

**STRATEGIC OBJECTIVE (SO)  
RULING JUSTLY: MORE RESPONSIVE, TRANSPARENT GOVERNANCE”**

**TRANSPARENT JUSTICE AND GOVERNANCE ACTIVITY No. 519-0461**

**POLITICAL SYSTEM STRENGTHENING**

**Concept Paper**

**BACKGROUND**

The Central America, Mexico and Panama (CAM) Regional Strategy approved in August 2003 provides the framework for the USAID/El Salvador Country Plan 2004-2008. The regional goal will be achieved through three principal Strategic Objectives (SOs): SO1 Ruling Justly: More Responsive, Transparent Governance; SO2 Economic Freedom: Open, Diversified, Expanding Economies; and SO3 Investing in People: Healthier, Better Educated People.

The USAID/El Salvador *SO1 “Ruling Justly: More Responsive, Transparent Governance”* will focus on promoting greater transparency and accountability in the judicial system and in the use of public resources and decision-making processes. It considers two Intermediate Results (IRs): (1) IR1: *Strengthened Rule of Law*; and (2) IR2: *Greater Transparency and Accountability of Governments*. Under IR2, focus will be on three of the four Sub-IRs of the CAM Regional Strategy: Sub-IR 2.2: *Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens’ needs*; Sub-IR 2.3: *More opportunities for citizen participation in and oversight of national and local government decision-making*; and Sub-IR 2.4: *Accountability of elected and appointed officials improved*. Furthermore, SO1 has developed, under Sub-IR 2.4, an illustrative Lower Level Result (LLR) 2.4.1: *Political parties and elected leaders’ accountability improved*.

As part of the Activity Approval Document (AAD) design process, USAID/El Salvador conducted an assessment to identify possible interventions to improve participation, transparency and accountability within the Salvadoran political system, with an emphasis on political parties. With financial support from the Latin America and Caribbean Bureau, the Center for Electoral Assistance and Promotion (*Centro de Asistencia y Promoción Electoral* –CAPEL in Spanish) carried out this assessment in September 2004.

During the assessment almost forty interviews were conducted with representatives from different sectors of Salvadoran society, including political parties, party institutes, private sector, and civil society. The interviews were structured around a questionnaire containing eighteen “incidence factors” aimed at strengthening political parties and rated by each interviewee. Each interviewee was also required to describe methods to achieve his/her three most important “incidence factors” (**measures**), considerations that would make feasible the realization of these measures (**reinforcements**), and the variables that would hinder the implementation of these proposed measures (**resistance**).

**DEVELOPMENT CHALLENGE**

El Salvador suffers from a political party system in which internal democratic procedures and citizen participation are weak, and transparency and accountability are lacking. This combination of problems is manifested in three related areas: within the political parties themselves; in the electoral party system; and in the system of institutional representation.

Within the political parties, power is concentrated in the political party leadership (*las cúpulas partidarias*), and participation of party members in the decision-making processes is limited. In most Salvadoran political

parties, leadership has been exercised by the same individuals for many years and the new generations are finding limited opportunities to take up relevant positions.

In the electoral party context, the Electoral Code makes no provision for campaign financial disclosures. Political parties receive funds from the State through the Supreme Electoral Tribunal (*Tribunal Supremo Electoral* –TSE in Spanish) and also from private contributions, even including contributions from other governments. The Court of Accounts of El Salvador audits the funds received from the TSE, but the private contributions are not known. The political party leadership and main private contributors are opposed to financial disclosure.

In the institutional representation context, closed-list ballots and centralized party control over nominations lead to a system of representation in which deputies in the Legislative Assembly are accountable to the political party leadership and not to constituents. At the local level, a “winner takes all” system for mayors and city councils means that even political parties that obtain a significant number of votes are not represented in the municipal council, making the system less inclusive.

According to surveys conducted by the Latinobarometer, 1997-2003, trust in political parties in Latin America declined, on average, from 28 % in 1997 to 11 % in 2003. In the case of El Salvador, the surveys showed that in 1997 about 45% of Salvadoran citizens trusted their political parties; in 2003 the level of trust was only 11%. This lack of trust is mainly because political parties have failed to perform their principal role as vehicles of representation and integration of interests. The UNDP reached a similar conclusion in its 2004 study “Democracy in Latin America” and countless local Salvadoran polls reach the same conclusion.

The assessment team also found similar results. Their findings indicate that the political parties in El Salvador are not complying with the fundamental role of representation to articulate the interests and needs of the different social sectors and the State in a new reality. They also have a deficit in terms of responsibility, transparency, leadership and credibility.

## **RESULTS TO BE ACHIEVED**

The results to be achieved are: IR2: *Greater Transparency and Accountability of Governments* and its Sub I.R. 2.4: *Accountability of elected and appointed officials*; and more specifically, its lower level result (LLR) 2.4.1: *Political parties and elected leaders’ accountability improved*. Specific illustrative indicators to measure the achievement of these results are described in the section DG Office Analysis and Proposed Program; these indicators will be refined in the Performance Management Plan (PMP) for the Democracy SO.

## **MAJOR FINDINGS OF ASSESSMENT**

Final results of the assessment show that among the eighteen “incidence factors” of the questionnaire, which aimed at strengthening political parties, the following five were considered to be the most important: improvement in the management of public resources (94.4 %); greater transparency in political party finance (83.3 %); respect for electoral law (83.3. %); greater control over public debt (80.6 %); and the need for training and education of party members (66.7 %).

Many interviewees proposed to strengthen the political system through: (1) electoral reforms (e.g. proportional representation, separation of TSE functions, elections by name instead of a party list, and residential voting); (2) a political party law (e.g. primaries, campaign financial disclosure, selection of candidates, and internal oversight); and (3) better enforcement of these and other existing laws. Other participants strongly supported the participation of civil society advocacy groups and the media as a means to promote the passage of these electoral reforms.

Also, according to the respondents, a strengthened TSE is crucial to promoting electoral reforms, to oversee an improved inter- and intra-party competition system, to control political finance, and, for the long-term, to foster constitutional reforms to change the way that the TSE Magistrates are elected. The involvement of the Legislative Assembly in the strengthening of the political party system is also important. Leaders of almost all of the political parties are legislators and their influence in their own political parties is obvious.

Finally, an important outcome highlighted in the assessment is a better educated and trained party membership and leadership. They can be educated and trained in the democratization of internal political practices.

### **ILLUSTRATIVE INTERVENTIONS RECOMMENDED BY ASSESSMENT**

Based on the findings, the assessment team recommended illustrative interventions that can be divided into three different programmatic areas:

#### A) Legal Framework

The team proposed technical assistance for electoral reforms and a political party law to promote greater transparency in political party finance, elections, and inter- and intra-party competition. This assistance would be provided to relevant commissions in the Legislative Assembly to resume the review and discussion of the draft electoral and political party laws presented by the TSE about two years ago. The new TSE would also be supported to promote the passage of such legislation. Policy dialogue is also recommended with respect to decision makers, such as deputies, party factions in the Assembly, and party leaders (*cúpulas*) so as to obtain approval of draft laws.

Civil society groups can play an important role to advocate for these policy changes. Technical assistance can be given to encourage dialogue between PROBIDAD, MIRE, COCIVICA, and FUSADES, among others, as groups interested in political party and electoral reforms.

#### B) Institutional Strengthening

According to the assessment team, USAID intervention should reinforce the financial controls carried out by the Probity Unit of the Supreme Court and the Court of Accounts through expansion of their functions, training of personnel (taking into account experiences of other countries), and establishing financial control mechanisms in three specific areas: government expenditures, campaign debt, and private funds received by political parties. The program should take into account the possibility of introducing national and international “best practices.”

#### C) Education and Training

In this component, the program would aim to achieve a political culture of positive democratic and ethical values, responsibility and efficiency. Education and training would be targeted at the following groups: (a) party institutes; (b) the middle ranks of existing political parties; and (c) officials of political and control institutions such as the TSE, Court of Accounts, the Legislative Assembly, municipalities, and others. Education would be offered in reputable academic centers, taking into account gender, and ensuring that instruction is inclusive and far-reaching.

## **DG OFFICE ANALYSIS AND PROPOSED PROGRAM**

In the assessment, the vast majority of those interviewed proposed electoral reforms as measures to strengthen the political system. However, despite the optimism shown by the interviewees regarding the approval of these reforms, optimal conditions do not currently exist in the Salvadoran political environment that would enable their passage. Most political party leaders are very reluctant to approve new laws (e.g. the political party law) that would control and expose their finances and the way they direct and elect their candidates. In fact, the draft political party law presented by the TSE to the Legislative Assembly has been held up for the past two years.

In addition to these considerations, the design of the new political system program needs to reflect the following factors:

- although the *cúpulas* of political parties talk about the need for changes, in reality they do not appear fully committed;
- the interest for change is coming from parties' middle ranks;
- this is an area that will require long-term sustained efforts, including a political culture change; and
- this is a new program for USAID/El Salvador and one of the most politically charged types of programming a Mission can undertake.

### **Proposed Program**

Given the above, the DG Office proposes to begin work in this area modestly, focusing on developing political parties into broad-based, viable, and internally democratic organizations (**Organizational Focus**) initially through education and training. The DG office recognizes that training is not sufficient to resolve the problems faced by political parties, but at the currently limited level of political will for more systemic and structural reforms, training becomes important.

USAID/El Salvador will support democratic political parties which are committed to change. The overall approach will be to promote education and training for leaders and middle rank party reformers on issues related to internal democratic practices, institutionalization and transparency. The program will target support to local political party leaders who are committed to reforms for greater accountability of their national party leadership to citizen concerns. It will also promote the inclusion of youth and women who may have in some cases greater access to positions of power but lack the relevant skills needed to fulfill their responsibilities. The program will also include capacity building activities for participating political parties. Through this educational and training program, the Salvadoran political parties will be able to embrace more democratic principles, become stronger and enhance the democratic process.

The DG Office proposes a two-phased approach for the implementation of this program:

**Phase One.** An educational and training program will be designed and implemented based on the real needs of the Salvadoran political system; participation of political party members and consensus among them will be crucial. The program will define the methodology, the selection process of participants, and the most critical themes to be taught in the three-interrelated areas of institutionalization, democratization, and transparency. It will also introduce mechanisms that will promote the implementation of what trained leaders learn within their own parties.

The educational and training program will target those actors who are genuinely interested in reforms and have some power to push for change, and to provide them with the requisite tools. The program may include, but

not be limited to: (a) institutionalization: organizational development (internal structure, regulations, and management), local party organization to enhance the local party leaders' relationship with the communities and the local-national relationship, and opportunities for generational renewal; (b) democratization: candidate selection, representation, and decision-making processes; and (c) transparency: campaign finance, internal elections, and ethics.

Under this program, the DG Office anticipates a great opportunity to incorporate not only gender awareness but also the participation of greater number of women in the training sessions. Better trained and educated men and women can help party members understand the importance of opening more spaces for women's participation in the political party decision-making process. Data of gender relevant variables (sex, age, urban, rural, etc) will be collected and analyzed to seek opportunities to achieve greater gender integration. Youth will have the same relevance, and will be targeted, especially given the youth's current lack of interest in politics.

The implementation of the educational and training program can be done through multi-party training seminars and workshops, and multi-party roundtables and conferences with national and international experts as trainers. These seminars, workshops, and conferences would be carried out at the national, regional, and local levels. Also observational trips, commodities, and information technology are other methods used in an educational and training program.

Illustrative indicators that may be used to measure progress are: (1) a Training Effectiveness index, including number of participants per political party, contribution to intellectual and/or political understanding of issues (through course evaluation forms), and impact on party internal discussions; and (2) a Political Party Internal Democratic Index, including variables such as inclusive decision-making and candidate selection processes, policy driven platform development, and use of primaries.

The timeframe for implementing Phase One will be two and a half years. This is a new initiative that will require the establishment of trust between the implementer and political parties, and between trainers and party representatives. The implementer will carry out a program mid-term evaluation with political party representatives and other relevant stakeholders to determine its impact based on the pre-determined performance indicators and to make recommendations on further USAID-assisted political party development. The possible scenarios include the following: 1) the program would move on to Phase Two to provide direct assistance to political parties fully committed to put into practice what they have learned; 2) the program would continue with an expansion of Phase One training if that is determined to best meet party needs; 3) some combination of Phase One and Two, based on individual party needs; or 4) the program would be terminated because of a lack of interest on the part of the political parties, or because further results were not desired.

**Phase Two.** This phase will be carried out only if the mid-term evaluation determines that there are political parties committed to put into practice what they have learned. USAID/El Salvador can provide direct assistance to parties committed to democratic reforms in critical areas such as party organization at the local level, development of public policies to respond to economic and social problems, and strategies in negotiations and conflict resolution. Some illustrative activities may include assistance to eligible parties to expand membership at the grassroots level and promote capacity building in negotiations and bargaining techniques and conflict resolution strategies. This step will be further developed with the input to be obtained from the program evaluation.

In conjunction with the above, the Ruling Justly SO will remain flexible in its approach, and will remain ready to take advantage of any opportunities that are presented in this area, for example, in the areas of legal framework. The Ruling Justly SO will also seek opportunities to support initiatives by other donors,

democratic institutions (e.g Legislative Assembly, TSE, the Electoral Surveillance Board -*Junta de Vigilancia Electoral* –JVE in Spanish), and civil society organizations (PROBIDAD, FUSADES), aimed at strengthening and increasing the transparency of the Salvadoran political system. Specific activities would be supported if there is real interest and the political will to implement them. Furthermore, USAID/El Salvador, supported by the Embassy, can engage in a policy dialogue with relevant stakeholders and GOES officials to build the political will of leaders for significant political party reforms.

Some specific illustrative impacts of this program are:

- A second generation party leadership. By the end of the program, a new generation would be occupying more key positions within the organizational structure of the political parties, in the Legislative Assembly and in the municipal councils;
- More open and inclusive political parties in which more women and youth play more important roles in party operations, including running as electoral candidates;
- Political parties better organized to increase their membership and to improve communication of local party branches with party headquarters;
- Strengthened linkages between party leaders and their members; and
- Use of primaries for the selection of candidates to participate in elections.

### **USAID POLITICAL PARTY ASSISTANCE POLICY**

In developing a program of political parties strengthening, the Mandatory References to ADS Series 200, the USAID Political Party Assistance Policy dated July 11, 2003 and the USAID Political Party Development Assistance document dated April 1999, provide guidance that should govern such assistance. Some of the most relevant directives are: (a) political party assistance is a new USAID priority; (b) one of the goals of this assistance is to establish viable democratic parties; (c) a political party is defined as “any entity that competes for elected office, whether a political movement, party, electoral coalition, or alliance;” (d) democratic political parties are those that support peaceful and democratic means to obtain power, respect for human rights and the rule of law, and respect for freedom of religion, press, speech and association; and (e) the assistance should be provided in an inclusive and equitable manner and should not be used to influence electoral outcomes. In El Salvador, all current political parties (*Alianza Republicana Nacionalista* –ARENA, *Frente Farabundo Martí para la Liberación Nacional*-FMLN, *Partido de Conciliación Nacional*-PCN, and *Partido Demócrata Cristiano*-PDC) seem to comply with the selection criteria established in the ADS, but as private organizations, it is within the rights of these institutions to reject support for political party assistance.

### **IMPLEMENTATION MECHANISM**

Under a task order, El Salvador, Nicaragua, Panama and Guatemala CAM missions are seeking to implement a multi-country anti-corruption /transparency program through a US contracting firm. Political parties and elected leaders’ accountability enhancement is part of this regional program. The regional contractor may use, for the implementation of the program, experts from other institutions and firms, which have vast experience with different programs in this area financed by USAID. Also, as part of the program, the contractor can award grants to reputable local academic centers (e.g. the Catholic University and FEPADE) and provide international comparative expertise in the area.

## **ANALYSIS**

The Salvadoran political system assessment carried out by CAPEL is the primary source used by the DG office for the proposed program. Another important source was the on-going assessment conducted by Management System International (MSI) on “Latin America & Caribbean Political Party Reforms: A Desk Assessment” to identify a prioritized set of innovative recommendations for a USAID regional program in political party reform in Latin America. Also, a recent survey on “The Perception of Corruption in El Salvador’s Institutions,” carried out by the *Instituto Universitario de Opinión Pública (IUDOP)* within UCA and financed by USAID and the Latinobarometer 2003 survey provided some input. In addition, the *Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES)* study on “Proposal for Reform to Improve the Electoral System, Transparency, and Accountability,” and the CAPEL study on “Internal Democratization of Central American Political Parties: Advances and Pending Issues,” were used to validate the proposed interventions.

## **FUNDING REQUIREMENTS**

USAID/El Salvador’s Ruling Justly SO has an estimated life-of-funding level of \$20 million to achieve both IR1 and IR2. The total estimated life-of-funding for IR2 is \$10 million or \$2.5 million per year. According to the preliminary allocations reflected in the SOAG, these \$10 million will be used to implement three different programmatic areas: (1) devolution of responsibilities and resources to the local level; (2) citizen participation and oversight – national and local level; and (3) accountability of public officials. This last programmatic area includes two major activities: (a) political system strengthening and (b) public ethics strengthening. It is estimated that during the first two and a half years of the program, \$600,000 per year will be invested in the political system strengthening activity. Amounts for the last two and a half years will be determined based on the evaluation results of the first phase of the program.

## **MAJOR ISSUES OR CONCERNS**

- Political will for electoral reforms. The most important “resistance” identified for the implementation of electoral reforms is the lack of political will of most political party leaders, interested groups and deputies in the Legislative Assembly to make changes in the laws that would reduce their power.
- Civil society weaknesses. At present, there is no strong center of leadership among civil society organizations (CSOs) to advocate and apply pressure for reforms. Even a coalition among FUSADES, MIRE, and COCIVICA may not prove sufficiently strong to apply the necessary pressure.
- In terms of education and training of party members, opposition may come from the party leadership who are reluctant to support development of agents for change in a younger generation.