider who is sponsoring or co-sponsoring the conference. Is the group professional and have they previously been involved in similar activities in the area? Some of the conference topics could be:

- a. Management of the Public Debt
  - b. Governmental Accounting and Auditing Systems
  - c. Management of Funds (Treasury)
  - d. Governmental Control
  - e. University or Educational Centers' Academic Programs in Integrated Financial Systems
  - f. Governmental Transparency
  - g. The role of NGOs and civic organizations in the development of programs aimed at enhancing government credibility.
3. Participation in the selection of participants. What is the target audience?
4. Participation in the organization of the conference. These activities might include:
- a. setting dates
  - b. conference site
  - c. length of the conference
  - d. types of sessions
  - e. development of the conference distribution list, and
  - f. evaluation and follow-up

**ATTACHMENT G**



## CASALS&ASSOCIATES

Regional Financial Management Improvement Project  
Proyecto para el Mejoramiento de la Administración Financiera

**TRANSMITIDO POR FAX**

**30 de marzo, 1994**

**De la mayor consideración:**

El pasado mes de septiembre USAID otorgó a la firma Casals & Associates el contrato para la ejecución de la Fase II del Proyecto para el Mejoramiento de la Administración Financiera en los países de America Latina y el Caribe (LAC-RFMIP-II).

Hemos sido informados de que Ud. participará en la Conferencia sobre Nuevos Acontecimientos en la Gerencia Financiera Gubernamental, que se celebrará en Miami del 11 al 13 de abril próximo y de la cual nuestro Proyecto es uno de los patrocinadores.

Aprovechando la celebración de la Conferencia, nuestro Proyecto organiza la realización de una reunión el día jueves 14 de abril, con participación de funcionarios gubernamentales de alto nivel de los países que asistan a la Conferencia. El objetivo de la reunión es realizar un intercambio de experiencias entre los funcionarios asistentes en torno a la situación de la administración financiera en sus respectivos países y muy especialmente al estado de los proyectos de asistencia técnica que se cumplen en los mismos. Estamos seguros que la reunión deparará muy positivos beneficios para todos los participantes.

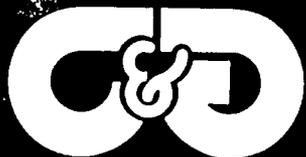
De acuerdo a lo expuesto anteriormente, me complace extender a Ud. una especial invitación para que nos honre con su presencia en la referida reunión, la que tendrá lugar el jueves 14 de abril de 1994 de 8.30 A.M a 1.30 P.M. en el Hotel Raddison Mart Plaza Hotel de Miami (el mismo Hotel en que se celebrará la Conferencia).

Si los gastos de su participación en la Conferencia están cubiertos por la USAID en El Salvador o por su gobierno, el Proyecto está en disposición de cubrir los gastos de comidas y otros relacionados con su participación en la reunión el 14 de abril, de acuerdo con las regulaciones de la AID.

A los efectos de organizar debidamente la reunión, mucho agradecería comunicarnos antes del 1 de abril su participación en la misma a través del Fax (703) 920-5750.

Saluda a Ud. muy atentamente,

Edison Gnazzo  
Director RFMIP II



CASALS & ASSOCIATES

**PROYECTO PARA EL MEJORAMIENTO DE LA ADMINISTRACION FINANCIERA  
EN AMERICA LATINA Y EL CARIBE, FASE II (LAC/RFMIP II)**

**REUNION DE FUNCIONARIOS GUBERNAMENTALES**

**LISTA DE PARTICIPANTES**

**14 de abril, 1994**

**RADISSON MART PLAZA HOTEL**

**MIAMI, FLORIDA**

**8:30 a.m. - 1:30 p.m.**

Lic. Fausto Aguinaga  
Municipalidad de la Ciudad de Quito, Ecuador

Sr. Alvaro Alemán  
Director General de Ingresos de la República de Panamá

Sr. Benjamin Alvarez  
Director de Sistemas y Procedimientos  
Contraloría General de la República de Panamá

Sr. Alberto Arolfo  
Contador General de la Nación  
Contraloría de la República de Argentina

Sra. Lynnette Asselin  
Consultora de Administración Financiera  
Casals & Associates, Inc.

Sr. Vicente A. Barros  
Auditor General  
Auditoría General de la Nación, Argentina

Sr. Manuel F. Becerra Barney  
Contralor General de la República  
Contraloría General de la República de Colombia

Sr. Charles Becker  
Editor  
Proyecto Regional para el Mejoramiento  
de la Administración Financiera  
Casals & Associates, Inc.

Sr. Ramón Bouche  
Co-director del Proyecto PAF  
USAID/Panamá

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Lic. Luis Bravo  
Director, Contabilidad Gubernamental  
Ministerio de Finanzas de Nicaragua

Sr. Enrique Caceres Rojas  
Director de Auditoría  
Contraloría General de la República del Paraguay

Sr. Ricardo Callejas  
Gerente  
Proyecto para el Mejoramiento de Sistemas de Contabilidad  
USAID/Honduras

Sr. Sergio Cardoza  
Coordinador del Proyecto de Reforma de la Administración Financiera  
Ministerio de Finanzas de Nicaragua

Sra. Beatriz C. Casals  
Presidente  
Casals & Associates, Inc.

Sr. Victor Caso Lay  
Contralor General  
Contraloría General del Perú

Sr. Tom Clarkson  
Contralor de la Misión  
USAID/El Salvador

Srta. Avelina Cruz Iglesias  
Técnico IV División de Auditoría y Contraloría de Proyectos  
Secretaría Técnica del Financiamiento Externo  
Ministerio de Planificación, El Salvador

Sr. John Davison  
Asesor Financiero  
Agencia para el Desarrollo Internacional de Estados Unidos

Sr. Alberto Ramírez Enríquez  
Director Regional  
Proyecto Regional para el Mejoramiento  
de la Administración Financiera  
Casals & Associates, Inc.

Sr. Edison Gnazzo  
Director General  
Proyecto Regional para el Mejoramiento  
de la Administración Financiera  
Casals & Associates, Inc.

Sr. Francisco Gómez  
Director de la Contabilidad Nacional de Panamá

Sr. Carlos González  
Director de Presupuesto de la Nación, Panamá

Dr. José Tito González Segovia  
Subcontralor General de la República del Paraguay

Lic. Luis Arturo Guzmán Campos  
Contralor de Cuentas IV  
Contraloría General de Cuentas de Guatemala

Sr. Richard Layton  
Contralor de la Misión  
USAID/Nicaragua

Sr. Steven G. Liapis  
Director del Proyecto PAF  
USAID/Panamá

Ing. Leopoldo López  
Asistente al Ministro  
Ministerio de Finanzas de Nicaragua

Sra. Ruth Martínez  
Coordinadora de Capacitación  
Proyecto Regional para el Mejoramiento  
de la Administración Financiera  
Casals & Associates, Inc.

Lic. Aroldo René Mazariegos  
Ministerio de Finanzas Públicas de Guatemala

Lic. José María Meléndez García  
Subcontralor General de Cuentas  
Contraloría General de Cuentas de Guatemala

Lic. Francisco Mena  
Sub-Director de Presupuesto  
Ministerio de Finanzas de Nicaragua

Sr. Leonidas Molina  
Tesorero  
Municipalidad de la Ciudad de Quito, Ecuador

Sr. Vicente Paez  
Director de Finanzas  
Municipalidad de la Ciudad de Quito, Ecuador

Sr. Emilio Pereira  
Ministro de Finanzas  
Ministerio de Finanzas de Nicaragua

Sr. Richard O. Persons  
Consejero para el Mejoramiento de la Administración Financiera  
USAID\El Salvador

Sr. Jesús Alberto Plata  
Director Regional para Centro América y el Caribe  
Proyecto Regional para el Mejoramiento  
de la Administración Financiera  
Casals & Associates, Inc.

Sr. Tito Angel Quinteros Cortez  
Subcontralor para Auditoría  
Subcontraloría General de Bolivia

Sr. Jaime Enrique Reyes Barrios  
BIRF Guatemala

Lic. Angel Gelir Rodríguez  
Director General, Oficina de Presupuesto  
Ministerio de Finanzas Públicas de Guatemala

Sr. Luis B. Rosas  
Subcontralor de la República  
Contialoría General de la República de Panamá

Sr. Francisco Samper  
Asesor de Asuntos Económicos de la Asamblea Nacional  
Ministerio de Finanzas de Nicaragua

Sr. Jaime Sánchez  
Ministerio de Obras Públicas del Ecuador

Srta. Mirna Somarriba  
Vice Ministro de Finanzas  
Ministerio de Finanzas de Nicaragua

Ing. Luis Villalta  
Asesor Técnico Principal y Coordinador de la  
Reforma del Estado  
Ministerio de Finanzas de Nicaragua

Sr. Jim Wesberry  
Consejero Principal de Contabilidad y Auditoria  
División de Modernización del Sector Público de la Región de  
America Latina y el Caribe  
Banco Mundial

**ATTACHMENT H**

# Accountability

Latin American and Caribbean

## Regional Financial Management Improvement Project

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*Corruption by Arturo Ocampo*

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### PHASE II

Last September, the United States Agency for International Development chose the firm of Casals & Associates to carry out Phase II of the ground-breaking Regional Financial Management Improvement Project. Already the seven-member project team, under the direction of Edison Gnazzo, has begun to collaborate with a broad network of institutions to promote greater public sector accountability, transparency, and integrated financial management systems in Latin America and the Caribbean.

### A SOLID FOUNDATION

During Phase I of the Financial Management Improvement Project, successful integrated financial management efforts were sponsored in thirteen countries of Latin America and the Caribbean. Training was provided to Offices of Comptrollers General, and over 2,500 professionals and specialists attended national or regional conferences that highlighted the essential role of public vigilance and integrated financial management systems in the governance process.

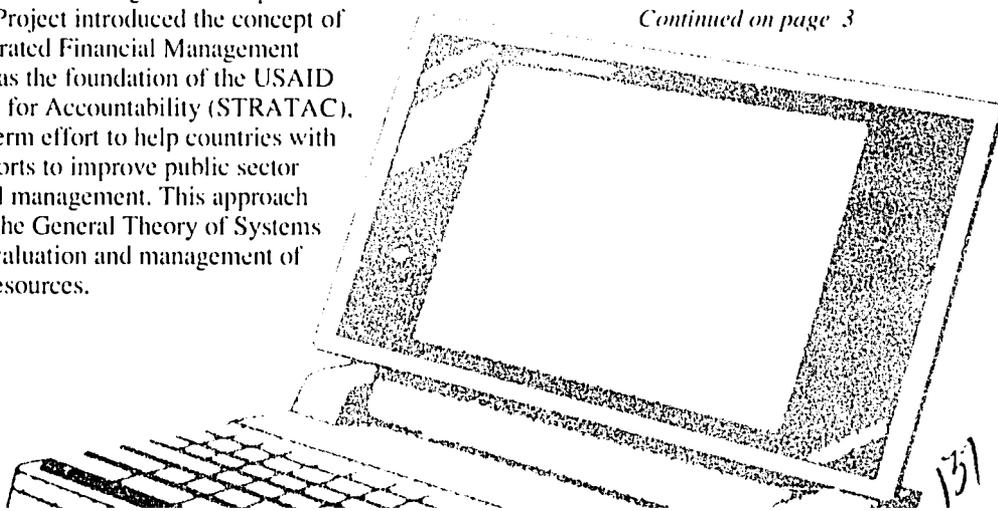
The Project introduced the concept of an Integrated Financial Management System as the foundation of the USAID Strategy for Accountability (STRATAC), a long-term effort to help countries with their efforts to improve public sector financial management. This approach applies the General Theory of Systems to the evaluation and management of public resources.

A methodology was designed to collect baseline data from individual countries, and a database was created as a central source of information on financial management projects sponsored by USAID, the Inter-American Development Bank, the United Nations Secretariat and Development Programme, the Organization of American States, the International Monetary Fund, and the World Bank. An accounting system was designed to be used on a simple personal computer to assist individuals in the implementation of projects.

### NEW INITIATIVES

Phase II of the Regional Financial Management Improvement Project will build on the existing foundation in order to support new initiatives to promote good governance and increase public awareness and involvement in matters of government finance. Phase II is predicated on the concept that the commitment by democratic governments to improving the quality of life in their nations requires the capacity to manage public resources efficiently, openly, and honestly.

*Continued on page 3*



# Meet the Project Team

**T**he Regional Financial Management Improvement Project has brought together a diverse team of professionals to devote its talents and expertise to project activities.

Project Director **Edison Gnazzo** is a public accountant who has dedicated more than four decades to providing technical assistance and direction to governments and regional agencies throughout Latin America. For the past 24 years, he has worked with the Inter-American Center of Tax Administrators (CIAT), serving since 1982 as its Executive Secretary. Mr. Gnazzo has also taught public finance and tax law at universities in Uruguay and Panama.

**Jesús Alberto Plata**, Field Technical Director and Regional Officer for Central America and the Spanish-Speaking Caribbean, is based in Miami, Florida where he facilitates direct assistance to countries in his region. Mr. Plata is a public accountant who previously provided international auditing assistance to the Bolivian Comptroller General, serving most recently as Chief Technical Advisor for the Financial Management and Auditing Project known as "SAFCO". He has also worked with the Paraguayan Ministry of Finance and the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS).

From his base in Lima, Peru, Regional Officer **Carlos Alberto Ramírez Enríquez** will use his extensive project experience to provide technical assistance to countries in South America. Mr. Ramírez Enríquez started his own public accounting firm in 1980. He chaired the Peruvian Commission that organized the International Teleconference on Problems of Fraud and Corruption in Government, RESPONDACON II, including the publication of *Combating Fraud and Corruption in Government*. Between 1991 and 1993, he served as Director of the Lima College of Public Accountants, where he was responsible for accounting and auditing guidelines and technical publications.

Associate Project Director **Lidia Soto-Harmon**, in addition to assisting technical staff in implementing management information systems, is responsible for project reporting requirements and document preparation. From 1990 to 1993, Ms. Soto-Harmon covered immigration and trade issues for the International Labor Affairs Bureau of the U.S. Department of Labor and was part of

the team that helped negotiate the North American Free Trade Agreement with Mexico and Canada. Prior to that, she worked for the U.S. Congressional Commission for the Study of International Migration and Cooperative Economic Development.

Project Editor **Charles J. Becker** has edited and translated numerous academic and general publications and has worked as a conference and court interpreter for U.S. and multinational agencies. He is responsible for editing all publications and developing and managing the database and resource library of the Project. Mr. Becker used to edit foreign affairs newsletters and also teach languages at universities in Colombia, China, and the United States.

Training Coordinator **Ruth Martínez** is responsible for organizing project participation in conferences and the coordination and distribution of training materials and seminars. She also undertakes research activities. Ms. Martínez served as Program Officer for the Institute of International Education, where she coordinated the USAID Andean Peace Scholarship Project.

**Karen Murray**, the Project's Administrative Assistant, provides organizational and administrative support for project activities. Ms. Murray is currently completing her master's in international transactions at George Mason University.

Other members of the project network include:

**Lynnette Asselin**, who brings to Phase II extensive experience with integrated financial management systems in Latin America, the Caribbean, and Africa, worked with both USAID and Price-Waterhouse on Phase I of the Project.

**Victor Abreu** will assist with the review and selection of training materials to be offered in the region. Mr. Abreu is Executive Director of the Inter-American Accounting Association and Editor of EL CPA newsletter.

**Florida International University, Barry University, Price Waterhouse**, and **Poder Ciudadano** are among the organizations Casals & Associates will call upon for support and expertise in specialized areas of technical assistance and in fulfilling requests from USAID missions.

## Latin American and Caribbean Regional Financial Management Improvement Project

*Continued from page 1*

In keeping with the focus of the Clinton Administration on domestic economic matters and reinventing government, USAID has formulated a development assistance strategy to enhance the permanent capacity of nations to manage the problems of national life peacefully and productively. This strategy encourages sustainable and participatory development, an emphasis on partnerships, and the application of integrated approaches and methods.

The USAID strategy reflects the broad consensus that greater efficiency, openness, and honesty in government inspire citizen confidence and contribute to democratic stability and economic growth. Experience has shown that failures in these areas can lead to national crises. When citizens lack a stake or sense of participation in their national institutions, they feel powerless and absolved of responsibility for public policy. Greater citizen participation encourages greater accountability among those in the political process.

### **EMPOWERING CITIZENS**

One of the most important goals of the Project is citizen empowerment. The Project's two Regional Officers will help facilitate participation and collaboration among government and professional associations, civic groups, nongovernmental organizations, and the general public. The expertise and commitment of these groups can be tapped to foster greater government accountability, target threats to sustainable democracy, and increase public awareness of the rights and responsibilities of citizens to increase vigilance over the exercise of government power.

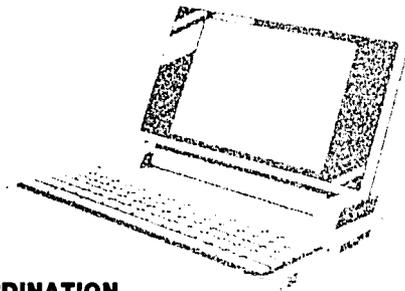
### **GUIDELINES FOR PROJECT SUPPORT**

Phase II of the Financial Management Improvement Project for Latin America and the Caribbean has developed a set of guidelines to help determine which conferences, seminars, and other activities the Project will support. These activities must be compatible with the Project's objectives, which are to:

- ◆ assist countries in Latin America and the Caribbean to design and implement systems to improve financial management;
- ◆ promote greater transparency and accountability among governments;

- ◆ support nongovernmental organizations and other citizen groups that actively promote public accountability, good governance, and anti-corruption activities.

Project support will be determined by level of commitment and such factors as specific objectives, discussion topics, target audiences, evaluation procedures, and anticipated impact. Particular attention will be focused on the procedures and commitment to increase the impact on government accountability.



### **DONOR COORDINATION**

A cornerstone of Phase II is donor coordination. The Donor Working Group has been reactivated to help foster a complementary approach among international donor agencies. Part of the agenda will be collaboration among donors in the development of technical assistance programs to help governments throughout the region implement integrated financial management systems.

Donor coordination and integration will make it possible to provide technical assistance to countries in all areas of financial management, thereby enabling the governments to become more accountable and transparent in their actions. The Regional Officers will visit countries to assess current practices, institutional attitudes, and gather other data required for project implementation. The programs that are developed will be made available throughout the region both to governments and to citizen groups that raise awareness and monitor government accountability.

The Project Team will work with Florida International University and *Poder Ciudadano* (Citizen Power) of Argentina to support good governance and anti-corruption activities through the implementation of a dynamic five-year educational program featuring multi-media outreach efforts.

*The Project Team invites suggestions from readers on ways to cooperate with citizen awareness groups committed to promoting government accountability and combating corruption. Correspondence may be sent to Accountability at the address listed on the back page.*

*For more information, contact Ruth Martinez, Training Coordinator at the phone, fax, or address listed on the back page.*

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## PROJECT ACTIVITIES

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### Donor Working Group Relunched

**T**he Donor Working Group, created during the first phase of the Regional Financial Management Improvement Project, has become a key endeavor of Phase II. Among the institutions represented in the Group are the Canadian International Development Agency, German Foundation for International Development, German Technical Assistance Agency, Inter-American Development Bank, International Bank for Reconstruction and Development, International Monetary Fund, Japanese International Cooperation Agency, Organization of American States, United Nations, U.N. Development Programme, United States Agency for International Development, and U.S. Information Agency.

In January, the Planning Committee of the Donor Working Group convened at the headquarters of the Inter-American Development Bank in Washington, D.C. The meeting offered the representatives the opportunity to exchange current information on financial management projects and activities, some of which are in progress, others under consideration at participating institutions. Representatives at the meeting concurred on the need to coordinate activities and projects more closely in order to avoid redundant efforts and improve the utilization of resources.

Particular interest was voiced in strengthening the structure and operation of the Group as a key step toward increasing coordination. Each institu-

tion shared its perspectives on the coordinating role of the Donor Working Group and a concept paper was issued for the participants' consideration. The Donor Working Group reconvened on March 14 at the Organization of American States in Washington, D.C. and reviewed the concept paper and the 1994 agenda.



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## COMMENTARY

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### A New Focus: Regional, Yet Tailored to Country Needs

*by John Davison, USAID Project Officer*

**M**uch has transpired since the first phase of the Regional Financial Management Improvement Project concluded in June 1992. I'm happy to take this opportunity to highlight some of these developments and introduce Phase II of the project.

I took over from Jim Wesberry as Senior Financial Management Adviser in April 1993. In September the contract for the second phase of the Regional Financial Management Improvement Project was awarded to the firm of Casals & Associates, which we are pleased to have in charge of day-to-day project operations. The project has the full-time services of seven people, including

the director and associate director, two regional officers, the training coordinator, editor, and administrative assistant.

The creation of this team represents a major change from Phase I and will allow us to have a focus, in promoting integrated financial management systems, that is more regional, yet tailored to a country's specific needs. As the last 20 months make clear, the interest in improving governance, accountability, and financial management systems continues to grow among countries of Latin America and the Caribbean and major international assistance organizations. USAID is looking forward this year to undertaking new programs in Colombia, Nicaragua, El Salvador, and other countries.

In closing, the project team at Casals & Associates shares my eagerness to work once again in the coming years with friends old and new. The development of accountability and financial management systems enjoys a bright future as democracy in our hemisphere grows in scope and strength. We look forward to assisting you in your focus on government in Latin America and the Caribbean. You can reach me at USAID in Washington, D.C. by phone at (202) 647-0233 or fax at (202) 647-4533.

## UPCOMING EVENTS

### ► Conferences

**The Institute of the Americas** sponsors the 1994 Forum of the Americas "Reform and Integration: The Challenge for a New Generation" from March 2 to 4 in La Jolla, California. For information, contact: Isabel Alvarez, tel: (619) 453-5560; fax: (619) 453-2165.

**The Institute of Internal Auditors** holds its conference "Internal Auditing: A Catalyst for Reinventing Government?" on March 30 & 31 in Washington, D.C. For information, contact: Mary Demory (202) 927-5200 or Ed Gekosky (703) 308-8235.

**U.S. General Accounting Office Joint Financial Management Improvement Program** holds its Twenty-Third Annual Conference, "Reinventing the Federal Government: The Financial Manager's Role" on

March 31 in Washington, D.C. For information, call: (202) 512-9201.

**The Business Association of Latin American Studies** will meet from April 6 to 10 at Florida International University in Miami, Florida. For information, contact: Antonio Pradas, tel: (305) 348-3279.

**The International Federation of Accountants** will convene its Board of Directors Meeting on April 7 and 8 in Venice, Italy. For information, contact: Victor Abreu, tel: (305) 225-1991.

**The Conference on New Developments in Government Financial Management.** "Reinventing Government Financial Management" will be held from April 11 to 13 in Miami, Florida. For information, contact: Mortimer Dittenhoffer, tel: (305) 348-3267.

**The Association of Certified Fraud Examiners** sponsors "The Financial Institution Fraud Conference" from May 16 to 20 in Los Angeles, California and "The Government Fraud Conference" from May 23 to 27. For information, contact: Magda Acuña, tel: (800) 245-3321.

**The InterAmerican Accounting Association** will hold the "Fourth Encounter of InterAmerican Accounting Educators," in August 1994 in Santo Domingo, Dominican Republic. For information, call: Víctor Abreu (305) 225-1991.

### ► Courses & Training

**Harvard Law School** offers two 12-month Joint International Tax Programs in conjunction with the Kennedy School of Government, beginning in June 1994. Master's awarded in law or public administration, along with tax studies certificate. For information, contact: Dr. Linda Mishkin (617) 495-4406, fax: (617) 495-0423.

**Center for Banking and Financial Institutions Florida International University.** Various 1994 - 1995 Seminars. Contact: Dr. John S. Zdanowicz (305) 348-2771, fax: (305) 348-4182.

**Escuela Superior de Administración Pública (ESAP)** Programa de Especialización en Gestión Pública offers Master's in Public Administration and five areas of specialization. Contact: Dr. Octavio Barbosa Cardona, Escuela Superior de Administración Pública (ESAP), Diagonal 40 No. 46-A-37 CAN, Santafé de Bogotá, Colombia.

**The Institute for Tax Administration** sponsors the following series of non-degree courses at its headquarters in Los Angeles, California. For information, contact: James Hom or Lilian Nelson, The Institute for Tax Administration, 900 Wilshire Boulevard, Suite 624, Los Angeles, CA 90017; tel: (213) 623-1103; fax: (818) 842-3930.

*Tax Reform and Taxation Policy*  
April 4 - May 6

*The New Executive in Customs and Taxes*  
June 13 - July 15

*Value Added Tax Administration*  
July 18 - August 19

*Tax Evasion Investigations*  
July 18 - August 19

*Computer Design in Tax Systems*  
September 6 - October 8

**The Joint Financial Management Improvement Program of the U.S. General Accounting Office** will hold the following International Finance Training Program workshops in Washington, D.C. For information, call: Caroline Tunison, (202) 336-8532.

*Privatization Around the World: Financial Issues and Techniques*  
March 9 - 11

*Regional Focus: The European Community in the 1990s* • March 28-30

*Developing Financial Markets in LDCs in Eastern and Central Europe*  
April 13-15 and July 13-15

*International Financial Accounting Standards* • May 18-20

*The New Role of the International Monetary Fund and Multilateral Development Banks in International Finance* • May 9-11 and September 12-14

*Foreign Banking and Financial Systems*  
June 15-17

# No Turning Back

**S**ince the conclusion of Phase I of the Regional Financial Management Improvement Project in June 1992, public demand for accountability in government has begun to turn ideals into reality. On two occasions public indignation over corruption swept heads of state from office, not by force, but through the rule of law. In both cases, presidents came into office unveiling austerity plans and urging citizens to make sacrifices for a better future. In both cases, the public felt its trust was betrayed. That this betrayal started straight at the top only stoked the sense of public outrage. Scandals have come and gone many times in the past, but the last year and a half have been unprecedented.

Other recent events on the governance watch include:

## BOLIVIA

- ◆ In Bolivia last August, Gonzalo Sánchez de Lozada was inaugurated president after successfully campaigning against corruption. He has since been attempting to address a bribery scandal involving members of the Bolivian Supreme Court. However, the executive has little formal authority over the judiciary and must use his powers of persuasion.

## GUATEMALA

- ◆ In Guatemala, the efforts of President Ramiro de León Carpio to reform his country's congress were bolstered by approval of a referendum for which the president relentlessly campaigned. The president, formerly his country's human rights ombudsman, continues to press the congress to expel those of its own members who are considered to have profited mightily at public expense.

## HONDURAS

- ◆ At the end of 1993, Carlos Roberto Reina won the Honduran presidential election with a campaign platform that focused strongly on fighting corruption in government. Candidate Reina stated that "as long as there is corruption, we will not achieve a solid and stable economy... [It is] the cancer that is undermining all levels of society. We must focus on this."

## PANAMA

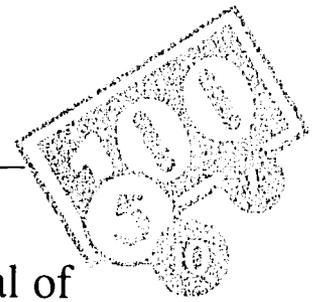
- ◆ In Panama, former Comptroller General Rubén Carles remains an important contender in the field of presidential candidates. Mr. Carles, whose career in government was distinguished by high ethical commitment, had been Keynote Speaker at RESPONDACÓN II, the historic teleconference at which 10 thousand participants from 20 countries in the Americas were able to discuss problems of fraud and corruption.

## VENEZUELA

- ◆ Last October, then-interim President José Ramón Velásquez signed into law the first money-laundering legislation in Venezuelan history, over the opposition of the country's financial institutions. The enforcement of the legislation will be closely watched by its supporters and foes alike, under the new government of President Rafael Caldera.

There is nothing novel about public demands for accountability. Never before in the Americas, however, have they been made with such insistence and effect as in this period in which two presidents were forced to resign and a half dozen other new leaders in Latin America and the Caribbean have been elected heads of state after committing themselves in electoral campaigns to the fight against corruption.

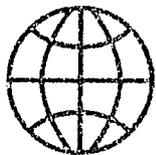
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## Endara Declares 1994 "Year of Government Accounting"

**F**or the first time, a head of state has made government accounting the annual motto of his administration. The Panamanian president, Guillermo Endara Galimany, has declared 1994 to be the "Year of Government Accounting," in recognition of the nationwide implementation of the new government accounting system under the leadership of Comptroller General José Chen Barría. Mr. Chen Barría was confirmed in his post last December after having served several years as Assistant Comptroller. Luis Benjamín Rosas, former member of the Budget Committee in the Legislative Assembly, has been named the new Assistant Comptroller General.

The new accounting system, along with other reforms in such areas as budgeting, public debt, and government auditing, has been made possible through the Project for Financial Management Reform sponsored by USAID in concert with the Government of Panama. The project seeks to implement an integrated financial management system throughout the entire Panamanian public sector. Professional regulations have already been issued for government auditing and public sector internal auditing.



## Wesberry Joins the World Bank

**J**ames P. Wesberry, Jr., CPA has joined the World Bank after serving as President of the Institute of Public Administration in New York. Mr. Wesberry managed the first phase of the Regional Financial Management Improvement Project for Latin America and the Caribbean for USAID while serving as Senior Financial Management Adviser. He is serving the World Bank in a similar capacity as Principal Accounting and Financial Management Advisor in the Public Sector Modernization Division for Latin America and the Caribbean and represents the World Bank on the Donor Working Group whose work in coordinating technical assistance in financial management is supported by the Regional Financial Management Improvement Project.

Last July, Wesberry received USAID's Outstanding Career Achievement Award for his "invaluable and lifetime contributions to the improvement of financial management systems and the fight against corruption in Latin America."

## Comptroller General of Peru Launches Ambitious Training Program

**P**eruvian Comptroller General Víctor Enrique Caso Ley, the first public accountant in Peru to be named to the position of Comptroller General of the Republic, is undertaking an ambitious program to upgrade professional personnel skills in his office and to develop an internal audit capacity throughout the government.

In late 1993, special courses were given to current staff, and some 100 new public employees were hired and trained in government auditing and other areas. In February, USAID sponsored a course by international specialists to update technical staff on professional developments in other countries and on the criteria international organizations expect government auditors to fulfill.

The Comptroller's office issued a decision on December 28, 1993 which led to the approval of general guidelines for the development and independence of Internal Audit Offices. Summarized below are some of the directives contained in the guidelines:

- ◆ Officials in charge of the government offices under the National Audit System shall maintain their Internal Audit Offices (IAOs) fully staffed and funded. IAOs shall respond to and coordinate their work with the Office of the Comptroller General, the lead agency in the system;
- ◆ The IAOs shall perform internal auditing responsibilities within their own organizations, in accordance with generally accepted rules of auditing, the principles and criteria of government oversight, and the duly approved Annual Plan of Audit and Control;
- ◆ IAO directors shall be designated by their corresponding offices; they shall be public accountants and meet the other requirements that ensure their fitness and professional capacity. The Office of the Comptroller General reserves the right to reject the designation of an IAO director. Moreover, in order to preserve their independence, these directors may not be removed from their positions prior to the issue of an opinion by the Office of the Comptroller.

### Felix Pomeranz Outlines Steps To Fight Corruption

**S**kepticism is the auditor's best tool to fight bureaucratic corruption, according to Professor Felix Pomeranz, Associate Director of the School of Accounting at Florida International University and author of five books and over 100 professional articles. Since there are two parties to corruption, both the government and the private sector should be targeted, he adds, and the effort ought to be coordinated at the national, state or regional level. "The challenge is to tackle corruption before crisis dimensions are reached," he emphasizes.

"The 'white hats' have the advantage of technology. Corruption-fighting techniques are becoming more effective and efficient. Moreover, it is possible to perform agency reviews on a proactive or preemptive basis," Professor Pomeranz notes. "Reviewing the accounting system and its controls while the system is still in the design stage will quickly change the role of the auditor from 'scorekeeper' to active partner in the fight against corruption in the eyes of those being audited."

Professor Pomeranz offers the following suggestions for auditors and fraud examiners, summarized from an article to appear in the forthcoming publication, *Advances in International Accounting*, Volume 7, edited by Kenneth Most (JAI Press, Greenwich, Connecticut).

A skeptical mindset is a prerequisite to success. The auditor should neither assume that management is dishonest, nor assume unquestioned honesty. As Philippine auditor Leonor Briones has pointed out, whereas efforts to eliminate corruption have historically been directed toward public servants, to be effective, efforts to discipline the government should also be directed toward the private sector. Her recommendations include identifying areas susceptible to graft and corruption (particularly decisions involving financial outlays such as awarding contracts); improving operating procedures; breaking down syndicates within bureaucracies; increasing employee competence, accountability and morale; creating an administrative environment conducive to integrity; and learning from the experiences of agency leaders who have had success in fighting corruption.

#### **COORDINATION AT NATIONAL LEVEL**

Government audits should be coordinated at the national, state, or regional level. In the State of Virginia, the State Internal Auditor oversees the quality of audits of state agencies, monitors research, and helps prescribe training and technical standards. A focus on high publicity areas, promotion of public awareness, and the participation of both public and private sectors in a contemporaneous attack on corruption work together to increase the likelihood of success.

Other elements of a national anti-corruption program include prescribed standards of internal control (such as those established by New York State); the creation of interdisciplinary core groups responsible for such endeavors as interagency coordination, training, and most of all, quality control; dissemination of information about past accomplishments; enactment of laws clearly defining criminal behavior (particularly involving computer technology); adequate funding levels for security personnel; and the development of software programs and other products to discourage fraudulent activities.

#### **THE INVESTIGATION LEVEL**

Coordination with other units is a key activity at the investigation level. Information must be provided to those with a need to know, and legal counsel and law enforcement personnel should be involved, particularly to advise on evidence gathering. Consideration should be given to the use of security software and personnel specifically qualified to interpret results. Decision support software programs can also be useful in assessing the separation of duties among management. Automated flowcharts can help identify transactions that do not appear necessary.

The fraud examiner can make use of databases, reports, previous audits, and persons with prior knowledge in order to develop a profile of the agency, its staff, and program beneficiaries. Agency control and morale are significant factors that need to be assessed. Hiring practices (e.g., reference checks) also merit review. Behavioral interviews, however, need to be conducted with extreme caution, preferably under the guidance of psychologists and law enforcement officers.

The fraud examiner should make compliance tests meaningful by steadfastly pursuing any exceptions, and he or she should also resort to discovery sampling in a relentless search for breakdowns. The nature, timing, and extent of substantive testing should be reevaluated in light of circumstances, the degree of inherent risk to the organization as a whole, and to each of its component parts.

Since the auditor must have informed expectations, the procedures for analytical review must be leavened with operational knowledge. Information used in the analytical reviews should be subject to controls for completeness and precision—and protected from management overrides.

### “Education is Our Battleground,” Says Founder of Venezuelan Group

**P**ROCALIDAD is a community action group in Venezuela whose principal activities are devoted to civic education and fighting corruption. Its founding director, Gustavo Coronel, recently held an interview with *Accountability*, some extracts of which are highlighted below. Mr. Coronel discussed the experience of PROCALIDAD in promoting greater awareness throughout Venezuelan society of accountability in the public sector.

Coronel explained that he returned to Venezuela in late 1989 to create an organization of community action, after having worked for a number of years abroad at the Center for International Studies at Harvard University and the Inter-American Development Bank.

After four years, we have established credibility.

Early on, I would meet in Caracas every week with some 20 friends and associates to discuss problems in Venezuelan society. In March 1990, we decided to issue an invitation to the public, and we rented a room from a hotel, expecting perhaps as many as 40 people to show up. Instead, at least 500 people appeared that evening and we had to get a larger room at the last minute.

Many people spoke. The people—housewives, retirees, youths, students—had a clear desire to act responsibly. But we were unprepared for such success. We had no locale, no phone, no staff until six months later.

We established a group, which has grown to 400 members, who pay US\$1.50 a month in dues to help cover the costs of rent and a staff of a secretary and messenger. But it's been a constant battle to keep our heads above water.

We received a \$19,200 grant from the University of Florida for anti-corruption activities and were able to operate almost a year without problems. As a result, we were able to hold a series of seminars, “Strategies to Control Corruption in the Public Sector”, and we also set up the Center for Citizen Information. We were asked by the University of Florida to hold two seminars. Ultimately, we held seven seminars for citizens and public officials and two on the ethics of journalism for newspaper reporters. For the citizen seminars, we used Robert E. Klitgaard's book *Controlling Corruption* and had Luis Moreno Ocampo, former District Attorney of Buenos Aires and founder of *Poder Ciudadano* (Citizen Power), come from Argentina.

We set up the Center for Citizen Information as a clearing-house where anyone can walk in with a problem and receive a referral. We simply don't have the staff to handle problems directly. We work closely with the Venezuelan Office of the Public Prosecutor [Fiscalía General de la República], to find out what can be done, who can do it, and where.

The Prosecutor's Office was pleased to assist us. After all, we help them open what I call the big black box of government in Venezuela.

In Venezuela, it is almost impossible to get the phone number of a ministry. The bureaucracy in Venezuela has turned the retention of information into an art form.

The Center is just the first of three. We hope to open two more later this year, but this will depend on two things: our experience with the first center and future resources.

Everybody congratulates us for doing a great job. But when it comes time to contribute few people are willing to follow through.

Every January I send out 150 letters in search of support. Last year I got just four positive responses. Many letters go to the heads of mid-sized companies, many of them are my friends, but you know, now when I phone them, they don't even want to take my call. They're afraid I'll ask for money. This is what hurts the most.

We have no tradition of social commitment. Few people are willing to do volunteer work for their communities. This inertia, this passivity must be fought.

Admission to our seminars is free of charge. However, we need contributions for renting a room and for travel and other small expenses.

Other components of our work include a publicity campaign through radio and newspapers against small-time corruption. But that last word is a misnomer because all corruption springs from the same mentality. To me, people who throw a can of beer on the highway, cut ahead in line, or pay to expedite a document are no different than officials who embezzle a couple million dollars. All these acts are attempts to further one's own self-interest at the expense of others. These transgressions against the rules of the game are part of a culture we're trying to combat.

Civic education is another big program of ours. It has two elements; one for adults, the other for children. We've worked with 1,000 children. Although the number is like a drop of water in the ocean, it represents a start. We've reached out to adults through radio and newspaper advertisements.

One of our major accomplishments is the production of a catalog of civic groups in Venezuela. IBM contributed a computer and Petróleos de Venezuela contributed a half million Bolívares (about US\$5,000). We listed six kinds of information for each of the 320 organizations: name, main objective, board members, key individual, address and phone, and a listing of main projects.

The catalog is the only one of its kind in Venezuela. It's become a tremendous tool of synergism among these groups, many of whom have told us they'd had no idea how many other organizations were working along similar lines.

What we tell our citizens is that Venezuela has only one true basic industry—it's not oil or steel, it's not even economic—it's education. That's our battleground.

### Business and Academia Seek a Better Fit at F.I.U. CLADEA Conference

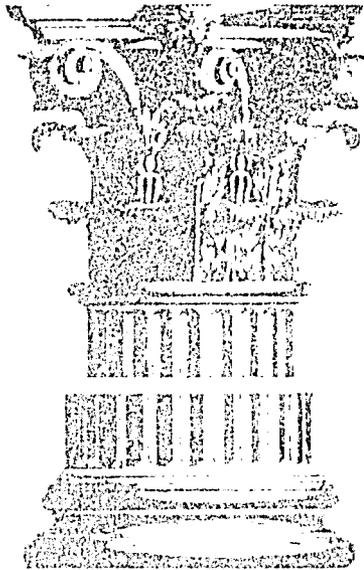
**A**lmost 400 university and business administrators sought to transcend the divide between the lessons learned in university classrooms and the needs of business and finance during the twenty-eighth annual assembly of the Latin American Council of Business Schools (CLADEA).

Dr. Modesto Maidique, president of Florida International University, shared his vision of the model business school of the Western Hemisphere during the three-day event, entitled "Education and Management: Strategic Alliance". Dr. Maidique stressed the need to reevaluate the context in which students are trained and emphasized such factors as: 1) recent strides in the internationalization of trade and commerce; 2) the need for gender, ethnic, and cultural diversity; 3) the power of communication in our lives; and 4) instruction in ethics to help students develop into accountable professionals.

Presentations at the conference covered such topics as cooperative alliances between universities and the private sector, privatization of government-owned firms, and public sector reform in general. Forty percent of the participants came from Latin America, an equal proportion from the United States and Canada, and another 20 percent from Europe.

Professor F. Antonio Pradas, conference chair and Director of International Executive Education at F.I.U.'s College of Business Administration, pointed to a number of issues raised at the conference that remain unresolved.

"Business schools need to clarify who they are supposed to serve—who the "stake-holders" are in management education. Presumably, the mission is to advance the knowledge base in business and train a managerial class for public agencies and private corporations. Yet, private business says that business graduates need a significant-to-



substantial degree of retraining in practical affairs.

"Deeper alliances must be forged. Latin America, the Caribbean, and, to a lesser extent, Europe have looked to the United States for leadership in business education. More research takes place in the United States than anywhere else, but little of it is universal enough in its focus. We must consider clearly what is specific to a given situation, culture, or place and what has universal application.

"Officials of USAID and other government agencies are concerned that so many students who come to the United States to study get an excellent U.S.-based education, but that the impact is diminished at home because of transferability limitations and a failure to pursue continuing education.

"Finally, much lip service to multicultural diversity notwithstanding, few U.S. students know much about what goes on outside their own country. They have little international experience. For its part, Latin America suffers from the same phenomenon; the Venezuelan student is not likely to know much about Colombia, nor the Argentine about Peru.

"What we need are better linkages; not just North-South, but South-South as well."

**The 1994 CLADEA Conference will be hosted by the Universidad Católica de Córdoba in Córdoba, Argentina from November 13 to 16. For more information, contact Prof. Raúl Carlos Bianchi, conference director, tel: (051) 213-213, (051) 222-705 or fax: 54-55-241302.**

## PUBLICATIONS

### *In Self Defense: How to Escape Corruption*

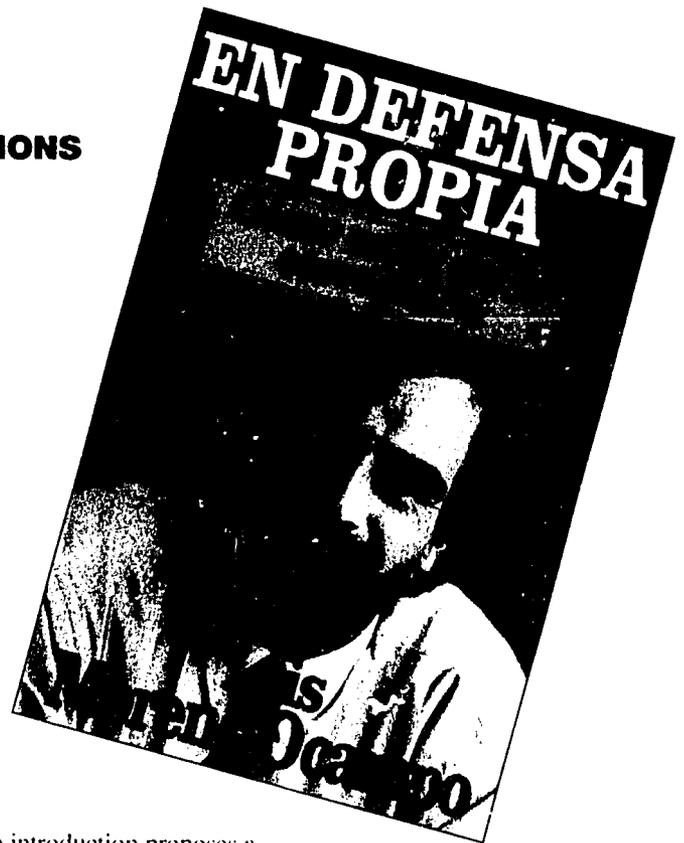
by Luis Moreno Ocampo

*In Self-Defense: How to Escape Corruption* by Luis Moreno Ocampo, available in Spanish under its original title *En defensa propia: Cómo salir de la corrupción*, Editorial Sudamericana S.A., Humberto I, 531, Buenos Aires, 1993.

**I**n *Self-Defense* boasts a sharp focus within a broad perspective. The author, a distinguished Argentine attorney, performed important services for his country in the field of criminal law when, as district attorney for the Province of Buenos Aires, he directed prosecution teams in human rights, fraud, and corruption trials, many of them against former officials from the highest levels of government. Mr. Moreno Ocampo is also co-founder of the civic education and human rights group *Poder Ciudadano* (Citizen Power) and directs its "Private Initiative to Control Corruption". *In Self-Defense* benefits greatly from the real-life experiences of its author, as well as from the historical, economic, social, and political perspectives that inform his examination of a plethora of corruption cases.

The author scrutinizes such areas of corruption as embezzlement, financial fraud, political corruption, and habitual trafficking in news coverage that takes place in a number of countries where prominent officials charge steep fees in exchange for granting interviews. Attention is also paid to such well-honed techniques as the padding of shipping orders to evade exchange controls and rigging specs in order to steer international bids of tender toward companies paying kickbacks.

The time frame runs from the ancient Jews and Hindus straight up to present-day governments in Latin America and Europe. Although the historical sweep extends far, the bulk of the material concerns present-day Argentina. Confusion over dates and details occasionally detract from the exposition. However, the frankness of approach is refreshing; at one point, Mr. Moreno Ocampo acknowledges that, as a teenager, he himself paid petty bribes on two of the three occasions he was stopped by traffic police. Although there was nothing uncommon about this kind of occurrence in that place and time, forthright discussion of one's own role in such practices is unprecedented.



The introduction proposes a problem-solving methodology to combat corruption. Subsequent chapters, written in a rewarding and comprehensible style, examine both theoretical and concrete areas of corruption. Building on the work of Robert Klitgaard, among others, the author defines hegemonic power (HP) as equivalent to corruption (C), in that both phenomena share the same essential variables of monopoly (M) and discretionality (D) in the absence of transparency (T), as represented in the equation:  $HP=C=M+D-T$ .

The author explains ways in which citizens, who pay the costs of corruption without seeing its benefits, can empower themselves and increase their potential to influence events. He draws critical distinctions between corruption in actions, individuals, and organizations. He diagnoses "hypercorruption" as an endemic social illness in his own society and others.

Even readers who differ with a number of the conclusions and analyses of the book are likely to welcome the debate it engages.

**Accountability** welcomes published articles, documents, and books for consideration to be reviewed or included in future listings of recent publications. Please note that publications cannot be returned.

# Accountability

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**Accountability** invites readers to communicate their views and perspectives regarding this publication and the Regional Financial Management Improvement Project in general. Letters or articles submitted for publication are also welcome. However, these materials cannot be returned. Correspondence should be addressed to:

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# Accountability

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# ResponDabilidad

## América Latina y el Caribe Proyecto Regional para el Mejoramiento de la Administración Financiera

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### FASE II

En septiembre del año pasado, la Agencia para el Desarrollo Internacional de Estados Unidos (USAID) encomendó a la firma Casals & Associates la ejecución de la segunda fase del Proyecto Regional para el Mejoramiento de la Administración Financiera. El equipo del Proyecto, conformado por siete personas bajo la dirección de Edison Gnazzo, está colaborando con una amplia red de instituciones para promover mayor responsabilidad fiscal y transparencia gubernamental y la implantación de sistemas integrados de administración financiera en los países de la región.

### ACTIVIDADES Y RESULTADOS DE LA FASE I

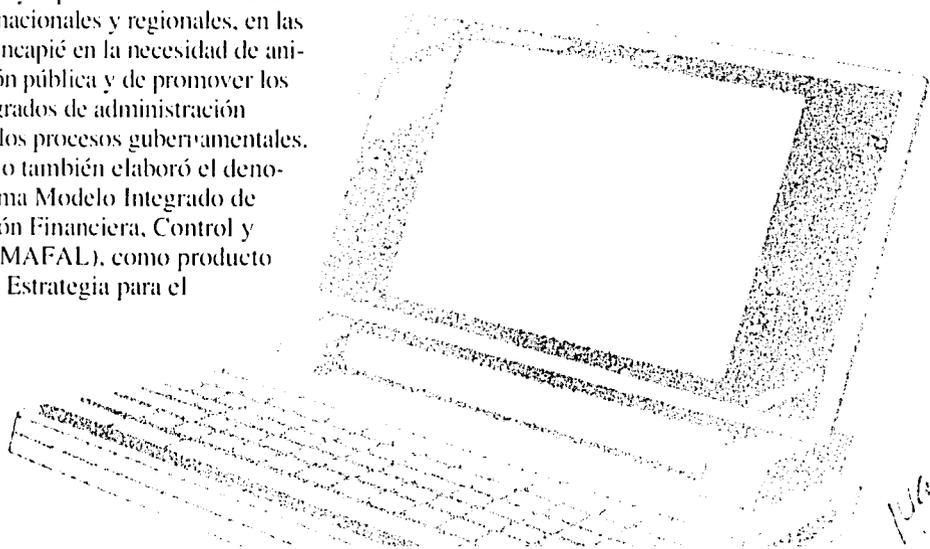
En la primera fase del Proyecto cumplida entre 1989 y 1992 se desarrollaron actividades en 13 países, proporcionando capacitación a funcionarios de las contralorías nacionales y logrando que más de 2.500 oficiales y especialistas asistieran a conferencias nacionales y regionales, en las que se hizo hincapié en la necesidad de animar la atención pública y de promover los sistemas integrados de administración financiera en los procesos gubernamentales.

El Proyecto también elaboró el denominado Sistema Modelo Integrado de Administración Financiera, Control y Auditoría (SIMAFAL), como producto de la llamada Estrategia para el

Mejoramiento de la Administración Financiera en América Latina y el Caribe (ESTRATAC). Esta estrategia plantea un esfuerzo de largo plazo para ayudar a los gobiernos nacionales a mejorar su administración financiera. La metodología utilizada aplica la Teoría General de Sistemas en la gestión y evaluación de los recursos públicos.

Se diseñó asimismo en la primera fase un método para recopilar información relevante de los países y se creó un banco de datos para servir como fuente de información sobre los proyectos de administración financiera que auspician la USAID, el Banco Interamericano de Desarrollo, el Banco Mundial, el Secretariado de la Naciones Unidas, el Programa de las Naciones Unidas para el Desarrollo, la Organización de Estados Americanos y el Fondo Monetario Internacional. También se diseñó un sistema de contabilidad que puede utilizarse en la ejecución de proyectos mediante una microcomputadora.

*Cont. en pág. 3*



# Personal del Proyecto

**P**ara el desarrollo de sus actividades, el Proyecto cuenta con un equipo profesional permanente.

El Director del Proyecto **Edison Gnazzo** es contador quien ha dedicado 40 años a proveer asistencia técnica y dirección a varios organismos multilaterales y gubernamentales en América Latina. Trabajó por casi 25 años en el Centro Interamericano de Administradores Tributarios (CIAT), desempeñándose a partir de 1982 como Secretario Ejecutivo. El Sr. Gnazzo también ha sido Profesor de Finanzas Públicas y Derecho Fiscal en universidades de Uruguay y Panamá.

**Jesús Alberto Plata** es el Director Regional para Centroamérica y el Caribe hispanoparlante. Trabaja desde Miami, Florida para facilitar la asistencia directa a los países de la región. Anteriormente, el Sr. Plata, quien es contador público, actuó como consultor internacional en la Contraloría General de Bolivia en el área de auditoría, y se desempeñó también como Consejero Técnico Principal del Proyecto de Sistemas de Administración Financiera y Control (SAFCC) en dicho país. Trabajó asimismo con el Ministerio de Hacienda de Paraguay y con la Organización Latinoamericana y del Caribe de Entidades Fiscalizadoras Superiores (OLACEFS).

Desde su base en Lima, Perú, el Director Regional **Carlos Alberto Ramírez Enríquez** pone al servicio de los países sudamericanos su larga experiencia en la provisión de asistencia técnica. El Sr. Ramírez Enríquez fundó en 1980 su propia firma de Contadores Públicos, y encabezó la comisión peruana que organizó la Teleconferencia Internacional sobre Problemas de Fraude y Corrupción en el Gobierno (RESPONDA CON II) y las publicaciones correspondientes. Sirvió como Director del Colegio de Contadores Público de Lima entre 1991 y 1993, donde tenía a su cargo las publicaciones técnicas y la elaboración de las pautas de contabilidad y auditoría.

La Directora Asociada del Proyecto **Lidia Soto-Harmon** tiene a su cargo los sistemas administrativos y de informática que se utilizan para los fines de asistencia técnica y la entrega de informes. Entre 1990 y 1993 la Sra. Soto-Harmon participó en el estudio de problemas de inmigración y comercio internacional en la Oficina de Asuntos Laborales Internacionales del Departamento de Trabajo de Estados Unidos. Fue parte del grupo del

Departamento que ayudó con las negociaciones del NAFTA. Anteriormente, la Sra. Soto-Harmon trabajó con la Comisión del Congreso de E.E.U.U. para el Estudio de la Migración Internacional y el Desarrollo Económico Cooperativo.

El Editor del Proyecto **Charles J. Becker** ha trabajado como traductor y editor de publicaciones académicas y generales, además de haberse dedicado a la interpretación simultánea en tribunales y foros de organismos estado-unidenses e internacionales. El Sr. Becker es responsable por la preparación de todas las publicaciones, el banco de datos y la biblioteca del proyecto. Anteriormente, redactaba dos boletines sobre relaciones internacionales y enseñó idiomas en universidades de Colombia, China Popular y Estados Unidos.

La Coordinadora de Capacitación **Ruth Martínez** organiza la participación de representantes del Proyecto en las conferencias y reuniones técnicas y coordina los seminarios y la distribución de materiales de capacitación. Anteriormente, trabajó como Administradora de Programas en el Instituto de Educación Internacional.

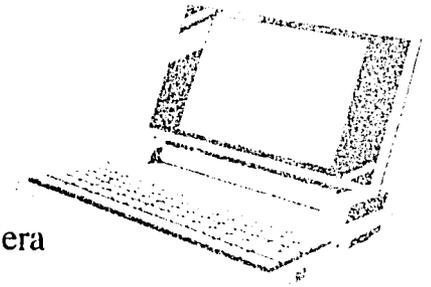
La Asistente Administrativa **Karen Murray** presta el apoyo logístico a las actividades del Proyecto. Actualmente está terminando la maestría en comercio internacional.

Otros colaboradores del Proyecto son:

**Lynnette Asselin** posee una extensa experiencia en materia de sistemas integrados de administración financiera en América Latina, el Caribe y Africa. Trabajó con USAID y con Price-Waterhouse en la primera fase del Proyecto.

**Víctor Abreu** ayudará con la revisión y la selección de materiales de capacitación para distribuir en la región. El Sr. Abreu es Director Ejecutivo de la Asociación Interamericana de Contabilidad y Editor del boletín *El CPA*.

La **Universidad Internacional de Florida, la Universidad Barry, la firma Price Waterhouse y Poder Ciudadano** son algunas de las instituciones con las que Casals & Associates contará con respecto a la asistencia técnica y cumplimiento con solicitudes de trabajo por parte de las oficinas internacionales de USAID.



## LA FASE II DEL PROYECTO

Como seguimiento de la primera fase, la Fase II del Proyecto apoyará nuevas iniciativas que promuevan el buen gobierno (*good governance*), así como la mayor conciencia y participación ciudadana en asuntos de finanzas públicas. La Fase II se fundamenta en el principio de que el compromiso por parte de los gobiernos democráticos de mejorar la calidad de vida de sus pueblos requiere la capacidad de administrar los recursos públicos de manera eficiente, clara y honesta.

Conforme con el enfoque de la administración Clinton sobre las condiciones económicas internas y la "Reinvención del Gobierno", USAID ha formulado una estrategia de asistencia para el desarrollo que eleve la capacidad permanente de los países para atender de manera pacífica y productiva los problemas nacionales. Esta estrategia promueve un desarrollo sustentable y participativo, enfatizando la colaboración entre las organizaciones y la utilización de enfoques y métodos integrados.

La estrategia de USAID refleja la convicción ampliamente compartida de que más eficiencia, transparencia y honestidad en el gobierno inspiran mayor confianza de la ciudadanía y contribuyen a la estabilidad democrática y crecimiento económico. La historia demuestra que fallas en esas áreas pueden llevar a un país a situaciones de crisis. Si los ciudadanos carecen de la posibilidad de accionar o de participar en las decisiones del gobierno, se sentirán vulnerables y absueltos de responsabilidad por los resultados de la administración pública. Una mayor participación ciudadana alienta por otra parte, una mayor responsabilidad entre los que toman las decisiones en los asuntos públicos.

## LA AUTOGESTIÓN CIUDADANA

Una de las metas más importantes del Proyecto es la autogestión ciudadana. Dos Directores Regionales se han encargado de facilitar la participación y colaboración entre entidades gubernamentales y profesionales, grupos cívicos, organizaciones no gubernamentales y el público en general. La habilidad y el compromiso de estos grupos pueden motivar una mayor responsabilidad fiscal en el gobierno, señalar los peligros para la existencia de una democracia sustentable y aumentar la conciencia pública en cuanto a los derechos y responsabilidades de los ciudadanos de vigilar con más rigor el ejercicio del poder por parte del gobierno.

## COORDINACIÓN ENTRE ENTIDADES DONANTES

Un aspecto fundamental de la Fase II es la necesidad de mayor coordinación entre las instituciones multilaterales y nacionales de desarrollo. A esos efectos, se ha reactivado el Grupo de Entidades Donantes (*Donor Working Group*), que está promoviendo mayor colaboración de los donantes en el desarrollo de programas de asistencia técnica dirigidos a implantar sistemas gubernamentales integrados de administración financiera.

La coordinación e integración entre las entidades donantes, permitirá proporcionar a los países la asistencia técnica en todos los campos de la administración financiera, de modo de brindar a los gobiernos la oportunidad de incrementar la responsabilidad fiscal y la transparencia en su gestión. El personal ejecutivo del Proyecto visitarán varios países para evaluar las prácticas actuales y las actitudes institucionales, así como para recopilar otros datos requeridos para la ejecución de proyectos. Los programas que elabore el Proyecto estarán disponibles tanto para los gobiernos como para los grupos de ciudadanos que se preocupan por la responsabilidad fiscal en el sector público.

El equipo del Proyecto trabajará, entre otras entidades, con la Universidad Internacional de Florida y con el grupo argentino Poder Ciudadano, con vistas a promover el buen gobierno y las actividades contra la corrupción, mediante la ejecución de un programa dinámico de educación que también contempla la participación de una amplia gama de medios de comunicación.

*Solicitamos a los lectores nos envíen sus sugerencias sobre formas de cooperar con grupos no gubernamentales que se dedican a la promoción de la responsabilidad fiscal gubernamental y a la lucha contra la corrupción. La correspondencia se debe remitir a la dirección que aparece en la contratapa de este Boletín.*

### Grupo de Entidades Donantes Reanuda Labores

**E**l Grupo de Entidades Donantes, conformado durante la primera fase del Proyecto, se ha transformado en actividad clave de la Fase II. Entre otras instituciones representadas en el Grupo, figuran la Agencia Canadiense de Desarrollo Internacional, la Fundación Alemana para el Desarrollo Internacional, la Sociedad Alemana de Cooperación Técnica, el Banco Interamericano de Desarrollo, el Banco Mundial, el Fondo Monetario Internacional, la Agencia Japonesa de Cooperación Internacional, la Organización de Estados Americanos, las Naciones Unidas, el Programa de las Naciones Unidas para el Desarrollo, la Agencia para el Desarrollo Internacional y la Agencia de Información de Estados Unidos (USAID y USIA).

En enero se reunió el Comité de Planificación del Grupo en la sede del Banco Interamericano de Desarrollo en Washington, D.C. La reunión brindó la oportunidad a los participantes de actualizarse en cuanto a los proyectos y actividades de administración financiera en proceso de realización o en etapas preliminares. Los participantes confirmaron la necesidad de coordinar en forma más estrecha actividades y proyectos para evitar duplicaciones y optimizar el empleo de recursos. Se expresó interés especial en fortalecer la estructura y la operación del Grupo como elemento clave para incrementar la coordinación, y se elaboró un documento de referencia para la consideración de los participantes.

El Grupo de Donantes se reunió nuevamente el 14 de marzo en la Organización de Estados Americanos en Washington, D.C. Entre otros puntos se consideraron el documento de referencia y la agenda para el año.



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## COMENTARIO

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### Un Nuevo Enfoque: Regional, Pero Adaptado a las Necesidades Nacionales

*John Davison, Oficial de Proyecto, Agencia para el Desarrollo Internacional de Estados Unidos (USAID)*

**M**ucho ha pasado desde la conclusión en Junio de 1992 de la primera fase del Proyecto Regional para el Mejoramiento de la Administración Financiera. Me alegra tener la oportunidad de destacar algunos resultados y presentar la Fase II del Proyecto.

En abril del año pasado asumí el cargo, ejercido anteriormente por Jim Wesberry, de Asesor Principal de Administración Financiera. En septiembre se otorgó el contrato para la segunda fase del Proyecto a la firma Casals & Associates. La firma, que tendrá la responsabilidad por las operaciones diarias del Proyecto, cuenta con los servicios permanentes de siete personas, incluyendo el director, la directora asociada, dos directores regionales, una coordinadora de capacitación, un editor y una asistente administrativa.

La conformación de este equipo representa un gran cambio con respecto a la primera fase, y nos va a permitir promover los sistemas integrados de administración financiera con un enfoque regional, pero adaptado a las necesidades de cada país. Los últimos 20 meses demuestran un crecimiento apreciable en el interés por el mejoramiento de la acción gubernamental, la responsabilidad fiscal y el uso de sistemas de administración financiera entre los países de América Latina y el Caribe y en el seno de los organismos internacionales de asistencia. En este año USAID espera emprender nuevos programas en Colombia, Nicaragua, El Salvador y otros países.

En resumen, el equipo de Casals & Associates comparte mi entusiasmo por trabajar próximamente con viejos

amigos y con amigos por conocer. El desarrollo de la responsabilidad fiscal y de los sistemas de administración financiera promete muchas oportunidades al paso que se fortalecen el vigor y envergadura de la democracia en nuestro Hemisferio.

Esperamos poderles ayudar en este enfoque sobre la acción del gobierno en América Latina y el Caribe. Sírvanse al efecto ponerse en contacto conmigo en la sede de la USAID en Washington, D.C. mediante el teléfono 202.647.0233 o el fax 202.647.4533.

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## CALENDARIO DE EVENTOS

### ► Conferencias

**El Instituto de Auditores Internos de Quito, Ecuador** auspicia el "Quinto Encuentro Interamericano de Auditores Internos" los días **28, 29 y 30 de julio** en Quito, Ecuador. Para otra información, comunicarse con José Villavicencio en Quito al teléfono 505-745 ó al fax (593-2) 500-351.

**El Programa Conjunto de Mejoramiento de la Gestión Financiera de la Oficina General de Contabilidad de Estados Unidos (GAO)** celebra su XXIII Conferencia Anual, "La Reinención del Gobierno Federal: El Papel del Gerente de Finanzas" el **31 de marzo** en Washington, D.C. Para otra información, llamar al teléfono: 202.512.9201.

**La Asociación Comercial de Estudios Latinoamericanos se reunirá entre el 6 y 10 de abril** en la

Universidad Internacional de Florida en Miami, Florida. Para otra información, llamar a: Antonio Pradas, tel: 305.348.3279.

**La Federación Internacional de Contadores** tendrá la reunión de su Junta Directiva los días **7 y 8 de abril** en Venecia, Italia. Para otra información, llamar a: Víctor Abreu, tel: 305.225.1991 (E.E.U.U.).

**La Conferencia sobre Nuevos Acontecimientos en la Administración Financiera Gubernamental**, titulada "La Reinención de la Administración Financiera Gubernamental" tendrá lugar **entre el 11 y 13 de abril** en Miami, Florida. Para otra información, llamar a: Mortimer Dittenhoffer, tel: 305.348.3267 (E.E.U.U.).

**La Asociación de Investigadores Certificados del Fraude** auspicia "La Conferencia Sobre el Fraude en Instituciones Financieras" **desde el 16 al 20 de mayo** en Los Angeles, California y "La Conferencia Sobre el Fraude Gubernamental" **desde el 23 hasta el 27 de mayo**. Para otra información, llamar a: Magda Acuña, tel: 1.800.245.3321 (E.E.U.U.).

**La Asociación Interamericana de Contabilidad** auspicia "El Cuarto Encuentro de Educadores Interamericanos de Contabilidad," en **agosto de 1994** en Santo Domingo, República Dominicana. Para más información, llamar a: Víctor Abreu, tel: 305.325.1991 (E.E.U.U.).

### ► Cursos y Capacitación

**Las Facultades de Derecho y de Gobierno (Kennedy) de la Universidad de Harvard** ofrecen dos Programas de Estudio en Materia Tributaria Internacional. Ambos programas comienzan en junio y otorgan el título de Maestría al final de un año, junto con un certificado de estudios tributarios. Para más información, llamar a: Dra. Linda Mishkin, tel: 617.495.4406, fax: 617.495.0423.

**El Centro para la Banca y las Instituciones Financieras de la Universidad Internacional de Florida** ofrece una serie de seminarios en 1994 y 1995. Para más información, llamar a: Dr. John S. Zdanowicz, tel: 305.348.2771, fax: 305.348.4182.

**Escuela Superior de Administración Pública (ESAP)** de Colombia ofrece la Maestría mediante su Programa de Especialización en Gestión Pública con cinco campos de especialización. Comunicarse con: Dr. Octavio Barbosa Cardona / Escuela Superior de Administración Pública (ESAP) / Diagonal 40 No. 46-A-37 CAN / Santafé de Bogotá, Colombia.

**El Instituto para la Administración de Impuestos** auspicia la siguiente serie de cursos en su sede en Los Angeles, California. Para más información, comunicarse con James Hom o Lilian Nelson, The Institute for Tax Administration / 900 Wilshire Blvd., Suite 624 / Los Angeles, California 90017 / USA, tel: 213.623.1103, fax: 818.842.3930.

*Reforma y Políticas Impositivas*  
6 de abril - 6 de mayo

*El Nuevo Ejecutivo en Aduanas e Impuestos*  
13 de junio - 15 de julio

*Administración del Impuesto al Valor Agregado*  
18 de julio - 19 de agosto

*Investigaciones Sobre la Evasión de Impuestos*  
18 de julio - 19 de agosto

*El Diseño de la Informática en los Sistemas Impositivos*  
6 de septiembre - 8 de octubre

**El Programa Conjunto de Mejoramiento de Gestión Financiera de la Oficina General de Contabilidad de Estados Unidos (GAO)** auspicia los siguientes talleres en su Programa Internacional de

Capacitación Financiera en Washington, D.C. Para más información, comuníquese con: Caroline Tunison, tel: 202.336.8532.

*Privatización en Todo el Mundo: Problemáticas y Técnicas Financieras*  
9 a 11 de marzo

*Enfoque Regional: La Comunidad Europea en los Años 90*  
28 a 30 de marzo

*El Fomento de Mercados Financieros en Países en Vía de Desarrollo en Europa Oriental y Central*  
13 a 15 de abril y 13 a 15 de julio

*Estándares Internacionales de Contabilidad Financiera*  
18 a 20 de mayo

El Nuevo Papel del Fondo Monetario Internacional y los Bancos Multilaterales de Desarrollo en las Finanzas Internacionales  
9 a 11 de mayo y 12 a 14 de septiembre

*La Banca y los Sistemas Financieros en el Exterior*  
15 a 17 de junio

# Sin Dar un Paso Atrás

**D**esde la conclusión en junio de 1992 de la primera fase del Proyecto Regional para el Mejoramiento de la Administración Financiera, el reclamo del público por mayor responsabilidad gubernamental ha empezado a transformar los ideales en realidad. En dos ocasiones la indignación pública por la corrupción arrasó con dos presidentes, quienes se vieron obligados a dimitir, no por presión de las armas, sino por el régimen de derecho. En ambos casos, al tomar posesión del poder, los presidentes prometieron programas de austeridad económica e instaron a los ciudadanos a que hicieran sacrificios para un futuro mejor. En ambos casos, el público se sintió defraudado. El hecho de que este desengaño surgió de las mismas cumbres del poder suscitó el sentido de ultraje. La historia ofrece muchos ejemplos de escándalos, pero los últimos 20 meses no tienen precedentes en esta materia.

Otros eventos que han transcurrido incluyen:

### **BOLIVIA**

- ◆ En agosto de 1993 Gonzalo Sánchez de Lozada tomó posesión de la presidencia de Bolivia tras una campaña que hizo hincapié en combatir la corrupción. Posteriormente el Presidente se enfrentó a un escándalo, el cual trataba de sobornos que implicaban a jueces de la Corte Suprema. Sin embargo, el Ejecutivo tiene poca autoridad formal sobre las operaciones de la judicatura y debe recurrir a su capacidad de persuasión.

### **GUATEMALA**

- ◆ En Guatemala, los esfuerzos por parte del Presidente Ramiro de León Carpio de reformar el Congreso de su país ganaron ímpetu con la aprobación de un referéndum que él mismo había promovido fuertemente. El presidente, antiguo Procurador de Derechos Humanos en su país, sigue presionando al Congreso para que expulse de su seno a aquellas personas consideradas de haberse enriquecido a expensas del pueblo.

### **HONDURAS**

- ◆ Hacia fines de 1993, Carlos Roberto Reina fue electo como Presidente de Honduras en base a una campaña enfocada en combatir la corrupción. El entonces candidato Reina declaró que "mientras hay corrupción, no podremos lograr una economía sólida y estable...[Es] el cáncer que socava todos los niveles de la sociedad. Tenemos que enfocarnos en esto."

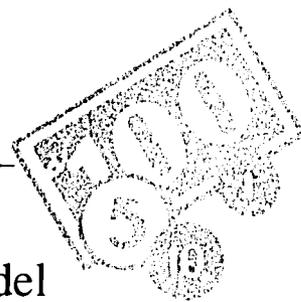
### **PANAMA**

- ◆ En Panamá, el antiguo Contralor General Rubén Carles sigue entre los candidatos presidenciales importantes. El Sr. Carles, cuya carrera de servicio público se distinguió por su alto compromiso ético, fue el primer ponente en RESPONDA CON II, la teleconferencia histórica en que diez mil personas de 20 países de las Américas participaron en discusiones sobre los problemas del fraude y la corrupción.

### **VENEZUELA**

- ◆ En octubre de 1993, el entonces Presidente Interino José Ramón Velásquez superó la oposición de las instituciones financieras de su país y firmó la primera ley en la historia de Venezuela que califica de delito el lavado o blanqueo de dólares. Ahora con el nuevo gobierno de Rafael Caldera, el vigor con que se aplique la ley será objeto de concentrado escrutinio por parte de simpatizantes y opositores de la legislación.

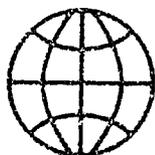
Las exigencias públicas por mayor responsabilidad fiscal entre los gobernantes no es nada novedosa. Sin embargo, no se han hecho con tanta insistencia e impacto nunca antes en las Américas como ha pasado en los últimos 20 meses, cuando dos presidentes se vieron obligados a renunciar y media docena de nuevos líderes se eligieron como jefes de estado en países de América Latina y el Caribe, tras de comprometerse en sus campañas electorales a la lucha contra la corrupción.



### Endara Declara 1994 "Año de la Contabilidad Gubernamental"

Por primera vez un jefe de estado se ha valido de la contabilidad como tema de su gobierno. El presidente panameño, Guillermo Endara Galimany, ha declarado que 1994 es "El Año de la Contabilidad Gubernamental." Esta declaración se formuló en vistas de la implantación del nuevo sistema de contabilidad en el gobierno bajo la dirección del Contralor General José Chen Barría, quien trabajó varios años como Sub Contralor. El nombramiento del Sr. Chen Barría fue aprobado en diciembre del año pasado y Luis Benjamín Rosas, antiguo miembro de la Comisión de Presupuesto de la Asamblea Legislativa, ha sido designado como Sub Contralor General.

El nuevo sistema de contabilidad, junto con otras reformas en campos relacionados, como son los de presupuesto, crédito público y auditoría gubernamental, se hizo posible mediante el Proyecto de Reforma de la Administración Financiera, auspiciado por USAID junto con el Gobierno de Panamá. El Proyecto procura implantar un sistema integrado de administración financiera en todo el sector público panameño. El gobierno ha expedido ya los reglamentos para la auditoría gubernamental y la auditoría interna del sector público.



### Wesberry Pasa al Banco Mundial

James P. Wesberry, Jr., CPA está trabajando con el Banco Mundial tras de servir como Presidente del Instituto para la Administración Pública en Nueva York. Cuando trabajaba como Asesor Principal para Administración Financiera en USAID, el Sr. Wesberry dirigió la primera fase del Proyecto Regional de Mejoramiento de Administración Financiera en América Latina y el Caribe. En el Banco Mundial desempeña un cargo similar, como Asesor Principal para Contabilidad y Gestión Financiera en la División de la Modernización del Sector Público para América Latina y el Caribe. El Sr. Wesberry participa, por parte del Banco Mundial, en el Grupo de Entidades Donantes cuya labor de coordinar asistencia técnica para la administración financiera recibe apoyo del Proyecto Regional de Mejoramiento de Administración Financiera.

En julio de 1993 Wesberry recibió el Premio de USAID por Destacada Contribución Profesional en base de sus "inestimables contribuciones durante su vida profesional para el mejoramiento de sistemas de administración financiera y en la lucha contra la corrupción en América Latina."

### Contralor General del Perú Inicia Programa Intensivo de Capacitación

El Contralor General del Perú, Víctor Enrique Caso Ley, el primer contador público en el Perú nombrado en la posición de Contralor General de la República, está emprendiendo un programa intensivo para mejorar las capacidades profesionales del personal en su organismo, de modo que le permita fortalecer la auditoría interna en todo el país.

A fines de 1993 se ofrecieron cursos especiales al personal, y se contrataron y capacitaron alrededor de 100 nuevos empleados. Luego en febrero, USAID auspició un curso dictado por especialistas internacionales para actualizar el equipo técnico en cuanto a nuevos sucesos en otros países y los criterios requeridos de auditores gubernamentales por las organizaciones internacionales.

La Contraloría expidió una resolución el 28 de diciembre de 1993 que dio aprobación a las orientaciones generales para el desarrollo e independencia de las Oficinas de Auditoría Interna (OAI). A continuación se destacan algunos aspectos de las orientaciones:

- ◆ Los oficiales responsables por las oficinas del Sistema Nacional de Auditoría mantendrán a niveles completos el personal y los recursos de las Oficinas de Auditoría Interna (OAI). Las OAI deberán coordinar su trabajo con la Contraloría General, la agencia rectora del sistema.
- ◆ Las OAI practicarán la auditoría interna dentro de sus organizaciones conforme con las normas de auditoría generalmente aceptadas, los principios y criterios de control gubernamental y el Plan Anual de Auditoría y Control.
- ◆ Los directores de las OAI serán designados por sus oficinas correspondientes; serán contadores públicos y cumplirán con los demás requisitos que garanticen su idoneidad y capacidad profesional. La Contraloría General se reserva el derecho de rechazar el nombramiento del Director de una OAI. Además, para preservar su independencia, estos directores no se podrán despedir sin oír primero la opinión de la Contraloría General.

### Félix Pomeranz Señala Pasos para Combatir la Corrupción

**E**l escepticismo es la mejor arma del auditor que combate la corrupción burocrática, según Félix Pomeranz, quien es el Director Agregado de la Facultad de Contabilidad de la Universidad Internacional de Florida, además de ser autor de cinco libros y de más de 100 artículos. Debido a que se requieren dos partes en el acto de corrupción, es importante fijar la vista tanto en el sector público como en el privado, añade el Dr. Pomeranz, y se debe coordinar el esfuerzo a nivel nacional, estatal o regional. "El reto es de atacar la corrupción antes de que se transforme en dimensión de crisis," enfatiza.

"Los 'buenos' gozan de ventajas tecnológicas. Las técnicas para combatir la corrupción son cada vez más eficaces y eficientes. Además, se pueden revisar las entidades en forma anticipada," anota el Profesor Pomeranz. "La revisión del sistema y de los controles de contabilidad, cuando todavía están en la etapa de diseño, permite que las mismas personas, que son objeto de la verificación de cuentas, vean al auditor no como un sencillo marcador de cifras, sino como un participante activo en la lucha contra la corrupción."

El Profesor Pomeranz ofrece las siguientes sugerencias para auditores e investigadores de fraude, resumidas de un capítulo del libro *Advances in International Accounting (Avances en la contabilidad internacional)*, Vol. 7, editado por Kenneth Most (JAI Press, Greenwich, Connecticut, USA).

El éxito requiere una actitud escéptica. El auditor no debe suponer que la gerencia sea deshonesto, ni tampoco que su honestidad sea intachable. Como la auditora filipina Leonor Briones ha señalado, los esfuerzos de eliminar la corrupción se han enfocado históricamente en la acción de los funcionarios públicos. Sin embargo, para que los esfuerzos de disciplinar el gobierno sean eficaces, deben orientarse también hacia el sector privado. Las recomendaciones de Briones abarcan: la identificación de las áreas susceptibles a la corrupción y la coima (sobre todo las decisiones vinculadas con el gasto financiero tal como el otorgamiento de contratos); el mejoramiento de procedimientos operativos; la ruptura de grupos que trafican en influencias dentro de las burocracias; incrementar el nivel de competencia, de la responsabilidad fiscal-jurídica y la moral de los empleados; y aprender de las experiencias de los directores de organismos que tuvieron éxito en luchar contra la corrupción.

#### COORDINACIÓN AL NIVEL NACIONAL

La auditoría gubernamental se debe coordinar al nivel nacional, estatal o regional. En el Estado de Virginia en Estados Unidos, el Auditor Interno del Estado supervisa la calidad de las verificaciones de cuentas entre los organismos estatales, monitorea investigaciones y hace recomendaciones en cuanto a la capacitación y los criterios técnicos. Los ingredientes que aumentan las perspectivas de lograr el éxito en esta tarea incluyen: un enfoque en aspectos del perfil público, la promoción de mayor conciencia pública y la participación de los sectores público y privado en un ataque simultáneo contra la corrupción.

Otros elementos de un programa nacional contra la corrupción comprenden: la formulación de estándares o criterios de control interno (como los que ha formulado el Estado de Nueva York); la creación de grupos interdisciplinarios de trabajo que tienen a su cargo funciones como la coordinación, capacitación y sobre todo el control de calidad entre organismos, ministerios y oficinas; la difusión de información sobre éxitos anteriores; la promulgación de leyes que definan la conducta penal en forma clara (sobre todo en el campo de la informática); niveles suficientes de compensación para personal de seguridad; y el desarrollo de programas de informática (*software*) y otros productos para identificar e impedir las actividades fraudulentas.

#### EL NIVEL INVESTIGATIVO

Al nivel investigativo, la coordinación con otras unidades es actividad clave. Es necesario proporcionarle la información sólo a las personas que la necesitan conforme con su función profesional. Asesoría jurídica y personal de orden público deben participar, especialmente para aconsejar respecto el levantamiento de pruebas. Pueden requerirse programas de *software* diseñados para fines de seguridad y especialistas de seguridad para interpretar los resultados. Programas de *software* también pueden ayudar en evaluar la separación de funciones entre los principales administradores. Organigramas automatizados son útiles para identificar los tipos de transacciones que no parecen ser necesarias.

El investigador del fraude puede hacer uso de bancos de datos, informes, investigaciones anteriores hechas por auditores y las personas con conocimientos previos. Todos estos recursos son útiles para armar un perfil del organismo, su personal y los beneficiarios de sus programas. El control y el espíritu del organismo también son factores significativos que ameritan evaluación. Deben revisarse las políticas de contratación de empleados, por ejemplo, la verificación de datos de referencia. Sin embargo, las entrevistas sobre la conducta personal y profesional deben efectuarse con mucha cautela, idealmente con la orientación de un sicólogo y de oficiales de orden público.

Al seguir el rastro de toda excepción, el investigador del fraude se asegura que las pruebas de cumplimiento se apliquen con vigor. También debe recurrirse a la investigación aleatoria en la búsqueda constante de problemas. La naturaleza y la envergadura de las pruebas, además del momento oportuno para efectuarlas, deben evaluarse nuevamente en vista de las circunstancias y el grado de peligro financiero tanto para el organismo en su conjunto como para sus distintos componentes.

En vista de que el auditor debe tener expectativas claras de su trabajo, los procedimientos para la revisión analítica deben intercalarse con conocimientos operativos. La información utilizada en estas revisiones debe someterse a controles para garantizar que sea completa y precisa y que esté a salvo de las intervenciones gerenciales.

## Vistas y Entrevistas

### En Venezuela “La Educación es Nuestro Campo de Batalla” Fundador de Grupo Cívico Relata Experiencias

**P**ROCALIDAD es un grupo de acción comunitaria en Venezuela cuyas actividades principales están dedicadas a la educación cívica y la lucha contra la corrupción. Su director y fundador, Gustavo Coronel, concedió una entrevista a Responsabilidad que se resume a continuación.

*El Sr. Coronel explicó que volvió a Venezuela a fines de 1989 para crear una organización de acción comunitaria tras haber trabajado en el exterior durante muchos años en la Universidad de Harvard y en el Banco Interamericano de Desarrollo.*

Después de cuatro años hemos establecido credibilidad.

Al comienzo me reunía todas las semanas en Caracas con unos 20 amigos y colegas para discutir los problemas de la sociedad venezolana. En marzo del 90, decidimos invitar al público y arrendamos un salón en un hotel. Esperábamos quizá 40 personas, pero aparecieron esa tarde unas 500 y tuvimos que conseguir otro salón más grande.

Muchas personas hablaron—amas de casas, jubilados, jóvenes, estudiantes—y mostraron el claro deseo de actuar en forma responsable. Pero no estábamos preparados para semejante éxito. No tuvimos local, teléfono ni personal hasta seis meses después.

Establecimos entonces un grupo, que ahora cuenta con más de 400 personas, quienes pagan el equivalente de US\$1.50 de cuota mensual para ayudar con el arriendo y los sueldos de una secretaria y de un mensajero. Fue una lucha constante para mantenernos en operación.

Hace dos años recibimos un aporte de \$19,200 de la Universidad de Florida para desarrollar actividades contra la corrupción. Durante un año pudimos operar sin mayores problemas. Como resultado, celebramos una serie de seminarios denominada “Estrategias para Controlar la Corrupción en el Sector Público”. También fundamos el Centro de la Información Ciudadana. La Universidad nos pidió que celebráramos dos seminarios. Pudimos organizar siete para ciudadanos y funcionarios públicos y dos adicionales sobre la ética del periodismo para los mismos corresponsales. En los seminarios cívicos utilizamos el libro de Robert E. Klitgaard *Controlando la Corrupción* y vino de Buenos Aires Luis Moreno Ocampo, el fundador de Poder Ciudadano.

El Centro de la Información Ciudadana se organizó para que cualquier persona pueda llegar con su problema y se le atiende. No tenemos personas suficientes para resolver los problemas directamente, sino que damos referencias. Colaboramos estrechamente con la Fiscalía General de la República para descubrir qué es lo que se hace, quién lo hace y en dónde. La Fiscalía nos ayuda con buena voluntad. Recuerde que le ayudamos a destapar lo que yo suelo llamar la gran caja negra de gobierno en Venezuela.

En Venezuela es casi imposible conseguir el número de teléfono de un ministerio. La burocracia en Venezuela ha transformado en una forma de arte la retención de la información.

El Centro es nada más el primero de tres. Esperamos inaugurar dos más en este año, pero los planes dependen de dos cosas; nuestra experiencia con el primero y los recursos futuros.

Todo el mundo me felicita por hacer un gran trabajo. Pero a la hora oportuna son pocas las personas que están dispuestas a contribuir.

Todos los años en enero, envío unas 150 cartas en busca de apoyo. El año pasado sólo recibí cuatro respuestas afirmativas. Muchas cartas llegan a los jefes de compañías de tamaño mediano, muchos son amigos míos, pero ¿sabe qué? Ya ni siquiera quieren recibir mis llamadas. Temen que yo les vaya a pedir dinero. Esto es lo que más duele.

No tenemos tradición de compromiso social. Pocas personas están dispuestas a hacer trabajo voluntario por sus comunidades. Hay que combatir esta inercia, esta pasividad.

No se cobra por entrar a los seminarios. Sin embargo, necesitamos contribuciones para el arriendo de un salón, viáticos y otros gastos pequeños.

Otros elementos de nuestro trabajo incluyen una campaña publicitaria por radio y televisión contra la pequeña corruptela. Pero realmente no existe tal cosa, ya que toda corrupción se desprende de la misma mentalidad. Para mí, la persona que tira una lata de cerveza en la carretera, que se cuele en una fila de personas o que paga por el despacho acelerado de un documento oficial, no es nada diferente que el oficial que roba unos millones de dólares. Todos esos actos son intentos de avanzar el interés propio a costa de los demás. Estas transgresiones contra las reglas del juego son una parte de la cultura que estamos tratando de combatir.

La educación cívica es otro gran programa que tenemos. Consiste de dos elementos: Uno para adultos y otro para los niños. Hemos trabajado con mil chicos. Esa cantidad no es más que una gota de agua en el mar, pero sí es un comienzo. Hemos alcanzado a los adultos mediante avisos en radio y en los periódicos.

Uno de nuestros mejores éxitos fue la publicación de un catálogo de los grupos cívicos de Venezuela. La IBM contribuyó con una computadora y Petróleos de Venezuela contribuyó con medio millón de bolívares (unos US\$5.000). Listamos seis clases de información para cada una de las 320 organizaciones: el nombre, objetivo principal, miembros del directorio, individuo clave, dirección y teléfono y una lista de los proyectos principales.

El catálogo es el único de su clase que existe en Venezuela. Se ha convertido en una tremenda herramienta de sinergismo entre esos grupos. Muchos me han dicho que no tenían la menor idea de cuántas organizaciones trabajaban en temas semejantes.

Lo que les decimos a nuestros ciudadanos es que Venezuela tiene una sola industria básica—no es el petróleo ni el acero, tampoco es la económica—es la educación. Es nuestro campo de batalla.

### Empresarios y Académicos Buscan Acoplarse Mejor en Conferencia de CLADEA y la Universidad Internacional de Florida

**C**asi 400 personas, entre comerciantes, administradores y profesores de universidades, asistieron durante tres días a la decimoctava asamblea anual del Consejo Latinoamericano de Escuelas de Administración (CLADEA) donde se intentó cerrar la brecha entre las lecciones de las aulas universitarias y las demandas actuales del comercio y las finanzas.

El Dr. Modesto Maidique de la Universidad Internacional de Florida expresó su visión ideal de una facultad de administración de empresas en las Américas en el evento titulado "La Educación y la Administración: Alianza Estratégica." El Dr. Maidique enfatizó la necesidad de evaluar nuevamente el contexto en que se educan los estudiantes, especialmente en cuanto a los siguientes factores: 1) los avances recientes en la internacionalización del comercio; 2) la necesidad de diversidad de sexo, etnias y culturas; 3) la influencia de las comunicaciones en la vida humana; y 4) instrucción en ética para ayudar a los estudiantes a desarrollarse en profesionales responsables y honestos.

Entre la gama de temas presentados en la conferencia, se refirió a las alianzas cooperativas entre las universidades y el sector privado, la privatización de empresas paraestatales y la reforma del sector público en general. Un 40 por ciento de los participantes eran de Estados Unidos y Canadá, proporción semejante de América Latina y un 20 por ciento de Europa.

La organización de la conferencia estuvo al cargo del Profesor Antonio F. Pradas, Director de Educación Ejecutiva Internacional en la Facultad de Administración de Empresas de la Universidad Internacional de Florida. Después del evento, el Profesor Pradas señaló un número de temas irresueltos que se habían planteado en la conferencia:

*Las facultades de administración de empresas tienen que aclarar a quiénes les deben servir—quiénes son los "accionistas" de la educación de administración de empresas. Supuestamente, la misión nuestro es la de adelantar la base de conocimientos en el campo del comercio y de capacitar un gremio gerencial para organismos públicos y compañías del sector privado.*



*Hay que forjar alianzas más profundas. América Latina, el Caribe y en menor grado Europa han mirado a Estados Unidos para orientación en la educación administrativa. Se hace más investigación académica en Estados Unidos que en cualquier otro parte, sin embargo muy poca tiene un enfoque suficientemente universal. Es necesario sacar en claro qué es pertinente sólo a una situación, cultura o lugar y qué es lo que tiene aplicación universal.*

*Los oficiales de la USAM y otros organismos se preocupan porque muchos estudiantes que vienen a estudiar en Estados Unidos reciben una excelente educación estadounidense, pero tiene poca aplicación cuando el alumno regresa a su país.*

*Finalmente, no obstante las frecuentes alabanzas a la diversidad multicultural, pocos estudiantes estadounidenses saben mucho de lo que sucede fuera de su propio país. Tienen poca experiencia en el exterior. Por su parte, América Latina padece del mismo fenómeno; el estudiante venezolano puede saber poco de Colombia, y el Argentino de Perú.*

*Lo que nos faltan son mejores vínculos; no sólo Norte-Sur, sino Sur-Sur también.*

**La próxima conferencia de CLADEA será auspiciada por la Universidad Católica de Córdoba en Argentina entre el 13 y 16 de noviembre del presente año. Para más información, debe comunicarse con el Profesor Raúl Carlos Bianchi, Director de Conferencia, tel: (051) 213-213, (051) 222-705, fax: 54-55-241302.**

## Publicaciones

### *En defensa propia: Cómo salir de la corrupción*

por Luis Moreno Ocampo

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*En defensa propia: Cómo salir de la corrupción* por Luis Moreno Ocampo, Editorial Sudamericana S.A., Humberto I, 531, Buenos Aires, 1993.

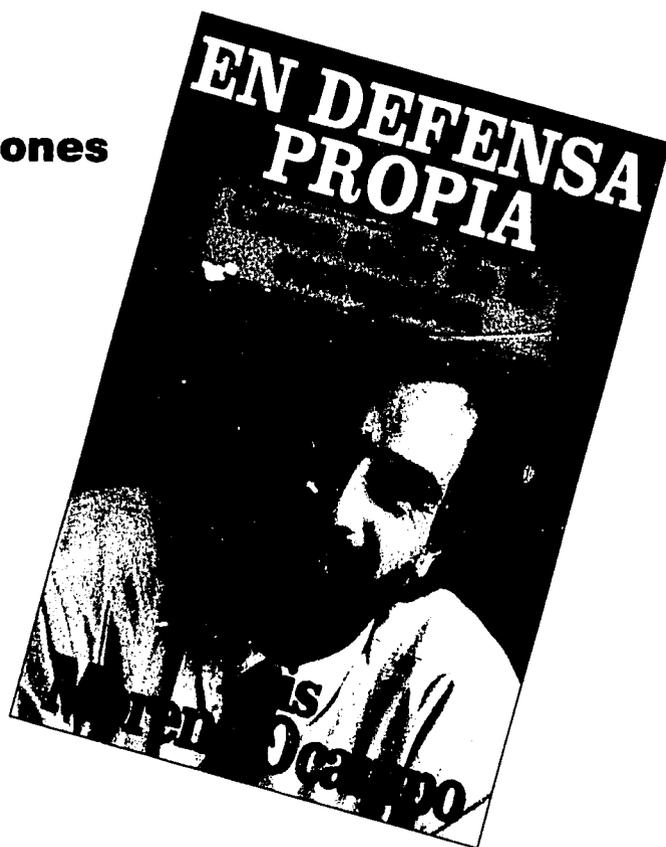
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**E**n *defensa propia* ofrece una perspectiva amplia y penetrante. El autor es un destacado abogado argentino que ha cumplido una importante labor en el campo del derecho penal cuando, como fiscal de la Provincia de Buenos Aires, dirigió los equipos de fiscales en los procesos jurídicos que demandaba a antiguos oficiales de los más altos rangos del gobierno por abusos de derechos humanos, fraude y corrupción. El Sr. Moreno Ocampo también es co-fundador de Poder Ciudadano, un grupo de acción cívica pro derechos humanos, y dirige su "Iniciativa Privada para Controlar la Corrupción". *En defensa propia* se beneficia mucho de las experiencias de su autor, además de las perspectivas históricas, económicas y socio-políticas que informan este examen de la corrupción.

Moreno Ocampo observa distintos tipos de corrupción, como por ejemplo, desfalco y malversación, fraude financiero, corrupción política y el tráfico en reportajes que transcurren en muchas partes donde oficiales prominentes cobran tarifas apreciables a cambio de conceder entrevistas. También se refiere a técnicas tradicionales como la de inflar los montos de facturas de embarque para poder evitar controles sobre el cambio de dinero y el ajuste de los requisitos para licitaciones públicas internacionales con el propósito de recibir coimas de la compañía seleccionada.

El marco histórico se extiende desde las antiguas culturas de judíos e hindúes hasta los gobiernos actuales de las Américas y Europa, con la mayor parte del material enfatizando los problemas de la Argentina de hoy. En algunas instancias, las fechas y detalles se confunden en la exposición, pero afortunadamente, la franqueza consistente impera por toda la publicación. En una parte el autor reconoce que él mismo pagaba coimas a la policía de tránsito cuando conducía de adolescente. Aunque la misma práctica no era nada rara en aquel momento, la admisión personal sí lo es.

La introducción propone una metodología para tratar los problemas que surgen al combatir la corrupción. Capítulos posteriores, redactados en un estilo ameno y



comprendible, indagan sobre puntos teóricos y concretos de la corrupción. Basándose en el trabajo de Robert Klitgaard, entre otros, el autor define el poder hegemónico (PH) como equivalente a la corrupción (C) en que ambos fenómenos comparten los mismos variables esenciales del monopolio (M) y discrecionalidad (D) sin transparencia (T), tal como se presenta en la siguiente ecuación:  $PH=C+M+D-T$ .

El autor explica las formas en que los ciudadanos, que son quienes pagan los costos de la corrupción sin percibir sus beneficios, pueden aumentar su influencia en los asuntos públicos. Distingue entre la corrupción de acción, del individuo y de las organizaciones. Hace un diagnóstico de la "hipercorrupción" como una enfermedad social endémica en su propia sociedad entre otras.

Aun los lectores que discrepan con algunas de las conclusiones y los análisis del libro podrán disfrutar del debate que plantea.

**Responsabilidad acepta artículos, documentos y libros para reseñar o colocar en las listas bibliográficas que se publicarán en sus próximas ediciones. No se pueden devolver las publicaciones recibidas.**

## PAUTAS PARA EL APOYO DEL PROYECTO A CONFERENCIAS Y OTRAS ACTIVIDADES

Con la finalidad de asegurar el mejor uso y resultados de los recursos disponibles, el Proyecto ha formulado varias pautas para determinar cuáles conferencias, seminarios y otras actividades recibirán su apoyo.

En primer lugar, dichas actividades deben ser compatibles con los objetivos del Proyecto, que son:

- ◆ Asistir a los países de América Latina y el Caribe en el diseño y ejecución de sistemas para mejorar la administración financiera;
- ◆ Promover mayor transparencia y responsabilidad fiscal a nivel gubernamental;

◆ Apoyar a organizaciones no gubernamentales y otros grupos cívicos dedicados a promover la responsabilidad pública, el buen gobierno y las actividades contra la corrupción.

El apoyo del Proyecto se determinará en base del nivel de compromiso y otros factores involucrados en las conferencias y actividades, tales como: objetivos específicos; temas considerados; audiencias contempladas; procedimientos de evaluación y el efecto anticipado. Se prestará atención especial a los procedimientos y el compromiso que tales actividades tengan para el mejoramiento de la responsabilidad fiscal gubernamental.

*Para más información, los interesados pueden comunicarse con la Sra. Ruth Martínez, Coordinadora de Capacitación del Proyecto, a través de la dirección, teléfono o fax que aparecen en la contratapa del boletín.*

# ResponDabilidad

**ResponDabilidad** es una publicación trimestral del Proyecto Regional para el Mejoramiento de la Administración Financiera en América Latina y el Caribe, Fase II (RFMIP II). El Proyecto está financiado por la Agencia para el Desarrollo Internacional de Estados Unidos (USAID) bajo contrato con la firma Casals & Associates, Inc.

**ResponDabilidad** invita a los lectores a comunicar sus opiniones con respecto a esta publicación y al Proyecto Regional para el Mejoramiento de la Administración Financiera en general. Cartas o artículos sometidos para ser publicados deben indicarlo expresamente. No podemos devolver estos materiales. Toda correspondencia se debe enviar a la siguiente dirección:

### **ResponDabilidad**

El Editor

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# **ATTACHMENT I**

## APPENDIX A

### COUNTRY VISITS

**Objective of Visit:** Identify level of interest of host country in improving financial management

**Information to be gathered prior to visit:**

1. Database information on current or previous projects (Project database or minutes of DWG meetings)
2. Baseline or Financial Management Assessments performed by USAID or other donors.

**Appointments to be requested prior to departure:**

1. USAID Controller
2. Democratic Initiatives Officer
3. Minister of Finance
4. Comptroller General (Contralor General)
5. Colegios and professional groups (accountants and auditors)
6. Other Donor Representatives (as advised by USAID Mission Controller)
7. General Treasurer (Tesorero General)
8. Budget Director (Director de Presupuesto)
9. Government Accounting Director (Director de Contabilidad Gubernamental)
10. Government Auditing Director (Director de Auditoría Gubernamental)

**Documents to take:**

1. Initial assessment methodology
2. Previous Financial Management Assessments

**Items to be completed during visit:**

1. Appropriate sections of the methodology
2. List of financial management projects
3. Copy of Code of Ethics
4. Copy of latest Budget Law
5. Electoral Calendar
6. List of professional organizations and names
7. List of related civic organizations and names
8. Training in financial management
9. Conclusion on interest and priority of Financial Management
10. Conclusion on interest and priority of Good Governance

BASELINE DATA IN INDICATORS, INFORMATION REQUIREMENT, JD  
**METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT**

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
<p>I. <u>Environmental Control Factors</u></p>	<p>1. Are existing Host Country laws/ regulations prescribing financial management policies, practices</p> <p>Outdated _____</p> <p>Up to date _____</p> <p>Helpful towards modernization and reform _____</p> <p>Impedes modernization and reform _____</p> <p>Does not affect modernization and reform _____</p> <p>HC lacks adequate laws/regulations on financial management</p>	<p>1. Review financial management studies/evaluations related to budgeting, accounting, auditing, etc. Conduct interviews with respected financial professionals. Collect and analyze data/ responses. Review primary laws, if possible.</p>

**METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT**

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
<p>I. <u>Environmental Control Factors</u></p>	<p>1. Are existing Host Country laws/regulations prescribing financial management policies, practices</p> <p>Outdated</p> <p>Up to date</p> <p>Helpful towards modernization and reform</p> <p>Impedes modernization and reform</p> <p>Do not affect modernization and reform</p> <p>HC lacks adequate laws/regulations on financial management</p>	<p>1. Review financial management studies/evaluations related to budgeting, accounting, auditing, etc. Conduct interviews with respected financial professionals. Collect and analyze data/responses. Review primary laws, if possible.</p>

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
	<p>2. On scale of 1 (lowest) to 10 (highest), rate traditional level of official corruption in country.</p> <p>3. What percent of HC financial management professionals in central government and autonomous agencies...</p> <p>Have a university degree %</p> <p>Have a university degree or its equivalent in financial management %</p> <p>Have completed specialized short term courses in financial management %</p> <p>Have a certification/license to practice auditing/accounting %</p>	<p>2. Anecdotal, impressionistic information; review studies; interviews.</p> <p>3. Review studies/evaluations on financial management. Consult with Accountant/Auditor Associations as well as university professors. If necessary, make small sample survey of financial managers. Other interviews.</p>

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
<p><b>1. Budgeting</b></p>	<p><b>4. Do the basic budget laws and regulations...</b></p> <p>facilitate</p> <p>impede</p> <p>have no important effect</p> <p>on reform/modernization in financial management?</p> <p><b>5. Is the Central Budget Office...</b></p> <p>concerned primarily with budget preparation and influential in policy making?</p> <p>concerned not only with budget preparation but influential in policy preparation and decision making?</p>	<p><b>4. Review of studies, evaluations, interviews with financial management professionals in Ministry of Finance, Budget and Planning Office, Controller General Office, etc.</b></p> <p><b>5. Review of studies, evaluations, interviews.</b></p>

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
	<p>6. What percentage of public sector expenditures is covered/administered in the central government budget?</p> <p>7. On scale of 1 (lowest) to 10 (highest), rate performance of HC budget process in respect to:</p> <ul style="list-style-type: none"> <li>effectiveness of budgetary controls</li> <li>planning/analysis/evaluation</li> <li>budgetary execution and evaluation</li> <li>determination of tariffs for public services</li> <li>coordination with accounting, auditing offices</li> </ul>	<p>6. Review of studies/evaluations, budgets. Interviews in budget office</p> <p>7. Review of budgetary planning/operations. Interviews with HC budget officials and finance professionals.</p>

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

Performance Areas	Key Indicators and Measurement	Information Requirements and Methodology
	<p>8. Are budgeting and accounting account classifications the same?</p> <p>yes</p> <p>no</p> <p>9. Are the budgetary and accounting systems integrated?</p> <p>yes</p> <p>no</p>	<p>8. Interviews in central budget office and among informed professionals in Ministry of Finance.</p> <p>9. Same as above.</p>

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
<p><b>II. <u>Treasury and Debt Management</u></b></p>	<p><b>10. Do the treasury and debt management information systems generate consolidated data on all public entities relating to...</b></p> <p>cash flow projection</p> <p>public debt</p> <p>debt service</p> <p><b>11. Are cash information systems (manual or automated) integrated and debt management linked with the government accounting and budgetary subsystems?</b></p> <p>yes</p> <p>no</p>	<p><b>10. Interviews with central government officials responsible for cash and debt management.</b></p> <p><b>11. Review processes and reports of cash and debt management units in Ministry of Finance. Interviews with key officials.</b></p>

**METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT**

Performance Area	Information Requirements and Methodology	
<p><b>v. Accounting</b></p>	<p><b>12. Is there a standard general ledger chart of accounts used by all public institutions in the government reporting entity that links accounting with budgeting and financial information data base and reporting?</b></p> <p>yes</p> <p>no</p> <p><b>13. Is there general ledger control over all financial transactions of all public institutions comprising the government reporting entity?</b></p> <p>yes</p> <p>no</p>	<p><b>12. Review budgetary, accounting reports. Review of studies/evaluations. Interviews with key financial officials in Ministry of Finance and budget office.</b></p> <p><b>13. Same as above</b></p>

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

**Performance Areas**

**Key Indicators and Measurements**

**Information Requirements and Methodology**

**14. Are the standard general ledger object codes for revenues and expenses the same as those used in the budgeting system?**

yes

no

**14. Same as above.**

**Performance Areas****Key Indicators and Measurements****Information Requirements and Methodology**

15. On a scale of 1 (lowest) to 10 (highest) rate the quality of financial information reporting by the central government office with respect to...

- (a) timeliness
- (b) accuracy
- (c) completeness
- (d) relevance
- (e) budgetary planning and execution
- (f) financial policy and decision making
- (g) auditing and program/project evaluation
- (h) accounting units in ministries

15. Review of studies and evaluations. Interviews in central and decentralized accounting offices.

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

**Performance Areas**

**Key Indicators and Measurements**

**Information Requirements and Methodology**

16. Are public entities required to do...

- financial accounting
- budgetary (obligation) accounting
- both
- neither

16. Same as above.

17. Is government accounting for ministries and autonomous entities principally

- centralized
- decentralized
- mixed

17. Interviews with central accounting office. Review organization and flow charts of accounting systems in central government and autonomous agencies.

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
	<p>18. Does the government central accounting office provide leadership in advancing the integration of financial management systems?</p> <p>yes</p> <p>no</p> <p>19. Does the internal government accounting office provide internal control standards followed by public sector entities?</p> <p>yes</p> <p>no</p>	<p>18. Review of studies/evaluations. Interviews with key officials and financial professionals.</p> <p>19. Same as above.</p>

# METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT

## Performance Areas

## Key Indicators and Measurements

## Information Requirements and Methodology

### V. Contract Management

20. Is the government procurement system perceived by the public as effective in purchasing goods and services at a reasonable cost with acceptable delivery times leading to excessive delays and procurement costs corrupt

20. Same as above.

Performance Areas	Key Indicators and Measurements	Information Requirements and Methodology
<p><b>Auditing and Program Evaluation</b></p>	<p>21. Indicate the degree of high level political support, for auditing and program evaluation activities</p> <p>strong support</p> <p>normal support but without priority</p> <p>little support</p> <p>22. In carrying out external audits or program evaluations, does the SAI...</p> <p>Apply INTOSAI approved international audit standards</p> <p>Apply its own version of INTOSAI audit standards</p> <p>Not apply internationally recognized standards</p>	<p>21. Review of previous studies. Comparison of budget proposals for increasing audit/program evaluation resources with actual budgetary allocations. Interviews with key officials of internal audit units and of the Supreme Audit Institution (SAI). The adequacy of funding and respect for professional hiring practices (i.e., lack of excessive political hiring) may be a good indicator of this support.</p> <p>22. Interviews with SAI officials. Review of local auditing standards.</p>

**METHODOLOGY FOR EVALUATING HOST COUNTRY FINANCIAL MANAGEMENT**

<b>Performance Areas</b>	<b>Key Indicators and Measurements</b>	<b>Information Requirements and Methodology</b>
	<p>23. Does external and internal audit play an effective role in the control structure of the government's accounting, treasury, debt accounting and other related financial management functions?</p> <p>yes</p> <p>no</p>	<p>23. Interviews, research.</p>

**ATTACHMENT J**

**SUMMARY  
GOOD GOVERNANCE MEETING  
MIAMI, FLORIDA  
FEBRUARY 10 - 11, 1994**

A Good Governance Meeting was held in Miami on February 10 and 11, 1994. Representatives of Florida International University (FIU) and the Argentine NGO Poder Ciudadano (PC), together with the Regional Financial Management Improvement Project (RFMIP) II Team members came together to discuss issues in the area of anti-corruption. The representatives from FIU and PC were:

- Harold Wyman, Dean, College of Business, FIU
- Allan Rosenbaum, Dean, School of Services and Public Affairs, FIU
- Tony Maingot, Department of Sociology, FIU
- Felix Pomeranz, School of Accounting, FIU
- Roberto De Michele, Poder Ciudadano

**Thursday, February 10, 1994**

Beatriz Casals provided the welcome and began the meeting by introducing the members of the RFMIP II Team. Edison Gnazzo, RFMIP II Director, provided a review of the accomplishments of the first phase of the RFMIP and the current status of RFMIP Phase II. He explained that the purpose of these meetings is to share the experience, background, and capabilities of those present and to develop a strategy for proposed anti-corruption activities to be implemented in the region. Presentations were then made by the various participants, and the following comments were made by each of the participants.

**Allan Rosenbaum**

Dr. Rosenbaum began by explaining that he is active in several organizations that promote good governance. These organizations are the American Society for Public Administrators, the International School of Institutes of Public Administration, and the Overseas Democracy Association (ODA). ODA has developed a concept paper on good governance which he will share with the group. Dr. Rosenbaum is participating in a United States Agency for International Development (USAID) regional municipal development project for South America. The project is handled through USAID's Regional Urban Development Office in Quito, Ecuador and has targeted the countries of Chile, Paraguay, Ecuador, and Panama for implementation. The project was awarded in September, 1993, with funding of 1.5 million for three years. The objectives of the

project are to: 1) promote government decentralization, 2) enhance citizen participation, and 3) strengthen municipal governments.

The possible project activities include:

- Chile - Work with NGOs
- Panama - Civil Service Reform and Municipal Development
- Paraguay - Training for senior administrators in general areas of decentralization, public communication, and university/government relationships. The project in Asunción will work closely with mayor Filazola, where technical assistance will be provided in quality management and the betterment of the relationships between senior and field managers. A possibility for cooperation with the RFMIP II could be in strengthening the IFMS in the government of Asunción.

**Roberto De Michele** - Mr. De Michele provided the group with a history of PC and the numerous activities and campaigns they have been involved in. PC was founded five years ago in response to a need for an organization that could address the issue of corruption and begin to develop some ideology on the subject. The basic philosophy of PC is "to have people do things for themselves." The organization strives to teach citizens the avenues available to them in trying to solve their problems. At the time of the founding of PC, Argentina found itself involved in a crisis; representatives of political parties were not prepared to meet citizen needs. PC filled this need by beginning to address some of the issues of concern to the citizenry. PC projects can be divided into several areas:

1. **Judiciary** - PC was instrumental in developing citizen awareness of an out-of-date criminal law that needed revision. The project evolved into assisting people on their rights as citizens of Argentina. One of the methods they utilized was to have citizens call their representatives to ask why the revision of the criminal law was not being discussed in Congress. The law was finally revised and passed as a result of PC's intervention.
2. **Representativeness** - This dealt with groups of citizens interested in closer links with their elected officials. These groups monitored and researched various aspects of the reps activities. This research was then included in a publication which addressed the following: Does the representative go to meetings? How often does the representative take the floor and address the entire assembly on a particular issue? How much money did the representative spend on the election campaign? Of 16 representatives in Buenos Aires alone, 12 to 13 responded to this publication and made comments on or changes to the information published. This project then evolved into the first data bank on representative information available to the citizens of Argentina. Prior to the last elections, questionnaires were

sent to each of the representatives who in turn had 10 days to respond. Of 11 competing political parties, 100% responded and this information was published as a flier in the local newspapers prior to elections.

3. **Education** - This program is aimed at high schools in Buenos Aires and rural areas. Workshops are held for students to discuss basic societal values. Links are also being developed between schools.
4. **Newsletter** - This newsletter has 1200 subscriptions and is sent to schools and sold in various locations. The newsletter has a section entitled "What you can do about it," which includes practical solutions for citizens on basic issues.
5. **Questionnaires** - This project began in July, 1991 and the first thing it addressed was the question "What is corruption in Argentina? Two polls were conducted, one quantitative and one qualitative. The qualitative poll was conducted by Mora, Araujo y Asociados. It consisted of eight focus groups of different ages and social backgrounds including journalists, business people, government officials and students among others. This helped to formulate the questions to be included in the quantitative poll to be completed later by Gallup Argentina. Nine hundred and eighty-five cases of corruption were reported in Buenos Aires and the Province of Buenos Aires. The poll indicated the following:
  - Corruption is one of the three most urgent problems in Argentina. It ranked higher than any combination of the economic problems included in the survey.
  - There is a linkage between corruption and economic factors, such as foreign investment and the unequitable distribution of wealth.
  - The Church and PC are considered the prominent corruption fighters.
6. **Mass Media** - The first stage in the process was to develop an awareness of the corruption problem. PC utilized 12 hours of prime TV time, 700-800 minutes of radio broadcasting, and advertisements in the newspapers every 2 to 3 days.

Reaching the journalists was critical in bringing about transparency. They can say what government officials cannot say. PC held workshops for journalists on how to conduct investigative reporting.

7. **Private Sector** - The business community was the most difficult to deal with because of their work with the government because it is not in their best interest to talk about corruption. As a result of the partnerships developed with the business sector, the Instituto para Desarrollo de Empresarios de Argentina (IDEA) was established. The institute was to examine total quality control and security issues.
8. **Public Sector** - In the public sector, the Instituto Nacional de la Administración Pública was established. It is the task of this institute to support responsible bureaucrats. Currently every public official who wants to move up the administrative ladder must have credits at the Instituto. Some of the courses include a 4 1/2 hour seminar on corruption and a semester course on ethics.

The last part of the ethics course is to compare United States (US) government ethics with the Argentine statute, ley 22,204. A case study is presented in which a government official is given a bottle of Chivas Regal from a business person as a bribe for a favor. In the US it would not be accepted but in Argentina it would. Why? It's all a matter of perception and enforcement.

Last year, 320 top bureaucrats in the Argentine government took these courses. In the next phase, some of the bureaucrats who took the course initially will now teach it. There are 1500 more individuals who should attend the courses.

A seminar is being developed called "Problema de Corrupción y su Solución." Individuals can earn credit by analyzing a corruption case. One study for example, compared the actual amount of TV time a politician bought and the actual cost he had declared.

The problem of corruption in Argentina is not that once in a while someone is caught, rather it is a systematic problem ingrained in the system. There are identification cards issued to many government employees called "abre puerta" (open doors). This card is utilized to evade paying taxes among other things. It is an instrument that has been utilized for stealing and lying under an official banner.

PC has a budget of \$400,000 dollars per year. They work in cooperation with other individuals and organizations. A representative from PC is going to Guatemala in a week to talk to individuals there about replicating some of the same activities in their country and will also be adapting some of their strategies to Uruguay.

**Anthony Maingot** - Dr. Maingot began his presentation by clarifying the definition of corruption, dependent on how it is used. Transparency International's definition is "the

abuse of public office for private gain." The premise of that definition is that greed and opportunity breed corruption, but this is dangerous because it assumes that everyone is potentially corrupt. In the case of the Caribbean, elected officials can be sanctioned for misdoings whereas bureaucrats and private officials cannot. Corruption is sometimes culturally based and is apparent in the language. The Spanish language is full of expressions that refer to this, for example, "El que a buen árbol se arrima, buena sombra recibe."

In the Caribbean corruption is pervasive, but there is a genuine concern. People at all levels are talking about corruption from, church leaders to the highest government officials. Some countries are making strong moves toward corrective measures. For example, in Trinidad, an "Integrity of Life Act" was passed in 1992, and in 1993, an "Integrity Commission" was established to decide on possible solutions to the problems of corruption.

Journalists must play an important role in reporting the situations as they exist in these countries. International as well as a national dynamics must be reported equally. Two levels must occur simultaneously: 1) set up mechanisms to enforce transparency and 2) focus on the international press. Transparency is important but beyond that society must develop a public consciousness.

### **John Davison**

Mr. Davison explained that in the country visits to be made by the RFMIP II Regional Accountability Officers (RAOs), the areas of Integrated Financial Management Systems and good governance will be explored. He also said that the budget for USAID in Latin America will be cut by 40%, so it is possible that the RFMIP II will be shortened from five to three and a half years. To be eliminated are the two RESPONDACON teleconferences. The main question is: how to best promote good governance in the Western Hemisphere. Along these lines, in July, 1993, the National Security Council held a meeting with representatives of 23 agencies to discuss how to fight corruption.

Two requests in the area of good governance have already been received, one from Ecuador, and another from Honduras. The other country that we will work with is Nicaragua. The USAID mission in Managua is about to sign an agreement with Nicaragua in government accounting and control, along with the World Bank and the IDB.

### **Felix Pomeranz**

Dr. Pomeranz began his presentation by citing several statistics about corruption. Georgia Dennet states that corrupt employees worldwide cost up to \$28 billion. A survey conducted by the firm of Peat & Marwick found 80% of U.S. businesses have 40,000 cases of corruption which involve one million or above in losses. The steps to be taken to alleviate this are:

1. Definition of objectives - short and long
2. Define projects and set timetables, deadlines, and evaluations. Avoid controlled feedback.
3. Utilize several models depending on the country or region.
4. It is important to develop an on-line data base in the judicial and corruption areas.
5. It may be possible to utilize readily available government data and analyze it in a different manner for this purpose.
6. Include regional professionals in the development of strategies.
7. Find out what has worked in Latin America from agency heads, and if someone has been successful in cleaning out an agency, then develop a case study around that and publish it to help inspire other agencies to do the same.
8. A risk analysis will identify where corruption is likely to occur in a given country, providing a logical framework.

### **Roberto De Michele**

The recognition that the problem exists is very important. Questions which were included in the questionnaire were: How much do you spend on corruption? What economic impact does corruption have in your life? Most of the people could not answer this because they do not add up the cost of bribes in their budgets, they have become a given.

## **STRATEGY DEVELOPMENT**

The following are comments related to the development of strategy for the area of "good governance" in the RFMIP II project.

Felix Pomeranz - Three steps should be involved: 1) research on-line data bases, 2) identify legal cases pending or recently solved, and 3) utilize other resources, ie. UN Center for Transnationals.

Allan Rosenbaum - There are countries that are prime targets of opportunity for corruption that clearly fit into the scope of the RFMIP II It is necessary to:

- develop strategies to deal with these types of corruptions,
- develop codes of conduct, and
- define the relationship between the private and public sectors.

Anthony Maingot - Conflicts of interest are realities that must be considered.

Roberto De Michele - Recognize the problems of each country and discuss them with citizen groups and identify partners in the private and public sectors.

Felix Pomeranz - Set up a model program for rolling back corruption including standards, model procedures, and techniques for protection and correction.

Allan Rosenbaum - If funds are limited yet results are needed, it will be necessary to identify the area which can be impacted the most. It should not only help the citizenry but also be mutually beneficial to the US government.

The group discussed what procedure the group to follow in developing a strategy for the RFMIP II. First, a goal needs to be defined. The goal is to reduce the level of corruption in this hemisphere and to strengthen and stabilize democracy. The steps to follow are:

- a. Define the scope of corruption for this project.
- b. Make it an issue for the people. Increase their commitment to fight against corruption.
- c. Set up a center for compiling information (data base)  
Include the following:
  - 1. General information
  - 2. Legal cases
  - 3. Other information resources.
- d. Develop models for controlling corruption in the government.

It is USAID's accepted philosophy that corruption debilitates and takes resources away from the citizens and thus serves as a basis for the strategy to be developed.

### February 11, 1994

Lynnette Asselin led the group by presenting a framework for strategy development.

First:  
Define "good  
governance"

Second:  
identify sources of  
corruption

Third:  
develop models and  
measurements to define  
corruption

Look at the Ecuador Action  
Plan

Fourth:  
Gather data and review again in July 1994

The overall goal must include a statement of the problem. There will also be operational goals that include a theoretical study of the problem, a literature search on what has been written in the area and then some parameters for the types of activities that will be developed.

**Objectives - Short term - July 1994**

1. Identify civic groups (PODER)
2. Compile Information (FIU)
3. Identify/Select models (RFMIP II Team)

**FY 1995-'96 Mid-term**

1. Test models - pilot program
2. Evaluation
3. Adaptation
4. Development

**Purpose:** Identify if problem exists and what the magnitude is.  
Evaluate/analyze what has been done up to this point.  
Determine the readiness factor.

These ideas were developed by Lynnette Asselin in a strategy outline for short, medium, and long term results. This outline is attached and includes suggestions and/or changes made by the individuals in attendance. (Attachment A)

John Davison identified the countries of interest to USAID in the area of corruption: Peru, Nicaragua, El Salvador, Dominican Republic and Guatemala. Roberto De Michele mentioned that a data bank of consultants in the area of corruption is currently being established in Guatemala by Patricia Valdez, a staff member of PC.

It was agreed that PC would develop a proposal for an anti-corruption strategy that would serve as model and be piloted in Ecuador. The proposal will be submitted to the RFMIP II Team for review.

The meeting was adjourned at 4:30 p.m.

**ATTACHMENT A**

**STRATEGY OUTLINE  
FOR  
GOOD GOVERNANCE COMPONENT  
LAC RFMIP PHASE II,**

**STRATEGY OUTLINE  
FOR  
GOOD GOVERNANCE COMPONENT  
LAC RFMIP PHASE II**

**I. Identify:**

- the reasons why citizens make corruption in the government an issue;
- the ways citizens can become committed to controlling corruption; and
- programs to empower citizens to support good governance

**A. Time Frame: July 1994**

**B. Purpose of identifying activities carried out in this area.**

1. Does this problem exist and what is the magnitude?
2. Evaluate what's happened in this area.
3. What has been done to resolve the problem?
4. Determine the readiness factor.

**C. Activities (tasks) to be carried out in gathering information on activities and programs done in this area.**

1. Surveys
2. Analysis of existing corruption cases (solved & unsolved)
3. Analysis of the roles of the press, judiciary, congress, opposition parties, chambers of commerce, economic organizations, academic organizations and civic action groups in this area
4. Cross Nos. 2 & 3 above - Identify winners and losers
5. Identify good governance
6. Activities with journalists, courses for government employees, university law programs, workshops at the grade and high school levels to discuss societal values, discussions with judges.
7. Activities with the judicial system
8. Seminars
9. Develop hot lines with possible legal guides or technical assistance to help reorganize and solve the problem
10. Strategies for good governance

100

D. Measurements  
information obtained

E. Controlled feedback

II. Compile information about government corruption

A. What is time sequence in compiling information: July 1994

B. Purpose of compiling information  
1. identify target - do not re-invent the wheel  
2. form a basis of information

C. Activities (tasks) to be carried out in compiling information. How does FIU's fit LAC/RFMIP needs?  
1. Create a database  
2. Liaison with other related groups  
3. Review of existing documentation including:  
    ■ Foreign Corrupt Practices Act  
    ■ Exhaustive literature search (SEC, Italy, England)  
    ■ New York standards for internal control

D. Measurements  
1. No. of entries  
2. Amount of information gathered

E. Controlled Feedback

Parameters:

Limitations:

1. Govt. corruption in Latin America (BITNET, INTERNET, INAP)  
2. Information related to corruption

III. Identify and Select models/measures for supporting good governance

A. Time Frame: July 1994

B. Activities (tasks) to be carried out in developing models/measurements

C. Measurements

D. Controlled Feedback

**ATTACHMENT K**



## CASALS&ASSOCIATES

Regional Financial Management Improvement Project  
Proyecto para el Mejoramiento de la Administración Financiera

### ARNET SERIES ON CORRUPTION IN THE ENGLISH SPEAKING CARIBBEAN

#### GOAL:

To provide a forum in which corruption issues of critical concern to the English speaking Caribbean countries may be discussed in order to raise awareness and promote action.

#### SERIES/PARTICIPANTS:

The series will consist of 4 - 6 programs which would run for four to six months depending on USIA mission approval of the topics and speakers and available ARNET air time.

The target audience should be non-governmental organization (NGO's) leaders and journalists (print and electronic) interested in combatting corruption. It is believed that these are the individuals who are in a position to make changes at the grass roots level. Government officials and CEO's from the private sector may also be invited.

#### OBJECTIVES:

1. To discuss topics that endanger the democratic process and accountability in the English speaking Caribbean countries.
2. To present information that is specific and has applicability to the Caribbean experience.
3. To conduct follow-up to these forums as a means of evaluation. This could be in the form of questionnaires, articles written on the subjects by participating journalists, and/or increased NGO commitments to anti-corruption activities. These evaluations will serve as a basis for justification of any future series of this type.

#### POSSIBLE TOPICS:

- Off-shore banking
- Money Laundering

- Electoral Fraud
- Illegal Drug Trafficking
- Achieving accountability through integrated financial management systems; codes of ethics; civil service reform; tax and customs reform.
- Citizen Awareness

**STEPS TO BE TAKEN:**

1. Secure expert consultation from individuals who have written or worked in the area of "corruption," and write a proposal in which the theme and session topics are developed and possible speakers for the series identified. The series could have one theme with various aspects discussed at each session, or the four sessions could be on different topics (though always related to corruption). Each program would run for 1 to 1 1/2 hours and could take the form of a panel, an interactive dialogue between speaker and audience, a lecture with question and answer session or other formats.
2. Present proposal to USIA.
3. Once collaboration is secured from USIA the series will be scheduled.
4. USIA will provide production and transmission requirements and the RFMIP Phase-II Project (Casals & Associates) will provide the speakers, honorarium and travel in accordance with USAID regulations.