

INDEFINITE QUANTITY CONTRACT AEP-I-00-00-00010-00

**Quarterly Performance Monitoring Report No. 15
Period Covering January 1, 2004 to March 31, 2004**

Submitted to:

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I. General Summary

This quarterly report for January – March 2004, is presented by Casals and Associates, Inc., (C&A), in compliance with Contract No. AEP-I-00-00-00010-00.

Programmatic Trends

The final activities of Task Order No. 800, Nigeria, were arranged, including the radio broadcast of Tight Rope, an anticorruption radio drama. The Guatemala program (Task Order No. 812) had a major boost in this quarter due to the appointment of a Transparency Commission following the inauguration of the new Guatemalan President. Training for government and civil society members, as well as public awareness activities, remained a major part of efforts on Task Order 802, Colombia, and Task Order 810, Honduras. After only five months of operation, Task Order 811, Bolivia, has already developed a civil society strategy with the DPA and begun to implement its anti-corruption task forces.

Task Order No. 1, AAA, continued work to develop a Technical Assistance Module (TAM) on political party finance, which will complement the six previously developed TAMs, which were printed and distributed throughout the region during the quarter. Task Order No. 800, Nigeria, and Task Order 802, Colombia, are finalizing remaining products and administrative matters as part of close-out procedures.

Unresolved Issues/Constraints

Two major obstacles arose during the quarter. In Bolivia, progress for Task Order 811 was slowed by a weak and dramatically underfunded DPA with inexperienced and untrained staff and a vague sense of direction and purpose. Under Task Order 810, Honduras, the TSC unilaterally reassigned one of its two Auditors-in-Charge to another department. This action greatly weakened the technical capability of the office, as post staff had been training the two Auditors-in-Charge for six months.

II. Progress/Status of New and Ongoing Awards

The ongoing Task Orders in this reporting period are as follows; Task Order 803 is completed as indicated on previous reports.

Task Order No/Country/Project Title	Start Date	Estimated End Date
01 AAA-America's Accountability/Anti-Corruption Project	09-29-00	10-01-04
800 Nigeria: Governance/Corruption Survey and IEC Activities	09-18-00	05-31-04
802 Colombia: Strengthening Transparency and Accountability through Improved Government Controls and Increased Citizen Oversight	11-3-00	06-30-04
803 Mexico: Project ATLATL: Accountability, Audit Anti-Corruption Mexico (AAA Mex) Project	06-13-01	Completed
810 Honduras: Government of Honduras Reconstruction Accountability and Transparency Activities	04-01-01	9-30-04
811 Bolivia: Program of Assistance in the Fight Against Corruption	11-05-03	11-05-05
812 Guatemala: Technical Assistance for Anti-Corruption Activities	10-29-03	10-29-04

IQC Contract Start Date 12-14-99/End date 12-12-04.

Task Order No. 01
Transparency and Accountability
America's Accountability and Anti-corruption Project (AAA)

Improved Government Policies and Practices

In February, AAA co-sponsored the Symposium on Corruption in Latin America with the Law School of Southwestern University in California. AAA Speakers were Gerald Caiden, Roberto de Michelle, Valeria Merino and Edmundo Berumen. Participation was over subscribed with some 100 attorneys, professors, students and representatives of the international community in attendance. From the response to the conference, it is readily apparent that there is wide interest in the issue of corruption and how it can be attacked. A by product of the conference is the forthcoming issue of Southwestern Journal of Law and Trade in the Americas, which will dedicate one main section to the papers from the conference, including an article by AAA staff, Gerardo Berthin and Patricio Maldonado.

In February and March, AAA continued work on development of a Technical Assistance Module (TAM) on political party finance. AAA teams traveled to Mexico, Costa Rica, Argentina and Chile to conduct field interviews with more than 20 key informants in each country. The TAM will be published in the next quarter.

During the quarter, the six TAMs developed previously were being printed and recorded on CDs for distribution throughout the region. In the remaining months of the project, AAA will focus on replicating best practices as described in the TAMs, through a variety of fora and information technology applications, including the project website, Respondanet.

Mission Support/Strengthen Civil Society

In March, AAA dispatched a team to Panama to conduct an anti-corruption assessment for the Mission, which will be delivered to the Mission in April. AAA also conducted a two-day training program with 20 representatives of CSOs and NGOs in Panama. The workshop's objective was to train representatives in the development of anti-corruption proposals (small-grants) for USAID funding. Patricio Maldonado, Gerardo Berthin and Sylvia Rodriguez implemented the workshop. The training was well received by an enthusiastic cross section of the CSO/NGO community. It appears that AAA has instilled a new vibrancy in pro-reform advocates in the country and that greater involvement in anti-corruption programming will evolve as a result.

Task Order No. 800
Nigeria: Governance/Corruption Survey and IEC Activities

During this quarter, most activities contemplated under this task order were completed. Of the two remaining activities, one was initiated while another one remains pending. As reported in the previous quarterly report, between November 18 and December 12, 2003, twenty policy workshops were conducted across Nigeria's six geopolitical zones and the Abuja National Capital Territory. Once descriptions of the deliberations were received from the sponsoring organizations, including the Zero Corruption Coalition (ZCC) and the logistics firm contracted to manage the workshops, Casals drafted brief Summary Workshop reports. These were posted on the web site

(www.accountabilitynigeria.org), a dedicated task order site that also contains the main corruption survey report, as well as four summary reports and other information.

Once the workshop summary reports were reviewed by interested Nigerian parties, Casals proceeded to draft the final policy recommendation report, *Policy Considerations: Forums on the Nigeria Governance and Corruption Survey Study*. Three-thousand copies of this report were printed in Abuja and shipped to various Nigerian organizations for further distribution within the country, including the Independent Corrupt Practices and Other Related Offenses Commission (ICPC), ZCC, Independent Policy Group (IPG), universities engaged in the survey, and selected workshop participants. The report was also posted on the Accountability Nigeria web site.

In late January to early February, the Casals non-resident COP visited Nigeria to address pending task order issues. One concerned the transmission of the Tight Rope anti-corruption radio drama, adapted for this medium from the original television series produced under OTI sponsorship. Casals was finally able to agree on discounted rates with the Radio Corporation of Nigeria (RCN). RCN agreed to broadcast the 13 episodes in both English (nationally) and Hausa (the Northern regions of Nigeria), with the broadcast beginning on March 18th and running through June 10, 2004. To accommodate the broadcast period, Casals requested and the Mission granted a further no-cost extension to May 31, 2004.

The task order-sponsored web site was unveiled in early March under the sponsorship of the ZCC, the NGO that will continue to manage the web site with limited Casals support (at no cost to USAID), mainly to keep current the site's news flash section. The site invites comment on the various reports and other corruption-related events and was designed to facilitate communications among the community of Nigerian organizations and individuals concerned with corruption.

With the completion of all task order related reports, the unveiling of the web site, and broadcast of Tight Rope, the task order has met all of its deliverables. With the completion of deliverables -- and as the task order has used up its funding -- the contract for Mr. Adebayo Adelodun, Casals local representative, in Nigeria came to a close. The only pending activity is the task order's final evaluation; it was to have been conducted in late March. However, the Mission expressed some reservations about the evaluation credentials of the law university professor proposed by Casals and suggested that a new candidate with a broader evaluation background be identified. The alternate candidate has been found. Negotiations are underway with this candidate in order to evaluate the task order before it officially ends in May.

Task Order No. 802

Colombia: Strengthening Transparency and Accountability through Improved Government Controls and Increased Citizen Oversight

A. Activities Completed

Component One: Improved Government Internal Control in National Entities

1. Develop a New Regulatory Framework: In lieu of a regulatory framework, C&A worked closely with the Accountant General and his staff to draft new regulations for accounting

internal controls. The Accountant General approved the draft with minor changes. The new regulations were issued February 10, 2004 and the new standards which all public entities in Colombia, both national and sub-national, must follow. The Controller General will review all national entities against the standards contained in the new regulations.

2. Training for National Chiefs of Internal Control: Price Waterhouse Coopers (PWC) carried out short term training for 64 new Chiefs of Internal Control in coordination with the Department of the Public Function (DAFP). These new Chiefs of Internal Control Offices were previously selected by a meritocracy process.

Component Two: Improved Government Internal Controls in Sub-National Entities

1. Training for Chiefs of Internal Control. The 297 new Chiefs of Internal Control Offices in the four pilot departments of Antioquia, Atlántico, Valle del Cauca and Nariño received short term awareness training in internal control, internal auditing, public ethics and public communications.
2. Training for high level municipal and departmental officials (directives): 354 new sub-national entity high level officials in the four pilot departments, received awareness training in internal control, internal auditing, public ethics and public communications.
3. Assistance to the Accountant General: The Office of the Accountant General carried out accounting internal control training workshops for public accountants in the four pilot departments of Antioquia, Atlántico, Valle del Cauca and Nariño. In addition, workshops were also held in Bogota for public accountants and Chiefs of Internal Control for the Department of Cundinamarca and the District of Bogota. Over 2,000 civil servants received training in the new regulations for accounting internal control that were issued by the Accountant General in February 2004.
4. Technical Development of the Internal Control Model: The new internal control framework and an accompanying implementation manual and interactive CD were completed and published at the end of March 2004. Distribution of these materials was initiated and will continue through April 2004.
5. Contract Extension: Internal control activities were identified jointly with USAID Colombia to be implemented during a three-month contract extension which ends on June 30, 2004.

Component Three: Strengthening Citizen Control

1. Training and Technical Assistance to Veedurias: C&A provided additional training and technical assistance to veedurias (citizen oversight groups) in the Departments of Antioquia, Atlántico, Valle del Cauca and Nariño. Our local partners who utilized training methodologies developed under the initial phase of the C&A program carried out this training. Three hundred people were trained in citizen oversight techniques. This brings the total number trained under the citizen control program to 2,184. The veeduría groups trained an additional 6,562 people in oversight techniques.

Institutional agreements with four regional partners (Chamber of Commerce of Cali, Chamber of Commerce of Pasto, ProTransparencia of Barranquilla, and Corporación Region de Medellín) to organize veedurias, run training workshops, provide technical assistance and manage the small fund for veeduría projects were closed.

Final reports on grants to partners and 102 veeduría projects were completed. Accounting reports closing out all grant funds were reconciled and submitted to USAID Colombia.

2. National Citizen Control Forum: A national forum was held in Bogota in February to present experiences gained under the USAID funded citizen oversight activities. The forum was opened by the Director of the President's Anti-Corruption Office, Ms. Maria Zuleta. The Controller General, Mr. Antonio Hernandez Gamarra and Senator Jose Renan Trujillo (drafter of the new law regulating veedurias), and Thomas Johnson (Director of USAID Colombia Democracy Office) also made presentations and participated in panel discussions.

This event was heavily attended by national and local government officials as well as by representatives from civil society organizations, academic institutions, media and international organizations.

The forum presented the strengths and weaknesses of the citizen control activities and outlined areas where additional work needed to be done.

3. Evaluation: An evaluation of the preliminary impact of the citizen control activities (one year experience) was completed in March. Recommendations were made to USAID Colombia regarding future initiatives in support of citizen oversight programs.
4. Anti-Corruption Campaign: Preliminary discussions were held with the Director of the President's Anti-Corruption Office to provide a grant to the "Adios a Las Trampas" program. This program will provide for the printing and distribution of materials for school age children on the topic of anti-corruption. This activity will be partially funded under the April through June 2004 contract extension.

B. Current and Potential Problems

Under Component Three, the Public Awareness Campaign is behind schedule. All the production work on the Campaign ads has been completed. However, the Office of the Vice-President has not launched the Campaign in the media.

C. Future Activities

C&A will initiate the following high priority activities requested by the GOC under C&A's contract which was extended through June 30, 2004:

Component Two:

1. Ethics assessments and workshops for nine territorial entities in the departments of Antioquia, Atlantico, Valle del Cauca and Nariño.

2. Training for municipal public communication chiefs and chiefs of internal control for ten municipalities in the Departments of Antioquia, Atlantico, Valle del Cauca and Nariño.
3. Training for municipal controllers in accounting internal control.
4. Training for high impact teams in business practices and internal auditing for the ten municipalities in the Departments of Antioquia, Atlantico, Valle del Cauca and Nariño.
5. Complete distribution of internal control technical manuals and CDs.

Component Three:

1. Support to the GOC Anti-Corruption Office, “Adios a Las Trampas” Program.
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Task Order No. 810

Honduras: Government of Honduras Reconstruction Accountability and Transparency Activities

Tribunal Superior de Cuentas Activities

- Participated in the review, translation and correction of four audit reports in process of USAID/Honduras projects in conjunction with hands on training for UAPOI personnel.
 - Prepared self-study materials for three courses bringing the total courses prepared for UAPOI under this Task Order to six.
 - Prepared evaluation of UAPOI personnel with recommendations for changes in personnel to improve the quantity and quality of work.
 - Prepared guidelines for the TSC on the format and content of audit reports for audits of financial statements and for audits of selected accounts of executed budgets. These guidelines can also be applied to the types of audits performed by the Municipal Sector Audit Office.
 - Verified that the Municipal Sector Office had met the CY 2003 goals of the TSC’s grant agreement with USAID by publishing seventeen audit reports conducted of local governments.
2. Activities planned for the next quarter
 - Continue to supervise UAPOI audits in process.
 - Continue to prepare self-study courses on other subjects.
 - Follow up on the implementation of the TSC’s audit recommendation follow up system (SISERA).
 3. Any obstacles encountered this quarter
 - Met with the Executive Director and the Director of Human Resources of the TSC and later separately with the President of the TSC, regarding recommendations to improve the personnel situation in UAPOI. No action was taken on the recommendations.

- The TSC unilaterally reassigned one of two Auditors-in-Charge (whom we had been training for six months) to another department which greatly weakened the technical capability of the office.

Public Awareness Activities

The Task Order focused the majority of its efforts on the development of transparency campaigns in the four selected municipalities. Training sessions, most consisting of twelve hours over a two-day period, are being conducted sector by sector, such as educators, health workers, community leaders both rural and urban, and youth groups. The training provides specific information on public ethics, rights and responsibilities of citizens, transparency issues, the social costs of misused resources and the value of social audit. The groups are asked to identify the current functional role of civil society in the management of local resources versus the influence that it should and could have. One of the four cities was already in the process of organizing a formal oversight commission by quarter's end.

Casals coordinated and conducted a series of events in the area of Honduras known as Valle del Aguan hosting an exchange of experiences between the Mayor and representatives of the Transparency Commission of Sabanagrande and ten communities in the northeast part of the country covering several departments but particularly in Colon. Both public sector and civil society compared experiences and those from Sabanagrande were able to offer their lessons learned during their first year of work toward a more transparent local government. That effort, which originated in a previous Task Order, continues to receive USAID support and during the quarter was recognized as one of its successes [http://www.usaid.gov/stories/honduras/pc_honduras_citizens.html].

Casals worked with local NGO Comunica in preparation of the PAC publicity products that will focus on municipal transparency themes. A formal presentation was made to the Mission for its final approval of the content of the Public Service Announcements.

Casals' local Program Director participated in the continuing process for the transition of the National Anti-Corruption Council to a civil society foundation. Donors, CSOs, the GOH and religious leaders are working closely to make this a reality so that the CNA can play a watchdog role in the fight against corruption.

The Task Order also played a coordinating role between the Inspectoria donor group (USAID's participation in the GOH Program for Transparency in State Contracting and Purchasing) and the TSC's Office of Control and Evaluation where the Transparency Program's Audit Recommendation Follow Up System (SISERA) serves as a tracking mechanism.

Task Order No. 812

Guatemala: Technical Assistance for Anti-Corruption Activities

The technical Assistance for Anti-Corruption Activities Initiative TO supports national efforts to enhance transparency and accountability and deter corruption in Guatemala. It seeks to build consensus around an anti-corruption policy and action agenda to contribute to a national strategic

effort. It also seeks to strengthen the *Contraloría General de Cuentas* (CGC) and its capacity to effectively combat corruption.

The project gained momentum in January 2004, following President Oscar Berger's inauguration and the establishment of a Transparency Commissioner. Both the new government and civil society welcomed C&A's technical assistance in establishing a solid base for fomenting transparency and accountability in the public and private sector. Technical assistance has focused on assisting the new government and civil society define anti-corruption strategies; on the implementation of the Inter-American Convention Against Corruption (IACC) and on strengthening the Office of the Comptroller General.

Defining an Anti-Corruption Policy and Action Agenda

Public Sector

C&A has provided technical assistance to the Office of the Transparency Commissioner (OTC) in defining the functions and structure of the new office, as well as in designing a work plan. In addition to the day-to-day assistance provided by local coordinator, Carol Zardetto, international consultant Roberto de Michele traveled twice during this quarter to provide technical assistance to the OTC.

During a first meeting in January 2004, C&A brought to the attention of the newly designated Transparency Commissioner the importance for the GOG of implementing the IACC. The IACC is a legal document that commits Guatemala to comply with a specific agenda that is beyond partisan politics and does not require consensus. Also, it establishes a fixed timeframe of February 2005 to evaluate Guatemala on specific articles. The established timeframe and agenda provides a powerful tool to carry out a coherent anti-corruption strategy.

Awareness of the significance and opportunities that the IACC offers was not widely disseminated in Guatemala prior to the start of this project.

Roberto de Michele has assisted the OTC Commissioner define the required structure for the functions it would carry out. He outlined the need for clear and precise functions to avoid ambiguities and unrealistic expectations; establishing communication mechanisms among agencies; and ensuring strategic planning, among others. He has also assisted this office in defining a work plan for IACC implementation.

As a result, the Office has called for and created an Inter-Agency Task Force that will coordinate IACC implementation. This is the first time that such a group is created to coordinate anti-corruption policies in Guatemala. Dr. de Michele is training Task Force members on the IACC and its requirements. Members of the Task Force agreed to a work plan and tentative calendar.

Civil Society

C&A has worked closely with the *Coalición por la Transparencia*, a three-organization grouping that has renewed impetus on implementing an anti-corruption agenda. Ms. Zardetto has been supporting the *Coalición* as it redefines its working agenda and finds ways to implement it. She has been working on finding commonalities and creating synergies between the Office of the Transparency Commissioner and the *Coalición*.

Inventory of Social Auditing Experiences

International consultant Ricardo Puerta traveled to Guatemala in March to collect information and prepare an inventory of social auditing experiences in Guatemala. This will be followed by a workshop on social auditing.

Dr. Puerta found a dearth of understanding, structures and shared experiences among civil society organizations conducting or interested in conducting social auditing. Also lacking are consistent methodologies, strategic alliances or even contacts among organizations that include social auditing in their agendas. Individuals interviewed outlined many of the problems faced by willing citizens in conducting social auditing, including limitations imposed by the public sector.

Still, Dr. Puerta found a keen interest among numerous civil society organizations in attending the proposed workshop. Similarly, several GOG officials expressed an interest in opening up to civil society and establishing social auditing mechanisms that support and strengthen their functions, particularly in the education and health sectors.

Strengthening the Office of the Comptroller General

International consultant Alfonso Chan has been providing substantial technical assistance to the Office of the Comptroller General since November 2003. He has also outlined the challenges faced by the CGC and has encouraged the institution to take seriously the need for reform and modernization. Of particular importance has been the revision of training manuals, the training of 242 auditors and conducting 5 pilot audits in government entities. He was able to achieve his mission despite the instability in the CGC, which has experienced significant personnel changes since January 2004, including the arrest of the CG. He also provided extensive recommendations on requirements for the institutional strengthening of the CGC.

Mr. Chan's intimate knowledge of the workings of the CGC is very valuable to civil society. For that reason, on March 31, C&A held a working luncheon for a reduced number of civil society organizations, members of the Office of the Transparency Commissioner, and the Office of the Commissioner for Political and Judicial Reform, among others, to hear Mr. Chan outline the challenges faced by the CGC. Civil society representatives welcomed the information and have requested more similar exchanges when Mr. Chan returns to the country.

ListServe

"*Guate-transparencia*" a ListServe to provide communication among interested stakeholders disseminates information among his readers. Number of individuals who have signed is still very limited.

Administrative Matters

In January, C&A opened its office at the Gemini building.

Task Order No. 811

Bolivia: Program of Assistance in the Fight Against Corruption

The Program, after five months of operation, is implementing a USAID-approved workplan; working on a daily basis with our government counterpart, the Presidential Anti-Corruption Delegation (DPA) in strengthening government efforts to prevent corruption; and beginning to implement police-prosecutor anti-corruption task forces and mobilize civil society in the fight against corruption.

Before Chief of Party Margaret O'Donnell arrived in country on January 21, 2004, staff Lola Araujo and Ana Michel found office space and furnished it, including equipping the office with computers. In addition to the administrative duties required to open an office – advertising for a financial administrator, messenger/cleaner, and secretary – local staff developed a first draft of a workplan based on the Casals task order, in consultation with the DPA. By the end of January, Casals was implementing the workplan on schedule by component, with activities and results.

Other donors are involved in funding anti-corruption activities in Bolivia, including the Embassies of Holland, Denmark, Canada and Sweden, as well as the World Bank and the Interamerican Development Bank. USAID/Casals is working closely with all of these donors to take advantage of synergies and avoid waste and duplication.

A number of obstacles to program implementation are also detailed below; the most important is a weak and dramatically underfunded DPA with inexperienced and untrained staff and a vague sense of direction and purpose. In the coming quarter, we will continue to execute the workplan, including getting the police-prosecutor task forces underway, organizing the citizen anti-corruption networks, and gaining consensus among state entities to implement the Interamerican Convention Against Corruption. Most of our program activity took place in Component 3: Strengthening the DPA, since it is by far the most urgent need.

The program has made rapid headway in Component III: Strengthening the DPA, and began implementing Component I: Enforcement, with police-prosecutor task forces, in March. Component II: Civil Society is at the brink of implementation, after an intensive planning process with the DPA. We must coordinate with other international donors to make the most of our resources. Our program has the confidence of the DPA, as well as credibility. Specifically, USAID/Casals has:

1. Implemented an effective organizational design for the office that permits the DPA to achieve its objectives.
2. Developed a powerful civil society strategy with the DPA.
3. Served as the DPA's primary and trusted advisors and strategists.
4. Strengthened the DPA understanding of its leadership role with other state entities, including the Contraloria, the Public Ministry, and the Judicial Power, so that Delegada Lupe Cajias now is working with these entities on coordination and cooperation in anti-corruption strategies.

5. Researched and wrote Bolivia's required response on its anti-corruption activities to the Organization of American States, and trained DPA staff in how to respond to its obligations under the Interamerican Anti-Corruption Convention, so that DPA staff can complete the required reports in the future.
6. Developed and began implementing the anti-corruption task forces.
7. Studied the existing citizen networks and began implementing a redirected civil society strategy that will achieve results.
8. Began implementing regional anti-corruption offices, in coordination with the World Bank.

Looking Ahead

In the next quarter, we plan to begin work on:

- Drafting laws for the penal code
- Drafting and implementing ethics codes for government entities
- Designing the grant program for civil society
- Training citizen anti-corruption networks
- Ethics curriculum for high schools and colleges

We plan to continue work on:

- Selecting, training, and equipping the police-prosecutor task forces
- Establishing the Inspector General's Office within the Public Ministry
- Establishing regional anti-corruption offices.