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**Quarterly Performance Report  
October - December 2002 (1<sup>st</sup> Quarter FY03)  
Americas' Accountability/Anti-Corruption Project**

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**I. Improved Donor Coordination**

**Donor Consultative Group**

The quarterly meeting of the DCG was held October 4, 2002, hosted by the Organization for Economic Cooperation and Development at its Washington, DC office.

Through video teleconferencing, DCG participants met with Fred Wehrle and Irene Hors in Paris, OECD Anti-Corruption Division Outreach Coordinator and Administrator, respectively. The two reported on implementation of the OECD Anti-Bribery Convention specifically as related to Latin American countries and explored potential roles for other bilateral and multilateral donors in implementation of the convention. Also discussed was the implementation of procurement reforms in the context of corruption prevention.

Video teleconferencing was also used for a meeting with representatives of the OECD Center in Mexico City. Participants addressed OECD anti-corruption activities in Mexico including the OECD-SECODAM Conference on Implementing the OECD Anti-Bribery Convention, held September 18-19, 2002. Participants also discussed the USAID Atlatl Project and its activities related to freedom-of-information laws, internal audit and control self-assessment programs and communications strategies including the project newsletter and website.

Participants received updates on the evaluation mechanism for the OAS Inter-American Convention Against Corruption and on the World Bank course on Legal and Judicial Reform and Control of Corruption in Latin America and the Caribbean.

**Anti-Corruption Forum**

Continuing its efforts to focus donor and other stakeholders' attention on anti-corruption issues, AAA supported two Anti-Corruption Forum presentations, in Washington, DC, during the quarter. (The forums are an unanticipated product of the project, not specifically identified in the Task Order.)

In November, Roberto de Michele, former Director for Transparency Policies of the Anticorruption Office of Argentina and former president of Poder Ciudadano (Transparency International chapter of Argentina) highlighted the monitoring instruments and methodologies being used by civil society and government in Argentina in a cooperative effort to monitor IACC implementation.

In October, Michael Kramer, an attorney specializing in the investigation and civil prosecution of corporate fraud and government corruption, in the U.S. and internationally spoke on "Corruption Schemes—Design and Impact." Based on actual cases, he presented a practical, down-to-earth explanation of how corrupt schemes actually operate, their impact on donor projects and how such schemes can be better detected and controlled.

**ResponDanet**

Quarterly statistics for use of the ResponDanet website were not available at the time of the preparation of this report due to technical problems with the tracking software.

## **II. Improved Government Policies and Practices to Reduce Corruption**

### **Task 1B: Disseminate Successful Practices and Lessons Learned**

#### **San Salvador CSA Follow-Up**

As part of AAA's design of a Technical Assistance Module (TAM) on the use of Control Self Assessment (CSA), two AAA experts conducted a mission to the municipality of San Salvador to learn what had been the impact of CSA workshops conducted in July 2000 in four management units—District Coordination, Internal Services, Citizen Services and the Central Group. This evaluation, which should have taken place much sooner after the conduct of the original workshops, was postponed due to the impact of the two serious earthquakes that hit the area around San Salvador.

Based on the Action Plan developed by municipal leadership following the workshops, considerable improvement has been made in the following areas:

- Prioritization of the use of resources and communication of those priorities to municipal employees.
- Communications between financial and operational units relative to availability of resources.
- Budgeting and citizen participation in budgeting.
- Non-monetary recognition of employee performance leading to high morale.
- Development of job descriptions and position classifications.
- Personnel performance evaluations.
- Reduced loss of municipal property due to theft because of improved systems of internal control.
- Improved workplace physical facilities.

In terms of sustainability of reforms, it is felt that citizen support for decentralization is so strong it is most likely irreversible. Further, staff in Internal Services is optimistic that these advances are likely to be maintained, even after municipal elections in 2003, because they are technically sound and politically neutral.

Both management and staff found CSA to be a good diagnostic tool, innovative and useful in detecting or confirming areas where there were significant problems, areas that had not developed sufficiently and areas of significant strength. Participants noted that CSA offered the first opportunity for staff from various Districts to come together to exchange information and appreciated that the methodology accepts and takes advantage of internal diversity of staff—all staff opinions are equally important, regardless of rank or position in the organization.

Both the workshop evaluations conducted upon completion of each workshop in 2000 and the questionnaires completed in November 2002 were positive regarding the helpfulness of the workshops:

- In focusing on issues of most significance for each work group and to the municipality; and
- Focusing on management issues that had not previously been taken into account.

A major regret is that some senior managers did not participate in the operational workshops in 2000. Most participants indicated that there would have been stronger unit-level follow-up if managers had done so. (Managers did participate in an executive workshop.)

On November 15, AAA experts briefed the USAID/El Salvador Mission Director and staff on the results of this follow-up visit. To enhance sustainability of the current reforms, it was suggested that AAA visit with the new city administration, following elections, to familiarize it with the CSA methodology and advances made to date. It was also proposed that AAA consider implementing another round of CSA sessions with key personnel in the new administration.

### **World Bank Summit**

AAA sponsored the participation of Chilean and Bolivian delegations to the World Bank 2002 Summit on Reducing Poverty Through Improving Public Financial Management, held in Washington, DC, November 25–27. The Summit was co-sponsored by the Bank and the International Consortium for Government Financial Management (ICGFM). AAA Program Director Patricio Maldonado moderated the session relating to financial management reforms in the two countries. AAA is in the process of developing a Technical Assistance Module based on the case studies presented by the Chilean and Bolivian delegates.

### **LAC Internal Control Framework**

AAA is spearheading development of a Latin American Framework on Internal Controls, which will be beneficial to governments and to donors funding accountability programs in the region as well as to USAID Missions with programs on government modernization. It was anticipated that a final draft of the framework would be ready to present to the membership of the Latin American Federation of Internal Control (FLAI) for formal adoption at its annual meeting in Managua in October 2002. While the draft did not come together as rapidly as anticipated, AAA did send Edison Estrella to the meeting to present an outline of the framework and solicit informed input for the framework development. The outline was well received; animated discussion ensued. In addition, Mr. Estrella held meetings with the leadership of FLAI and representatives of the Institute of Internal Auditors to brief them more fully and enlist their support for ultimate endorsement and adoption of the framework. The framework will be finalized in the next few months; written comments on it will be solicited and the final framework will be presented to FLAI membership at its Fall 2003 meeting.

### **Task 2B: Support USAID Missions' Anti-Corruption Strategies**

#### **Ecuador Anti-Corruption Assessment**

In December, AAA conducted an anti-corruption program assessment for the USAID/Ecuador Mission, designed to provide the mission with a comprehensive anti-corruption strategy for future programming. At the time of this report, the project team's draft report had been submitted to the mission for comment. This is an unanticipated project deliverable, which in the future can be referenced by other Missions exploring ways to strengthen anti-corruption programming.

## **III. Strengthened Civil Society's Oversight Role in Reducing Corruption**

### **Civil Society and Municipal Governance—TAM**

As part of the AAA Caribbean Basin Social Audit and Local Government Citizen Participation initiative and ultimate development of a TAM on citizen participation at the municipal level, AAA sponsored a workshop in Santiago de los Caballeros, Dominican Republic, November 15-16, 2002 for more than 50 participants, including:

- Representatives of the three main political parties and several minor parties.
- Citizen participants and officials from 13 Cibao-region communities in which civil society initiatives are occurring.
- Newly elected aldermen from Santiago.
- A member of the President's Anti-Corruption Council, and
- A 5-member delegation of municipal civil society leaders from Honduras.
- Representatives of local and national government.

The purpose was to explore successful programs that engage citizens in municipal budgeting and implementation and social auditing. As part of the program, a Power Point presentation prepared in Colombia on Medellín's Veedurías was also presented.

The workshop brought together for the first time civil society leaders and local officials from Honduras and the DR to specifically exchange experiences related to citizen engagement in municipal budgeting, budget implementation, social auditing and strategic planning. The result was twofold: sharing of successful strategies upon which all stakeholders could build and development of a network of public officials and citizens committed to improving governance at the municipal level. There were several recommendations arising from the conference.

- There is a threat that implementation of Santiago's Strategic Plan might be coming to a standstill for lack of resources creating a unique opportunity to support further progress by providing technical assistance—bringing two staff members from Medellín's Veeduría to advise Santiago on making the PES functional and also, in making it a transparency and accountability mechanism.
- Also unique at this moment, is the willingness of young Santiago aldermen to become involved with PES and in transparency and accountability issues. This opportunity could be lost if they aren't given the tools to implement such reforms in that city.
- The *Red de ONG por la Descentralización* has identified 23 communities throughout the country where some level of cooperation exists between local government and civil society. Most of these are in the Cibao region. This Network could provide vital help in establishing a coalition for transparency and accountability at the municipal level.

AAA is exploring with USAID/Washington and the DR Mission ways that assistance can be provided at this opportune time.

A follow-on to the Santiago workshop is planned in Tela, Honduras for early February for municipal officials and civil society representatives to examine similar programs in that country. Representatives from the DR will participate. AAA will subsequently produce a TAM based on these collected experiences.

### **IACC Compliance Monitoring—TAM**

From October 14-18, Roberto de Michele traveled to the Dominican Republic to begin work on the TAM related to civil society organizations monitoring compliance of the Government of the Dominican Republic with the Inter-American Convention Against Corruption (IACC). When completed, the TAM will provide a model for civil society organizations across the region to engage in such activities. De Michele met with representatives of CSOs, government and USAID Mission officials—about 25 in all. Most interviewed expressed interest in the process, but among CSOs he found little awareness of the IACC follow-up mechanism or the role that civil society can play. As this activity proceeds he will focus on involving a select number of CSOs in the process, those with experience and credibility in the anti-corruption arena.

### **ACSF**

*Anti-Corrupción Sin Fronteras (ACSF)* [Anti-Corruption Without Borders] continues to prove the efficacy of disseminating information on anti-corruption tools and mechanisms to a wide audience of civil society organizations committed to fighting corruption. In October 2002, ACSF (AAA's listserve information exchange) distributed details of and invitations to a forthcoming workshop on "Citizens Work on Analyzing, Overseeing and Monitoring Public Budgets," sponsored by the International Budget Project,<sup>1</sup> and Mexico's Center for Economic Research and Teaching (*Centro de Investigación y Docencia Económica [CIDE]*) The workshop was held in Mexico City, November 24-26, 2002. Several members of the network participated.

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<sup>1</sup> The IBP requested inclusion in the AAA ListServe several years ago, finding it a good way to be informed and in touch with anti-corruption efforts in Latin America. Also, IDB material is periodically disseminated through ACSF.

## **ICGFM**

Continuing its working relationship with the International Consortium on Government Financial Management (ICGFM), AAA was invited by the ICGFM Board to co-chair and plan the agenda for the ICGFM 17<sup>th</sup> Annual International Conference, to be held in Miami March 31 - April 4, 2003, with the theme, "Reducing Poverty and Corruption: An Integrated Approach to Good Governance." In upcoming conference planning meetings, AAA will introduce to the conference agenda topics related to anti-corruption measures at the municipal level that engage civil society, in line with and complementary to its ongoing project activities.

## **Visitors' Program Support**

On November 5, 2002, Casals President, Beatriz Casals, participated in a panel discussion entitled "International Anti-Corruption Efforts to Promote Responsibility and Ethical Standards" for a multi-regional group of educators sponsored by the Institute of International Education as part of the U.S. State Department International Visitor Program. She described the AAA Project's initiatives for assisting Latin American countries in advancing anti-corruption efforts and fostering business practices that promote transparent, ethical, and competitive behavior in the public and private sectors. Also participating were representatives from the World Bank, USAID and the OAS.

## **IV. Program Administration**

Patricio Maldonado joined AAA as Program Director in November; Gerardo Berthin, a governance/civil society expert filled the project's number two slot; Jeanne Dorado was retained as project assistant. These hires filled out project staffing, thereby restoring capacity to move forward with the full scope of activities. In coming months, AAA will accelerate development of TAMs and will focus on other project deliverables.

With the arrival of a new Program Director, staff members and CTO, AAA held a staff retreat on November 20, 2002 to review the history of the project, discuss how to accelerate implementation of project tasks and develop a comprehensive work plan centered on the steps and tasks that are required to produce both anticipated and unanticipated deliverables and other products. There was significant discussion of how to make AAA responsive to the needs of missions and constituent countries, AAA's role relative to the USAID worldwide strategy being developed and programs that will evolve as a result of the Millennium Challenge Account. Those participating, in addition to project staff, included outgoing interim Program Director, Norma J. Parker, CTO Steven Hendrix and Casals & Associates president, Beatriz Casals.