



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMÉRICA

INDEFINITE QUANTITY CONTRACT DFD-I-00-03-00139-00

QUARTERLY PERFORMANCE MONITORING REPORT No. 7
PERIOD COVERING OCTOBER 1, 2005 TO DECEMBER 31, 2005

Submitted to:

JERRY O'BRIEN

U.S. Agency for International Development
DCHA/DG, RRB 3.10-042
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20523-3100
JO'Brien@usaid.gov@usaid.gov

and

DOCUMENT ACQUISITIONS

USAID Development Experience Clearinghouse
8403 Colesville Road, Suite 210
Silver Spring, MD 20910-6344
docsubmit@dec.cdie.org

Submitted by:

Casals & Associates, Inc.
1199 North Fairfax Street, 3rd Floor
Alexandria, VA 22314
(703) 920-1234
info@casals.com

January 31, 2005

I. General Summary

This quarterly report for October – December 2005, is presented by Casals and Associates, Inc., (C&A), in compliance with Contract No. DFD-I-00-03-00139-00.

II. Progress/Status of New and Ongoing Awards

The ongoing Task Orders in this reporting period are as follows:

Task Order No./Country/Project Title	Start Date	Estimated End Date
800: Colombia – Efficiency and Accountability	04-01-2004	10-24-2006
802: Albania- Legal Systems that Better Support Democratic Processes and Market Reforms	07-01-2004	06-30-2007
804: Mongolia – Mongolia Corruption Assessment	06-02-2005	07-31-2005
DFD-I-01-03-00139-00: America’s Accountability/Anti-Corruption Project	09-30-2004	09-30-2006
DFD-03-03-00139-00: Central America and Mexico (CAM) Anti-Corruption, Transparency and Accountability Program	01-24-2005	03-29-2009

IQC Contract Start Date 09-30-03 / End date 09-30-08.

Task Order No. 800**Colombia: Efficiency and Accountability****Activities Carried Out**

During the seventh quarter, Casals continued strengthening public administrations at the national, departmental and municipal levels; provided training and funded local projects for citizen oversight; completed a project to help the Government of Colombia (GOC) in the selection process of public officials; and advanced in improving budgeting practices at the national level and in the cities of Pasto and Medellín. A total of 1,540 public officials from 35 GOC territorial entities were trained in topics, such as internal control, public ethics, public communications, quality control, management tracking system, and technology skills. In addition, Casals trained 872 people in citizen oversight; provided technical assistance to 172 groups on the formulation of health projects; helped to legally constitute 32 *veedurías*; and provided technical and financial support to 69 new *veedurías*. The city council of Pasto approved the 2006 municipal budget, based on a methodology that optimizes resources to obtain results according to the objectives of municipal development plans. Casals also trained 166 public officials and 27 citizens in Medellín and Pasto on the budgeting for results methodology.

This report is divided into seven sections, including the introduction. The second section describes the activities under the four program components. The third section details activities and projects by department and municipality, during the period of October to December 2005. The fourth section is a case study on the development and approval of the municipal budget of Pasto, based on the budgeting for results methodology. Sections V and VI show program progress, according to USAID indicators, and the achievement of output and performance indicators by component (both actual and planned) as outlined in the Annual Work Plan for Program Year 2. Section VII is a table of expenditures of the reporting period and projections for next quarter.

Component I - Improve Transparency, Efficiency, and Public Management within the GOC

Three activities were instrumental in contributing to the strengthening of public administrations in the five target departments and at the national level. These include transparency and accountability, internal management systems, and internal control offices.

Activity A: Transparency and Accountability

During the reporting period, Casals continued the training of 390 public officials from the High Impact Teams (HITs) on public ethics in the 22 pilot territorial entities. Topics included the formulation and revision of ethics codes, development of ethics commitments per office, and the elaboration of good governance codes. This task is 90% completed. In these same 22 entities, Casals completed its assistance on the construction of a strategic matrix and advanced on the design of a work plan and macroprocesses for public communications. This task is also 90% completed. *Transparencia por Colombia* continued working on the development of the accountability software for use by mayors and controllers. The software is 80% completed.

Activity B: Internal Management Systems

In order to increase the level of efficiency and effectiveness of GOC entities, Casals provided support under four sub-activities. First, Casals continued training 587 public officials from the HITs of the 22 territorial entities on the implementation of the Model for Operating Processes (MOP), based on the Quality Control System (Sistema de Gestión de la Calidad – SGC). During the reporting period, Casals consolidated the capacity of the 22 beneficiary institutions in the generation and regulation of an organizational structure for the implementation and continual follow-up of the SGC. This process is 90% completed. Second, Casals provided training and technical assistance to the same 587 public officials from these HITs on the subsystems of management and evaluation within the framework of the Standard Internal Control Model (Modelo Estándar de Control Interno – MECI). This activity is 90% completed. Third, support for the implementation of a management tracking

model to 207 public officials from the management level reached 90% of its goal, as these entities began to implement the model. Fourth, despite the continued delay of the Administrative Department of the Public Function (Departamento Administrativo de la Función Pública – DAFP) in issuing the manual for the implementation of MECI, Casals was able to advance in the formation of the DAFP’s Training of Trainer (TOT) team. This preparation is 85% complete, with final training sessions scheduled for early 2006. The lack of a MECI manual continues to cause delays in the development of the internal control software, which remains at only 65% completion.

Activity C: Internal Control Offices

Due to internal discussions, DAFP has not yet completed the process of evaluating and revising the MECI implementation manual. Despite this continued lack of definition of how, in practice, internal control will be standardized in all GOC entities, Casals continued training the 22 heads of internal control from the 22 territorial entities on the conceptual framework of MECI and the Casals model for implementation. To date, 328 heads of internal control have been trained in MECI.

Activity D: Improvement Plans

After previously stating that support under this activity was no longer required, the National Controller Office (Contraloría General de la República – CGR) requested assistance for the development of a software program to evaluate improvement plans. Internally, the CGR’s planning office and internal control office still need to define this assistance. During the next quarter, Casals will meet with the CGR to determine specific tasks under this activity, based on the CGR’s internal clarifications.

Other Activities

During the reporting period, Casals participated in two GOC conferences. On November 8 and 10, Casals presented the strategy to provide training to 80 national level GOC entities to 1,700 participants in the IV National Congress on Public Accounting of the National Accounting Office (CGN). On December 5-6, Casals gave two presentations on social auditing in Latin America during the conference “*Fortalecimiento Institucional de las entidades de control fiscal: Estado actual, tendencias y desafíos*” of the Auditor General of the Republic (AGR).

Component II - Strengthening Citizen Participation in the Control and Oversight of the State's Public Management

During the quarter, Casals continued its activities on citizen oversight training and technical support for small, medium and large *veedurías*. Casals trained 872 people (761 citizens, 67 public officials, 44 trainers) in citizen oversight; provided technical assistant to 172 groups on the formulation of health projects; helped to legally constitute 32 *veedurías*; provided technical and financial support to 69 new *veedurías*; and advanced substantially under the *veedurías institucionales* projects.

Activity A: Training on Citizen Oversight

Through its implementing partners, Casals trained 761 citizens (491 women, 58 Afro-Colombians) during twelve training workshops (1 in Barranquilla, 2 in Cali, 1 in Cartagena, 5 in Pasto, 1 in Yopal, 2 in Yumbo) on oversight theory and methodologies and project formulation, based on the guide “*Hagamos Control Ciudadano*”. This guide contains participatory methodologies with a positive focus in which citizen control is seen as a preventive and constructive mechanism. The knowledge and tools provided to beneficiaries to undertake projects demonstrate that citizens can contribute to the improved use of public resources and strengthening of the government institutions that manage these resources. In addition, each leader trained, with

his/her own copy of the manual, is able to replicate these tools and undertake citizen control projects in his/her community.

Casals, in coordination with its partners, also trained 67 public officials (34 women) during 5 sessions (1 in Pasto, 1 in Envigado, 3 in Medellín) on the importance of citizen control in strengthening public administrations, the training process with citizens, component activities and progress, and citizen oversight projects.

Finally, to improve the training process at the local level, Casals conducted two TOT workshops (1 in Yopal, 1 in Cali) for 44 trainers (23 women) from the implementing partners. These trainers are responsible for developing and conducting future training workshops, based on the guide “*Hagamos Control Ciudadano*”, in their respective municipalities.

Activity B: Financial and technical support to veedurías

Casals, through its implementing partners, provided technical assistance to 172 citizen groups (38 in Barranquilla, 27 in Cali, 31 in Cartagena, 1 in Envigado, 18 in Medellín, 53 in Pasto, 4 in Yopal) in the development of citizen control projects in the health sector. The partners provide this support directly to each group in order to better prepare them to meet the objectives of their specific project. Casals also provided assistance to 32 groups for their legal constitution as *veedurías*, including their registration with the respective *personerías municipales*. As a result, 82 projects for *veedurías* were developed, 69 of which were approved as sub-grants during the quarter. Of these 69 sub-grants, one project was a *veeduría mediana* (1 in Cali) for approximately \$3,220; 68 projects were *micro-veedurías* (10 in Barranquilla, 14 in Cali, 15 in Cartagena, 15 in Medellín, 14 in Pasto) totaling approximately \$78,364 (average of \$1,152 per project). In these 69 projects, 309 people (179 women, 54 Afro-Colombians, 8 displaced persons) are conducting oversight of the public administration of health services. In addition, three local partners provided assistance to 32 groups of *veedores* (22 in Barranquilla; 8 in Cali; 2 in Medellín) on their legal conformation, as required by Law 850 of 2003, including their inscription with the *personería municipal*.

Activity D: Veedurías Institucionales

Under the *veeduría institucional* project to determine the affiliation of members of the subsidized health system (SISBEN) in Barranquilla, the Fundación Foro Costo Atlántico and the Fundación la Paz disseminated information to citizens, through local radio, television and newspapers, regarding procedures for participating in the local annual health fair, sponsored by the Mayor’s Office. The purpose of the fair was to affiliate citizens to SISBEN. Based on these efforts, on October 5, the local paper El Herald reported the need to review the assignation of identity cards (*carnetización*) for SISBEN.

El Herald and El Tiempo also reported the results of the user survey,¹ conducted by the two foundations. In general, users are not familiar with the services offered by the subsidized health system. Several examples are worth highlighting:

- 56.72% of users do not know which type of subsidy they possess;
- 43.5% do not know to which types of services they have rights;
- 61.5% do not have sufficient information about the network of health providers (*Instituciones Prestadoras del Servicio – IPS*);
- 65.5% do not participate in promotion and prevention programs;
- 42.8% live far from their assigned health providers, making it difficult for them to access services; and

¹ The sample for the survey included 1,200 users (65.7% male and 34.3% female), with a 95% level of confidence and a margin of error of 3%.

- 39% rate medical services offered by the administrators of the subsidized health system (*Administradoras del Régimen Subsidiado – ARS*) as regular or bad.

Based on these survey results both foundations submitted to the municipal administration of Barranquilla a series of recommendations to strengthen the provision of services to users affiliated to the subsidized health system.

Under the five *veedurías institucionales* projects in the city of Cartagena, the Chamber of Commerce of Cartagena submitted, in writing, to the contractors of the three sports centers recommendations for construction modifications, particularly related to soil studies, structures, sewer networks, and public services. The Chamber of Commerce also flagged the lack of compliance with the timeline for the completion of these centers. All three centers are behind schedule, which could potentially generate higher costs and affect the reputation of the city for the XX Central American and Caribbean Games.

On December 14, the Chamber of Commerce presented its first progress report of the five projects to the Transparency Pact Follow-up Committee, a program of the PPLCC. The Committee members made additional recommendations and subsequently convened a press conference, on December 20, with local and national media to present the results of the progress report. As a result, the *veedurías* and Transcribe created a working group to analyze and propose preventive measures on formalizing the operations of street vendors, the contracting of local manual labor, environmental standards, and construction modifications.

Other Activities

During the reporting period, several events were held to highlight the Citizen Oversight Component. On October 5, a signing ceremony was held between Casals, British Petroleum Company (BP), and the Chamber of Commerce of Casanare to inaugurate the implementation of this component in Yopal, with the participation of Mike Magan, Deputy Assistant Administrator for USAID LAC/AA. On October 14, Casals, the Chamber of Commerce of Cali, and *Cementos del Valle* signed an agreement to co-finance the implementation of the citizen control component in the municipality of Yumbo (Valle del Cauca), with the participation of Adolfo Franco, Assistant Administrator for USAID LAC/AA. On October 18-20, Casals presented the Efficiency and Accountability Program in Colombia, with special emphasis on the Citizen Control Component, to a USAID-sponsored delegation from the Dominican Republic and accompanied them to Cali to demonstrate various citizen participation experiences. On November 11, Casals and the Chambers of Commerce of Cali and Yumbo demonstrated the involvement of the private sector in the component to Daniel Runde, Director of USAID's Global Development Alliance Secretariat. Finally, on December 13-15, the Citizen Control Coordinator traveled to La Paz, Bolivia to present the Colombian experience of citizen participation in the fight against corruption to several Bolivian NGOs and during the seminar "*Experiencias, Resultados y Lecciones Aprendidas por la Sociedad Civil Boliviana en la Lucha Contra la Corrupción*".

Component III - Supporting Civil Society Initiatives to Strengthen Transparency--Small Grants

During the reporting period, Casals completed the project for the selection process for the position of Superintendent of Family Subsidies, and submitted to the DAFP the technical methodology and instruments to conduct similar qualifications-based recruitments in the future. Casals also financed travel costs for the participation of representatives of the Presidential Anti-Corruption Program (PPLCC) in an inter-governmental commission for the investigation of possible corruption over the use of public resources for health services in the municipality of Quibdo (Choco).

In November, USAID approved two projects under this component. The first project, originating from a request from the PPLCC, will provide technical assistance to strengthen the citizen participation fund of the Ministry of Interior and Justice. In December, the Minister and the Vice-President agreed to support this important initiative

after several coordination meetings between Casals and the PPLCC. The second project is a US\$78,734 grant to Confecamaras for a probity survey in 18 cities with the objective of promoting ethics and transparency for competitiveness in state contracting. The Fixed Obligation Grant was signed between Casals and Confecamaras, with the Inspector General and the Controller General acting as witnesses, providing their full backing for the project.

Component IV - Strengthening of Budgetary Processes

Activity A: National Level

In October, Fedesarollo presented the assessment document on budget processes and the implementation plan to improve these practices to the Ministry of Finance (MHCP) and the National Planning Department (DNP). Both entities accepted the proposals outlined in the implementation plan. However, despite consistent follow-up by Casals, the MCHP and DNP did not submit written comments to these documents until December. This has delayed the start of the implementation phase until January 2006. In the meantime, Casals met with DNP to identify their priorities and presented to USAID a proposal of the composition of consultants for this second phase of the project.

Activity B: Municipal Level

During the reporting period, Casals, in collaboration with DNP, advanced significantly in the Budgeting for Results (*Presupuesto por Resultados – PPR*) project in the municipalities of Pasto and Medellín. The Municipal Council of Pasto approved, for the first time, the 2006 budget, based on the PPR methodology. This budget assigns funding amounts to specific goals for the year, according to programs in the Municipal Development Plan (MDP). Casals subsequently provided technical assistance for the formulation of the liquidation decree, which dictates the implementation of the 2006 municipal budget, and the development of a work plan to support the formulation of projects included in the decree. This plan will also support the preparation of the 2007 municipal budget, during the second quarter of 2006, to guarantee that the PPR methodology is utilized from the beginning stages of budget planning. In addition, the Mayor of Pasto approved the presentation in 2006 of the Casals initiative to reform the *Estatuto Orgánico*, incorporating the PPR methodology in budget planning and implementation. This will ensure the sustainability of this methodology in Pasto. Finally, Casals trained 113 public officials on the software for the management system by results (*Sistema de Gestión por Resultados – SIGER*), project formulation, and development of a cost system; and 27 of civil society organizations on the use of SIGER for citizen oversight and standardizing accountability methodologies for monitoring development plans.

In Medellín, Casals completed the indicatory plan (*plan indicativo*) for the PPR project. The plan is a practical tool to monitor the achievement of goals in the MDP. The Mayor used it as a principal reference to inform the municipal council of his administration's compliance with the MDP. Casals also advanced in coordinating the project with the municipality's 2006 Action Plan. This will facilitate, in a systematic way, the link between future municipal projects and planned results. Casals prepared and presented an assessment of the budget processes of this municipality. Finally, Casals trained 53 public officials on the development of actions plans and monitoring by results.

Case Study

Budgeting for Results in the city of Pasto

Transparency in the use of public resources is a key foundation of Casals' Efficiency and Accountability Program. One means of achieving transparency is by making clear the links between the assignment of public resources and the objectives and goals those resources are intended to procure, particularly those outlined in development plans.

Through its work with various municipalities throughout Colombia, Casals realized that one of the greatest obstacles to achieving transparency at the local level is the way in which municipal budgets are formulated. Most Colombian municipalities do not design their budgets so that financial resources are clearly linked to objectives or concrete goals. Furthermore, this complicates evaluation and limits social control mechanisms for citizens.

Casals came to the conclusion that if municipal governments had better management tools needed to prepare budgets, this would promote transparency by clarifying the links between resource allocation and targets, as well as improving the quality and timeliness of information available to citizens. The result was the development of the methodology known as municipal budgeting for results (*Presupuesto por Resultados Municipales* – PPRM).

The Genesis of PPRM

As part of its efforts during the last decade to modernize public finances, the Government of Colombia (GOC) developed *Sinergia* – the National System for the Evaluation of Results of Public Management (*Sistema Nacional de Evaluación de la Gestión Pública*). *Sinergia* is a set of management tools that consists of three complementary components: 1) monitoring results, 2) focused evaluations, and 3) dissemination of results. These three components link monitoring and evaluation with budgetary and sectoral decision-making processes. Its objective is to improve the efficiency of public administration through a more efficient allocation of resources oriented toward results. *Sinergia* has institutionalized continuous use of management indicators and results in state entities at the national level. Once *Sinergia* was consolidated in national level state agencies, the GOC began to transfer these tools to the local level.²

Casals, in coordination with the National Planning Department (*Departamento Nacional de Planeación* – DNP), contributed to this transfer process in Pasto. The SIGER (*Sistema de Gestión por Resultados*) software program was developed to install a monitoring, evaluation, and accountability system of policies and municipal programs in the Municipal Development Plan (MDP), called “A Better Pasto 2004-2007”. It allows the upload of current information on the performance of a specific objective and its corresponding goals in the MDP. Through SIGER, citizens can now access (and comment on) current information on the performance of a specific objective and its corresponding goal in the MDP through the Mayor’s Office web page. This means that functionaries work knowing that they can held responsible for missed deadlines and objectives. And citizens know they can monitor progress, make recommendations and suggestions to improve municipal management.

What is PPRM?

PPRM is a modern management tool that conceives of public administrations as managerial units that create public value for citizens. In most Colombian municipalities, budget inputs are linked with intermediate materials required for the production of final goods and services. PPRM budgets establish a direct relationship between expenditure line-items and final goods and services (products and results) for which public entities are responsible.

Under the PPRM methodology, performance indicators in each sector are incorporated into the annual budgeting process, with clear objectives. This improves quality control with regard to expenditure, makes resource allocation more transparent, facilitates budget discussions with control entities, and promotes citizen oversight. Accountability is strengthened and multi-year planning becomes a matter of course, as current objectives feed clearly into long-term goals.

² Consult www.dnp.gov.co for more about *Sinergia*.

Establishing PPRM in Pasto

During the process of developing PPRM, Casals and DNP formed a specialized training and technical assistance team – the national coordination unit based at DNP in Bogotá. The team’s purpose is to transfer the skills and methodologies to local coordination units for the successful formulation of results based budgets. In Pasto, the local coordination unit was formed with personnel from the Administrative Planning Department, who also participated in the SIGER project.

The next step was to assess current budgeting practices in order to formulate an action plan that would adjust conventional procedures to the PPRM methodology. Once this had been done and the necessary adjustments made, the design process for the 2006 income and expenditures budget began. The results-based budget was subsequently presented, explained and defended before Pasto’s Municipal Council in October, as per Colombian law. The PPRM budget was approved via Agreement 025 of November 2005.

Importance of PPRM in Pasto

Pasto’s 2006 budget totals \$209.304 billion Colombian pesos, a budget completely designed using the results based methodology. Each program of Pasto’s MDP has the resources it requires to meet clearly stated goals that serve the public interest. Transparency in the allocation of public resources contributes to transparency in budget implementation. Citizens can now hold the Mayor’s Office accountable for meeting promised goals.

PPRM has caused four major changes in the Pasto budgeting process. First, all activities in the budget are connected with clear, specific goals and objectives, strengthening long-term planning. Second, progress toward these objectives can be measured and monitored, including burn rates. Expenditures can be documented and rationalized, an activity that was previously impossible. Third, now that the budget is systematized; information is available and more reliable, improving municipal management and decision-making capabilities. Finally, the results-based budget enables the city to provide symmetric and complete information to citizens that allow them, in turn, to exercise social control.

In addition to these changes, the PPRM budget in Pasto has also become a pilot case for citizen control. An alliance between Pasto’s Chamber of Commerce, the *Fundación Social*, and municipal authorities was formed to train citizens to conduct oversight. One of the obstacles to social control was the inability to directly relate budget line items with objectives and goals in the MDP. The PPRM budget helps resolve this problem. Using SIGER as a starting point, citizens can now, with the PPRM budget, directly relate line-item costs to activities and results, thus facilitating oversight.

Sustainability of PPRM

Casals has left the city of Pasto with the technical expertise to link budgeting with specific goals in the MDP. A system that monitors the accomplishment of results is also in place to support budgetary planning. This provides public servants with greater management capacity and opportunities to make timely decisions.

In addition, Casals contributed to the implementation process of the PPRM budget. Once the municipal council approves the budget, a decree detailing its implementation must be drafted (*decreto de liquidación del presupuesto*). This consists of specifying the operational, investment, and services costs of each budget line item, as well as providing guidelines for their use. Casals provided technical assistance to public officials from the administration for the preparation of this decree and the development of a work plan for the formulation of projects included in the decree. The Mayor approved the budget implementation decree in December 2005.

Currently, Casals is providing support to the Mayor’s Office to modify the statute, which regulates the municipal budget (*Estatuto Orgánico de Presupuesto Municipal*). The changes will include the incorporation

of instruments to rationalize costs; the inclusion of the evaluation stage of the budget during its formulation in order to articulate the processes of planning and implementation; and strengthening monitoring and evaluation activities, facilitated by the PPRM methodology, for transparency in municipal budgeting process. In other words, the modification will institutionalize the PPRM budget process in the municipality of Pasto. The Municipal Council will discuss this proposal in ordinary sessions in January 2006.

The approval of the results-based 2006 budget by the Municipal Council of Pasto is a tremendous accomplishment for the Efficiency and Accountability Program. Casals' contract with USAID only required that the budget be formulated, presented and gain some support during the approvals process. More important than this, however, is the installed capacity this pilot effort has given public officials in Pasto. The next budget can be developed with little or no Program support. It is expected that the PPRM methodology will soon be institutionalized within Pasto.

2006 will be an important year for PPRM, as the budget in Pasto is implemented. Casals is eagerly looking forward to feedback from DNP and citizen oversight committees to refine and improve the PPRM methodology as it is replicated in other cities.

Task Order No. 802

Albania – Legal Systems that Better Support Democratic Processes and Market Reforms

Activities Carried Out

1) Technical Assistance to the Inspectorate of the High Council of Justice (HCJ) and the Inspectorate of the Ministry of Justice (MOJ)

Measurable Results

- A more capable technical assistance delivered will lead to fair and transparent performance evaluation of the judiciary resulting in the sanctioning of corrupt judges and providing incentives for well-performing judges; Increased public confidence in judicial integrity;

Progress to date

- Preparation of MoU continues
- Study tour to Spain conducted
- Translation of judicial inspection manual underway
- New initiative of Minister of Justice underway
- National Judicial Conference attended

A study tour to Spain of inspectors from both the MOJ and HCJ Inspectorates was conducted to promote the establishment of stronger links between the Inspectorates, and to give inspectors other countries' experience on issues such as, what can be inspected, the roles of two inspectorates, identification of guidelines/regulations/procedures regarding inspection of judges and courts including division of work within a dual system, limits of inspection, identification of the main elements of an effective annual or longer term plan for inspections including dealing with complaints that indicate the need for an inspection, identification of means for dealing with overlapping competencies between institutions.

As a result of the open discussions for cooperation with both Inspectorates, but especially as a result of the study tour, [which must be stressed, was highly appreciated by the participants], it was finally agreed that there was a need to adopt a Memorandum of Understanding between the two Inspectorates regarding some technical aspects of inspection.

A Memorandum of Understanding (MoU) was drafted together with representatives of both inspectorates and was finalized by the end of December. The MoU contains many issues considered equally important by both inspectorates, such as the standardization of the process of verification of the complaints which will then lead to inspection, the need to harmonize the manuals for the recording of the complaints, the need to establish a manual of inception procedures, which will serve for both inspectorates, the need to agree on the definition of the nature and goals of the inspection, the need to exchange the reports and coordinate the work plans, etc. Although the MoU does not contain any legal force, it is a great step toward the harmonization of the work of the Inspectorates and a clear division between their responsibilities. More importantly, at the end of the drafting process of the MoU, inspectors of both inspectorates commented that the MoU represents the first real action taken to harmonize the relationship between the two inspectorates, as it shows the understanding of the situation and the will to cooperate to reach a common understanding of the inspection issues. It may in fact turn into a very powerful act that would trigger other forms of cooperation between the two Inspectorates, which, in turn, will contribute greatly to the efficiency of the inspection. The MoU will be submitted for approval to the Minister of Justice and High Council of Justice during 2006.

A request was made for the Government of Albania to translate the Spanish manual of judicial inspection. Considering that one point of the MoU underscores the need for a common manual of work, the Spanish manual would serve as a good model to follow for the drafting of a common manual of inspection in Albania.

The staff of Rule of Law program met with the new Minister of Justice Aldo Bumçi to inform him on the judicial inspection project, the progress of the project up to date and future steps. The meeting also served as an opportunity to share ideas on other ways of cooperation on this area. The Minister was very enthusiastic about the project; according to him inspection is one of the areas where the donor assistance is crucial, as it has received little attention although it represents such a powerful tool that will increase the accountability and transparency of Albanian courts. The Minister fully supported the idea of the MoU and assured that it will be considered positively on his side. He also suggested the expansion of the project with an additional project activity not envisioned in the Task Order to involve an NGO which would observe court proceedings in one pilot court, such as Tirana District court given the high number of cases tried in Tirana, and bring to the attention of public cases of violations of the procedural rules observed during the judicial hearing.

Both two Casals & Associates representatives attended the National Judicial Conference for Albania during early December. Under discussion was internal functioning of the Conference as well as more public debate on scrutiny of judicial and legal corruption. C&A COP and senior staff attorney met separately with Chief Justice Kondi and two other justices to discuss anti-corruption perception project activity.

During the next reporting quarter, the Project team will facilitate the adoption of the MoU by both Inspectorates and relevant regulatory frameworks. Other project activities may include technical assistance for the School of Magistrates' involvement in both MoU development and sub-regulatory regimes. C&A and IPLS will assist the Deputy Chairman, for the HCJ, and the Minister, for the MOJ, to issue appropriate orders to put into practice jointly agreed plans of inspection and respective modalities of enforcement.

2) Technical Assistance to High Inspectorate for the Declaration and Audit of Assets HIDAA

Measurable Results

- Comprehensive regulatory framework established; increased public and media reporting and requests for information leads to enhanced public awareness and increased compliance to law

Progress to date

- New SACS is on-site and is focused on developing a priority list of initiatives for next year, broadening HIDAA's coordination with other government agencies, and determining specific training needs

- CoI Short-Term Expert met frequently with the new SACS to coordinate activities and review previous HIDAA accomplishments
- HIDAA conducted seminars in the major cities to provide additional guidance to the representative authorities regarding the CoI Law
- The SACS, along with the CoI Short-Term Expert, attended one of HIDAA's seminars for the representative authorities who will be assisting with the implementation of the CoI Law; they provided positive feedback to HIDAA on the materials presented and the scope of the seminar
- HIDAA proposed its own amendments to the CoI Law to complement the ACAC proposed amendments and to harmonize the CoI Law with the Asset Declaration Law
- With the encouragement of the SACS, HIDAA staff have increased their participation in other activities of the Rule of Law Program, including Anti-Corruption Day activities and a Freedom of Information Act seminar

During the second quarter of the second Project year, Casals & Associates successfully recruited a long-term SACS to provide HIDAA with on-site technical assistance to improve implementation of the CoI Law and Asset Declaration Law, assist with planning, improve the case management system, and increase coordination with other agencies. The new SACS is working well with HIDAA's Chief of Cabinet and the General Inspector, including the discussion of sensitive cases, the agency's budget, and the agency's priorities. He has also had numerous meetings with HIDAA staff to develop a better understanding of the work processes currently employed and the skill sets used (or needed) to process, audit, and investigate the information on the forms. In addition, much of the work at HIDAA during this reporting quarter was concentrated on implementing the CoI Law, as well as assessing the potential impact on the agency's mission of the proposed amendments to the CoI Law.

Forward progress in this project component consisted mainly of in-depth meetings with the SACS and HIDAA staff. As mentioned above, a critical training session for the inspectors took place at the Hotel Dajti on the impact of the Conflict of Interest law on HIDAA both in practical and theoretical terms. The SACS continued to give on-site guidance on the Task Order and new budget that is now pending USAID approval. The SACS has made special efforts to get to know personally each high inspector as well as the new chief of cabinet and other key administrative staff.

During the next reporting period, the SACS has played an integral role in trying to plan and fund training sessions for inspectors on a regional basis on the development and auditing of new declaration forms. He has reviewed the case management system and will next be making recommendations for selection of improvements and alterations if necessary. The SACS is making key contacts with other donors, such as the World Bank, and other US-based entities from the Department of Justice and Department of the Treasury in order to ensure successful prosecution of violators.

3) Continued Assistance to the Citizen's Advocacy Office (CAO)

Measurable Results

- Acknowledgment and respect for the rule of law and the negative effects of corruption is instilled in younger generation; increased private and public support and awareness for legal services provided to victims of corruption; Improved legal services offered by trained personnel; enhanced citizens' awareness of measures to combat corruption and protect legal rights.

Progress to date

- Court Watch survey results collected and disseminated through an active media coverage
- Anti-corruption Day organized
- Plans continue for development of regional office in Vlora

- Alliance with Transparency International continues
- Second business ethics training course underway

On December 9, 2005, CAO presented the results of its Court Watch survey, funded by the Casals/USAID Rule of Law Program. The survey was based on interviews conducted with citizens as well as judges, prosecutors and lawyers. The results indicated that the judiciary is perceived by all parties as the most corrupt state institution. Furthermore, the survey indicated that there exists a common belief that the situation is unlikely to improve in the near future. The survey triggered a political reaction by the Speaker of the Parliament, who publicly asked the Chief Justice, the General Prosecutor and the President of the Republic to comment on these results, as the main actors in the justice system. The publication of results received wide media attention and is due to be published with the appropriate USAID disclaimers in the next reporting period.

On the International Day against Corruption, December 9, 2005, CAO also collaborated with other USAID-funded organizations and international NGOs. It participated in the Panair for Transparency and Action. The Panair featured fifteen tables--most based on themes—including media and information, elections, sunshine budgets, engaged citizens, parties and democracy, the private sector, women, environment, legislation, youth and education, and anti-trafficking.

Based on a pilot experience during the last year, CAO is planning to open another branch office in Vlore. Office space has been rented and staff has been hired. Meetings and forums with stakeholders including local government, law enforcement agencies, the judiciary, local business companies, and unions have been organized in order to proceed with the opening of the office which is scheduled for the next reporting quarter, to ensure larger support and cooperation as well as to raise awareness on the necessity of establishing anti-corruption initiatives based on the specific needs of the region and the lessons learned from the Durres local office.

During the past reporting quarter, the Rule of Law Program team has followed up with the CAO, Casals & Associates home office, business associations, academics, and the private sector to sponsor the second business ethics event. A roundtable carried out by CAO and AATDA-AL in September 2005 on the cooperation between the civil society and the business sector for the promotion of business ethics and the fight against corruption. The purpose of the second session will also be to enable the exchange of information and expertise on best international practices, evaluation of the needs of the business sector in relation to ethics, and exploration of the possibility of cooperation in other areas such as the fight against corruption. With Casals & Associates home office short-term technical assistance, the Rule of Law Program and CAO are planning to organize another training session in cooperation with AATDA-AL on business ethics and corporate governance standards. The training will be a follow up of the recommendations drawn at the previous training organized in September 2005. Target groups will be again Chambers of Commerce and Industry of different cities of Albania, Association of Employers and other private business representatives.

4) Assistance to the National Chamber of Advocates (NCA)

Measurable Results

- Increased capacity of national and local chambers to enforce the ethical practice of law in Albania and fair and transparent bar exams will increase the number of new competent lawyers that will become a strong part of the struggle against corruption

Progress to date

- The Ethics Code approved by the NCA General Council meeting on November 12
- The NCA US-based study conducted successfully during December
- Preparation of the disciplinary procedures underway

- Continuing legal education provided to NCA members on intellectual property

The NCA General Council meeting on November 12, 2005 approved the Code of Ethics. After two days of discussions on a number of small issues the Code was adopted unanimously. Several minor changes were proposed and incorporated into the Code, which will be revised accordingly. The NCA will deliver a copy of the Code in Albanian to the Rule of Law Program senior staff attorney in the next reporting quarter. Adoption of this Code is the first step undertaken by the NCA to regulate the discipline of its members.

The study tour to the U.S. took place in December 2005 and focused on the disciplinary procedures and bar exam administration. For NCA participants, the objective was to identify the main elements of effective and transparent disciplinary procedures for attorneys and to identify guidelines, regulations and procedures regarding the bar exam administration. The training was offered by the Center for American and International Law with strong assistance from the State Bar of Texas Office of Chief Disciplinary Counsel. The participants reviewed the procedures in depth regarding lawyer discipline in Texas, Virginia and Louisiana from the filing of a grievance against a lawyer through the investigation and the hearing stages. They had also the opportunity to examine two actual cases in which disciplinary allegations were alleged. In addition, they reviewed the administration of the bar exam, efforts to ensure a bias-free process and rules concerning both the competency and the moral character of those seeking bar admission. As a result of the training, it is expected that the participants will draw up, vet, and implement disciplinary procedures as well as improve the integrity and the effectiveness of the bar exam.

Two senior staff attorneys participated in the first meeting of the Leading Council of the NCA. One of the Council members, a participant of the study tour, provided a comparative analysis of the disciplinary procedure methodology. The result was the establishment of two working groups to draft implementing disciplinary procedures and to prepare amendments to the Law no. 9109, dated 17.07.2003, "On the Legal Profession in the Republic of Albania."

During the last reporting quarter, Casals & Associates arranged the first session of continuing legal education for NCA members at the Sheraton Hotel to cover the highly technical subject of intellectual property. Over 30 lawyers attended, the majority of who were women. Among the subjects covered were trademark and copyright laws as well as international conventions. A C&A short-term intellectual property expert as well as a professor from the School of Magistrates provided instruction. Evaluations collected from this training session indicate that the lawyers intend to use the training in their legal practice as well as the need for similar training on future important topics.

5) Assist in the Preparation of Implementation Acts for Freedom of Information Law and Administrative Procedure Code

Measurable Results

- Implementation of an improved FOIA law and related APC provisions, which increases the public awareness on their legal rights to obtain official information resulting in a transparent and democratic functioning of government

Progress to date

- FOIA draft regulation (together with the Forms of Request and Complaint) prepared
- FOIA draft regulation launched in joint stakeholders meeting on December 2005
- Technical and equipment assistance approved by USAID

After the FOIA draft regulation was prepared by the working group established by C&A, consisting of the staff attorney, the IPLS, and staff from the Ombudsman's office, the Ombudsman launched the draft in a FOIA

stakeholders' meeting to enable other stakeholders to participate in the process and provide their feedback. About 50 representatives from the central institutions, the local government and other public entities participated in a meeting that took place on December 12, 2005 at the Sheraton Hotel. Many pertinent comments and recommendations were mentioned up during the meeting. Among important participants were the USAID Democracy and Governance Team Leader and the Deputy Prime Minister. It is expected that the Ombudsman will issue the draft FOIA regulation as a recommendation to all the institutions bound by FOIA by the end of the next reporting period.

Per the request of the Ombudsman and to increase cooperation and efficiency, Casals submitted and received approval for equipment and training for the Ombudsman's office during the last Project quarter. Although USAID has now rejected the training plan, C&A hopes to deliver the equipment as approved by USAID and according to USAID procurement regulations.

6) Assist in the Preparation and Implementation of a Conflict of Interest Law

Measurable Results

- Enactment of new COI law and regulatory scheme, training of civil servants, and enhanced institutional capacity for enforcement will result in increased public confidence in GOA commitment to combat corruption and ethical compliance of civil servants

Progress to date

- CoI short-term advisor works with HIDAA staff on instruction and implementation issues for the Conflict of Interest Law
- CoI Short-term advisor works closely with the newly-arrived SACS to ensure smooth transition of technical assistance to HIDAA
- CoI short-term expert, along with the SACS, attended one of HIDAA's seminars for the representative authorities who will be assisting with the implementation of the CoI Law
- CoI short-term expert meets separately with the local legal expert Sokol Berberi on constitutional constraints with both HIDAA Law and CoI Law
- HIDAA published guidance ("Komentari Ligjor Nr. 1") to assist representative authorities in implementing the Conflicts of Interest Law
- CoI short-term expert analyzed the Prime Minister's Order #172, dated 02 November 2005
- CoI short-term expert, along with the SACS, attended one of HIDAA's seminars for the representative authorities who will be assisting with the implementation of the CoI Law; they provided positive feedback to HIDAA on the materials presented and the scope of the seminar
- CoI short-term expert conducted briefing and debriefing sessions with USAID, Rule of Law team, and ACAC
- The SACS reviewed HIDAA's proposed amendments to the CoI Law and provided informal comments to the agency; HIDAA's proposed changes, most of which were very technical in nature, focused on harmonizing the language of the two laws and removing inconsistencies

Of utmost importance to the Rule of Law Program was a smooth transition between the Conflict of Interest short-term advisor, who had been acting as an interim consultant to HIDAA before the arrival of the new SACS. Upon arrival of the new SACS, continual exchange of information and ideas as well as mutual meetings with HIDAA took place to achieve a remarkably smooth passage of technical assistance under this USAID-funded program. The SACS along with the CoI short-term expert attended one of HIDAA's seminars for the representative authorities that will be assisting with the implementation of the CoI Law; they provided positive feedback to HIDAA on the materials presented and the scope of the seminar. Finally, CoI short-term advisor met frequently with the new SACS to coordinate activities and review previous HIDAA accomplishments.

In addition, the CoI short-term expert analyzed the Prime Minister's Order, which directed the ministries, related institutions, and public institutions associated with the Council of Ministers, to begin immediate steps to implement the CoI Law by issuing internal guidance by 15 December 2005. HIDAA was specifically mentioned in the Order as a point of contact for the various government agencies. This analysis proved very effective to both HIDAA and USAID staff. On a separate issue, the analysis of the CoI law, which was contracted to a local legal expert, was delayed due to professional and personal constraints. The COP is in negotiation with the said local legal expert to continue this work during the next reporting period.

As a continuing effort to integrate all Rule of Law Program components, the SACS reviewed HIDAA's proposed amendments to the CoI Law and provided informal comments to the agency; HIDAA's proposed changes, most of which were very technical in nature, focused on harmonizing the language of the two laws and removing inconsistencies.

During his October/November visit, the CoI short-term advisor held briefing sessions and debriefing sessions with USAID representatives, members of the ACAC and the Casals Rule of Law team and the Department of Justice attorney in order to ensure complete updates on CoI development.

During the first quarter of the second Project year, the Rule of Law Program actively participated in discussions related to proposed amendments to the CoI Law. The CoI short-term advisor, who has been intermittently but technically involved with HIDAA and CoI activities, and the SACS, who has recently joined the project, discussed the proposed amendments with HIDAA officials, a leading Albanian parliamentary law attorney, ACAC representatives, and other interested parties. As of December 2005, the various proposed amendments were under consideration by the Parliament's Law Commission.

7) Assist in the Preparation and Implementation of a Press Law

Measurable Results

- Increased capacity of journalists and their associations to report equal and fair events will ensure ethical and transparent news coverage, especially on rule of law and anticorruption news and will enhance freedom of the Albanian press

Progress to date

- Press Council launched in November 2005
- Working meetings among AMI, Casals & Associates, IPLS, and OSCE continue on development of two working groups
- Revision of the Journalists' Code of Ethics underway

With the financial support of USAID and OSCE, Casals & Associates in cooperation with the Albanian Media Institute (AMI) organized a roundtable meeting to announce the intention to set up a Press Council as an implementing mechanism for the Journalists' Code of Ethics. High-level participants included the US Ambassador to Albania and the OSCE Head of Presence. Other important attendants included USAID Democracy and Governance Team Leader, members of the Parliamentary Committee of Media Issues, journalists, and media owners. Chairing the event was the AMI Executive Director and IPLS and included the participation of Casals COP and senior staff attorney.

The idea of establishing a Press Council was very well received. Chaired by AMI and supported by both USAID through a grant and OSCE, the Press Council will adjudicate ethical violations of its members. Journalists who belong to this Council will accept the application of the Code of Ethics and the jurisdiction of the Press Council. IPLS has been tasked to draft the rules on the organization and functioning of the Press Council and present them for discussions to all interested media representatives.

There has been significant public awareness on the press self-regulation mechanisms, which involves the establishment of a Press Council and the revision of the Code of Ethics of Journalists. Several meetings have been held among Casals, OSCE, AMI and IPLS, and it has been agreed that actions to address press self-regulation are extremely desirable for two reasons: first, ethical problems in Albania's present day press are persistent and risk to undermine the principle of free speech; and, second, Albanian society and political actors have demonstrated a strong support for the press by introducing very liberal regulations on both the press law and defamation law (both drafts are pending for approval at the Assembly). Therefore, it is anticipated that the press will agree to establish an effective self regulatory mechanism. A working group chaired by AMI is currently revising the Code of Ethics. The new Code of Ethics is expected to be presented for approval to all media representatives in the country and journalists' associations in the next reporting quarter.

8) Assist in the Implementation of Intellectual Property Laws

Measurable Results

- Public support for and awareness on intellectual property rights as well as GOA active role on the implementation for the protection of IP rights will prevent market distortion and encourage economic reform leading to Albania's compliance to international standards on IP

Progress to date

- Cooperation with the Albanian Magistrate School established and a two-year IP training program underway
- The draft governmental decision for the Establishment of the Albanian Copyright Office prepared and submitted to the Ministry of Culture, Tourism, Sports and Youth;
- IP training conducted for the lawyers' community
- Two draft Memoranda of Understanding between the Directorate of Patents and Trademarks (DPT), Tirana District Court and Customs Office prepared and submitted to the DPT for their consideration
- Discussions with the DPT regarding IP training opportunities for the customs office and the business community are ongoing;

During this quarter, the cooperation with the Magistrate School was established and a two-year IP training program for judges and prosecutors kicked off. Two successful two-days training sessions were conducted by C&A on November 17-18 and December 19-20 at the Magistrate School. Around 50 judges and prosecutors were trained in copyright, patents, and trademarks. Two local experts and one highly experienced international consultant, provided by Casals & Associates, conducted the training. The next three training sessions are scheduled for the months of February, March and April.

The C&A COP, the senior staff attorney and the international expert conducted several meetings during this quarter with the Director of the Legal Department and Public Relations at the Ministry of Culture, Tourism, Youth and Sports to discuss ways and methods of cooperation with regard to intellectual property. The Ministry considers assistance for the preparation of the draft governmental decision for the establishment of the Albanian Copyright Office as a top priority. The C&A Rule of Law Program provided an international expert on IP issues to assist in the drafting and preparation of the decision recently submitted to the Ministry.

Because the Magistrate School offers training only for judges and prosecutors, C&A and NCA discussed ways and methods to provide continuous legal education to the lawyers' community. The first training organized jointly with the NCA was the IP training that took place at the Sheraton Hotel on November 21 and is further described on the component 4 of this document.

As previously identified by the senior staff attorney during the Rule of Law Program introductory meetings with the Directorate of Patents and Trademarks, the C&A assistance for the preparation of three MoU between the DPT and the Customs Office, the Tirana District Court and the Prosecutor's Office was much-needed. The MOUs are expected to bolster enforcement of the Industrial Property Law by clearly specifying the rights and obligations of each party and preventing the dual responsibility (which means no responsibility) that exists in some IP enforcement aspects. To this end, the C&A international expert drafted and prepared two MOUs (DPT and Tirana District Court as well as DPT and Customs Office) that were submitted to the DPT to serve as cornerstones of their institutional cooperation with the Customs Office and the Tirana District Court.

Task Order No. DFD-01-03-00139-00**America's Accountability/Anti-Corruption Project**

During the quarter, USAID/AAA subcontract partners continued making progress on the range of activities described in detail in the previous quarterly report. The following program activities advanced relative to the project's four objectives:

1. Address the Challenge of Grand Elite CorruptionEnvironmental Sector Corruption—Paraguay

In September, USAID/AAA signed a subcontract with *Instituto de Derecho y Economía Ambiental* (IDEA) to document and track cases of corruption in the environmental sector from the moment the cases are exposed in the press to the final outcome and regularly report to the public on their handling and disposition. This activity will expose weaknesses in the administrative and judicial institutions in the country that generate opportunities for corruption and protect the corrupt from effective prosecution.

With the technical assistance from *Sociedad Peruana de Derecho Ambiental* (SPDA), an environmental NGO in Peru, IDEA will develop a methodology to track corruption cases in the environmental sector, and in particular, cases of illegal logging and illegal trade of protected and endangered species.

The following activities have been completed during this quarter:

1. A two-day workshop sponsored by SPDA and USAID was held on September 29 & 30, 2005 in Iquitos, Perú. Two individuals from IDEA/Paraguay traveled to Iquitos to attend this workshop. The primary objective of the workshop was to standardize criteria for implementation of forestry regulations and expand understanding among prosecutors, judges, business people, and NGOs of the administrative and judicial procedures associated with environmental protection.
2. Development of a methodology to monitor and track corruption cases in the environmental sector in Paraguay, with assistance from SPDA. Two individuals from SPDA traveled to Paraguay to provide technical assistance to IDEA on a) the development of the methodology to track corruption cases in the environmental sector and b) strategies to obtain information from public officials involved in these cases.

The following activity is planned for the next quarter:

1. Submission of a report on the weaknesses of the normative framework in Paraguay that create opportunities for corruption in the environmental sector and proposed amendments to the framework.

Increasing Political-Party Accountability and Transparency—Colombia

In August, USAID/AAA subcontracted with *Corporación Transparencia por Colombia* (CTC) to track and report on specific political-party and candidate activities related to the electoral process for the 2006 presidential/congressional elections. To this end, CTC will develop a methodology to monitor sources of

campaign contributions and expenditures and will report its findings to the public. Political Party and candidate activities will be posted on the *votebien.com* website.

The following activities have been completed during this quarter:

1. Submission of the report on the technical redesign of the *votebien.com* website.

The following activities should be realized in the next quarter:

1. Submission of the description of the methodologies developed to monitor campaign contributions and expenditures and the funding of political parties.
2. Begin posting information on the website and continuously updating the website as more information is collected.

Government Official Immunity/Impunity

The following activities have been completed during this quarter:

1. Inter-American Bar Foundation (IABF) constitutional lawyers completed their analysis of existing laws and practices on public-official immunity regimes in Colombia, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Ecuador, Peru, Bolivia, and Paraguay. The analysis was carried out following IABF guidelines that promote accountability and transparency. The individual country analyses were combined into a single document that served as the foundation for discussion by participants in an USAID/AAA-sponsored international conference that was held, October 24-26, 2005 in Lima, Peru. Conference participants included constitutional lawyers, invited legislators and journalists who examined needed legal reforms and obstacles to achieving those reforms.

The following activities are planned for the next quarter:

1. Final proceedings of the conference will be edited and widely distributed among interested parties including legislative bodies, civil society and the media.
2. Based on conference recommendations, IABF will be working in two focused countries where the need for reform appears to be most urgent, Panama and Guatemala. Working with Civil Society organizations, Bar Associations, the Media, and Academics they will attempt to propose reforms to deal with the immunity regime in each country.

Increasing Transparency in Political Party Finance—Peru

The following activities have been completed during this quarter:

1. Development of a diagnostic of financial resources management under existing legal regulations.
2. Assisted political parties in drafting proposals to bring their internal regulations in compliance with “Ley de Partidos Políticos” and “Reglamento de Supervisión de Fondos Partidarios”.
3. Prepared manuals on political party financial management and internal control.
Organized training workshops for political parties in the area of financial resources management.

The following activities should be realized in the next quarter:

1. Hold an international workshop focused on experiences in political party financial resources management.

2. Improve Approaches to Reduce Administrative Corruption

Repatriation of Assets from Corrupt Activities—Ecuador

The following activities have been completed during this quarter:

1. *Corporación Latinoamericana para el Desarrollo* (CLD) began reviewing Ecuadorian legislation to assess its compliance with requirements of the Inter-American Convention Against Corruption (ICAC).
2. CLD organized three workshops with a technical team from the Fiscalía General de la Nación (Attorney General's Office) to develop amendments to Ecuador's legal code to comply with the ICAC.

The following activities should be realized in the next quarter:

1. CLD will submit a report on the results of the second workshop, including the Reform Proposal and the "policies and procedures manual."
2. CLD will submit a draft report, which will include documents and other materials produced on the Reform Plans, a description of activities and results achieved, lessons learned and recommendations for follow-on activities.

3. Increase the Qualitative and Quantitative stock of Knowledge to Complement Current Knowledge

Assessing Costs of Corruption Survey—Bolivia

Final results of the Costs of Corruption Survey were released to the public on November 22, 2005 in the cities of La Paz, Cochabamba, and Santa Cruz, Bolivia. The release of the survey results has drawn vast interest from the public, both nationally and internationally. Specific opinion columns, press releases, editorials, television programs, and radio programs covered the results of this survey. Results of the survey were also televised at the national level through roughly twelve television channels (examples include La Razón, La Prensa, El Diario, Jornada, El Mundo, and La Patria) and internationally through CNN. Several institutions that were seen as highly corrupt in the survey announced that they were changing some of their practices.

Lessons Learned from Social Auditing Experiences: Peru, Guatemala, and Bolivia

Final drafts of two documents analyzing social auditing experiences were produced in, November 2005 and December 2005. The first document examines six social auditing experiences in Bolivia and draws lessons learned for replicating similar activities in the future. The conclusions of this document were used in a training workshop with Civil Society Organizations in Bolivia in December, 2005. This document is currently being translated into English and will be widely distributed throughout the region.

The second document examines three social auditing experiences, two in Guatemala and one in Peru. The novelty of this document is that it compares and contrasts three social auditing initiatives that monitored government performance at the municipal, the provincial, and the national levels of government. It discusses the enabling conditions as well as the obstacles that confronted these social auditing initiatives and draws lessons learned for the replication of these experiences in the future. This document will be widely distributed throughout the region.

The following activities should be realized in the next quarter:

1. Publish report on social auditing experiences in Bolivia.
2. Publish report on social auditing experiences in Guatemala and Peru.

4. Mainstream Anti-Corruption Thinking and Programming Across all Sectors

Mainstreaming USAID Mission Anti-Corruption Programming—Nicaragua

USAID/AAA presented the Mainstreaming Anti-Corruption Thinking and Programming workshop to the members of the Nicaragua Mission and Embassy staffs on November 16-17, 2005. The objectives were to:

- Deepen mission and embassy staffs' understanding of corruption and its countless manifestations, and
- Increase capacity to plan and implement cross-sectoral anti-corruption programming.

Participants

Participants included 34 USAID and Embassy staff, from a wide complement of sections and sectoral teams and one USAID contractor. From the Embassy, nine members including five section heads attended all or part of the sessions. The Political, Economic, Public Affairs, RLA and DAO sections were represented. In addition, the Ambassador attended the afternoon session of the second day and the DCM attended intermittently during both days. From USAID, 23 staffers including four Office Directors attended all or part of the sessions. Participating USAID Offices included: the Office of Democratic Initiatives (SO 1), the Trade and Agribusiness Office (SO 2), the Human Investment Office (SO 3), the Office of Strategic Management and Assessment, the Office of Finance and the Executive Office.

Workshop Design and Content

For the workshop agenda, USAID/AAA designed two types of sessions: generic presentations, appropriate for missions worldwide, on the language and characteristics of corruption and the *USAID Anti-Corruption Strategy*, and sessions specific to the mission's country plan and strategic objectives.

Observations and Participant Evaluations

1. The Acting USAID Mission Director strongly endorsed the workshop in her opening remarks by urging participants to utilize the workshop as a first step in developing approaches for mainstreaming anti-corruption activities throughout the Mission portfolio.
2. Strong support for the objectives of the workshop was also demonstrated by the presence of the DCM, five Embassy Section Heads and the Acting USAID Director at the opening sessions of the workshop as well as the attendance of the Ambassador, DCM and other key members of the Country Team at the closing session.
3. After the session on managing mainstreaming, the Ambassador, DCM and the Acting Mission Director spoke of the need to mainstream anti-corruption initiatives at the country team level and to explicitly include mainstreaming anti-corruption initiatives in the Mission MPP.
4. Some participants remarked that the workshop was very useful in galvanizing the country team to integrate anti-corruption efforts.
5. Several participants remarked that the workshop was useful in highlighting the importance of an Embassy-USAID network of colleagues to work together to tackle the corruption issue in Nicaragua.
6. A few Embassy participants mentioned that the workshop was useful in familiarizing them with the USAID Nicaragua program in general and specific USAID anti-corruption activities in Nicaragua.
7. Several participants spoke of the need to provide similar workshop training on anti-corruption to our partners in the GON, NGO's, media and USAID contractors.
8. Overall, the workshop was rated between good and excellent or 4.6 on a scale of 1-5 with 5 being excellent.
9. The workshop was held in the USAID Office Building instead of an off site location. To some extent proximity to their offices was a factor that encouraged many USAID participants to shuttle back and forth between their office and the workshop.

Recommendations:

1. The USAID Democratic Initiatives Office has taken the first steps in building an Embassy wide anti-corruption network. We believe that this effort should be continued and formalized.
2. In order to increase attendance, a notice describing the workshop, its objectives and a draft agenda should be circulated to the Embassy and USAID staff at least two weeks before the workshop start date.
3. Missions should strive to hold training workshops at off site locations.

Transparency and Accountability Newsletter

In December, the project published the third issue of the bilingual (English/Spanish) newsletter. Articles reported on:

- Mexico-Designed Index Pegs Cost of Corruption for Bolivia Citizens
- Immunity Reform in Latin American Countries
- Latin Leaders' Legal Escape Hatch
- Corruption Still Rampant in 70 Countries- TI Corruption Perceptions Index 2005 Reveals
- First Global Convention against Corruption to Enter into Force
- World Bank Identifies Governance Indicators for 209 Countries

USAID/AAA routinely receives comments from readers of its newsletter generally applauding the content and overall effort to spotlight anticorruption initiatives around the world. Below is a quote from an email that typifies comments received.

“Thanks! I have just finished a large evaluation of the donors' anti-corruption knowledge management. I am pleased to report that Respodanet is certainly a best practice. Keep up the good work!”

Bryane Michael
bryane.michael@linacre.oxford.ac.uk

Task Order No. DFD-03-03-00139-00

Central America and Mexico (CAM) Anti-corruption, Transparency and Accountability Program

Activities and Developments by Country

EL SALVADOR

1. During this quarter, full mobilization status was granted to the Transparency, Anti-corruption and Accountability Program (T/AC) in El Salvador. The official name by which the T/AC Program in El Salvador will henceforth be known is the Transparency and Governance (TAG) Program. As such, a priority for the TAG Program was to make a swift transition from a two-month pre-deployment phase (August-September 2005) into a “normal” operational modality.
2. The TAG Program was officially launched on Friday December 9th. For this purpose, the TAG Program invited over 140 stakeholders representing governmental and non-governmental sectors and potential counterparts. The program organized the launching event on its premises. More than 70 guests attended the launching ceremony. In accordance with USAID, the selection of the date to hold the launching coincided with the celebration of the International day for Anti-corruption.

3. Finalized the elaboration of the Work Plan and expanded proposal, in accordance to a modification of the original scope of work, and turned these documents to USAID for approval.
4. Successful culmination of key administrative activities, (hiring personnel, establishing an office space, equipping it and obtaining the necessary services, as well as legalizing the project according to current laws), providing the TAG Program with the necessary administrative infrastructure to implement activities. This included, Internal Mainstream Training for the entire TAG Program Staff in order for them to become familiar with the work plan and proposal, as well as with the principal topics, strategies and approaches of the program.
5. With the concurrence of USAID, TAG Team members met with about 15 key governmental and non-governmental stakeholders. The purpose of these meetings was to present the program, discuss potential areas of collaboration and to create spaces for dialogue on a number of issues related to the TAG Program.

GUATEMALA

Sub IR 2.1: More transparent systems for management of public resources by the national government

1. The disaster situation caused by Tropical Storm Stan created a window of opportunity for the T/AC Program to intervene in support of GOG actions aimed at assuring transparency in the use of local and donor resources during disaster relief and rehabilitation as well as in the reconstruction process that has been scheduled to start in early CY 2006. For example, at the request of the Presidential Commissioner for Transparency and Anti-Corruption, the Program provided technical assistance in the development of a GOG Transparency Plan for the reconstruction process. The Plan was developed by T/AC Program Consultant Marcelo Ugo and is now being considered for implementation by the GOG.
2. In a parallel fashion, the GOG requested the CSO Accion Ciudadana to support GOG transparency efforts during the reconstruction through the implementation of a concurrent social audit of the reconstruction program. The T/AC Program awarded a grant to Accion Ciudadana, in the amount of US\$ 154,000, to carry out this social auditing effort in the Departments of Solola, San Marcos and Quetzaltenango.
3. The Program supported an effort to disseminate the recommendations issued by the IACC Committee of Experts for Guatemala. Booklets and CD's containing the IACC recommendations were issued and distributed to interested actors in Guatemala and several meetings and workshops were implemented by the GOG and civil society to discuss and analyze the conclusions and recommendations of the IACC report for Guatemala. In addition, as a follow-up activity to the USAID mainstreaming workshop sponsored by the T/AC Program, a special activity was organized in November 2005 for USAID officials to introduce the IACC recommendations as well as the country reports prepared by GOG and by civil society (the independent report). These two reports were discussed by the Committee of Experts in October 2005 and served as a basis for the presentation of the recommendations for Guatemala.
4. In support of the Presidential Commissioner for Transparency and Anti-Corruption, the Program continues supporting the preparatory activities for the 12th Transparency International (TI) World Conference to be held in Guatemala in November 2006.
5. The Centro de Investigaciones Económicas Nacionales (CIEN), the civil society organization that elaborated the Budget Transparency Index for Guatemala, presented its final conclusion and country report in November 2006.
6. USAID signed Letters of Understanding (LOU) with key Guatemalan agencies such as the National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch) and the Supreme Court (Judicial Sector) to lay out T/AC Program assistance to the three branches of the State in the area of transparency and anti-corruption. As a result of these LOUs, the T/AC Program is now engaged in the provision of assistance to the three branches of the State of Guatemala aimed at furthering Program objectives to improve transparency in the public sector.

7. One significant achievement in Guatemala came about as a result of the T/AC Program implementing a concerted policy dialogue effort with the National Congress (including the President of the Legislature) which served as a catalyst to promoting and obtaining the ratification by Guatemala of the United Nations Convention against Corruption – UNCAC. A specific Program activity which included the participation of key legislators, a civil society representative and one representative from the Justice Sector to a Regional Seminar on the UNCAC in Buenos Aires was part of this effort which resulted in the approval of the UNCAC by the National Congress on November 24, 2005 through Legislative Decree 91-2005, and the ratification by the President of Guatemala on December 21, 2005.
8. Another important activity during this period was the participation of nine Guatemalan Officials from all branches to the Regional Good Governance Forum held in Mexico in November 2005. The Program made provisions to carry out follow-up activities with the participants aimed at furthering the promotion of public policy reform to modernize the Guatemalan public sector in the area of transparency and accountability.

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs

1. The T/AC Program has continued to maintain coordination with other USAID programs and partners in the area of social auditing at the local (municipal) level. As a result of such coordination, social audit documents have been shared and discussed between programs. At the end of the reporting period, the T/AC Program is finalizing comments to the Social Auditing Manual developed by the USAID Local Government Program. These comments will be forwarded and discussed with USAID and its local government partner as a basis to develop more comprehensive guidelines for social auditing at the municipal level.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

1. In spite of the fact that the T/AC Program in Guatemala started activities in February 2005, allowing for a rather short period of implementation during the balance of the Fiscal Year, the FY 2005 grant fund budget for sub-grants aimed at strengthening citizen participation in the oversight of Government transparency was 90% effectively utilized within a few months.
2. The Program has been systematically monitoring grants that have already been approved and, as stated above, has additionally approved and signed a new grant to Accion Ciudadana to monitor and conduct social auditing of the GOG Reconstruction Program through February, 2007.
3. The Program continued consulting with private sector groups to promote private sector participation in the US Department of Commerce Good Governance Program after the DOC announced the expansion of the Good Governance Program in Guatemala, El Salvador, and Honduras.

SUB IR 2.4: Accountability of elected and appointed officials improved

The T/AC Program has attended several meetings with the Comptroller General and with the Probity Directorship of the Office of the Comptroller General aimed at defining areas of intervention for the Program to assist the OCG in improving the operation and control of assets declarations by public and elected officials. At the end of the reporting period, it was discovered that there might be a duplication of efforts with assistance being provided by Coalicion por la Transparencia and with UNDP financing. During the next reporting period, the Program will coordinate with the coalition and with UNDP in order to assure complementation and the most efficient use of resources in this very important area of assistance to the OCG.

PANAMA

Sub IR 2.1: More transparent systems for management of public resources by the national government

1. Provided technical advice to the Presidential Commission responsible for drafting a new penal code. Thanks to the Program's support, the insertion of a complete chapter on "Corruption Crimes", compliant with international anti-corruption conventions, is being considered in this document.
2. Followed up on the design of a comprehensive training program by offering three training courses to the Office of the Comptroller General in Fraud Audit, Risk Management and Control Practices and Government Procurement Audit. In most instances, these courses were directed to staff that had not received any type of specialized training in more than five years. All of the courses included field practices.
3. Co-organized three seminars and workshops on ethics for the public sector with the National Anticorruption Council. They were directed to mid and high level government officials in a position to replicate similar actions in their respective agencies.
4. Combined the efforts of six civil society organizations into a joint event that displayed each of their individual efforts to promote government accountability and anti-corruption.
5. Exposed GOP officials to international best practices in government innovation and transparency through their participation at the Tenth Congress of CLAD (Chile, October 2006) and at a Regional Forum on Good Government in Mexico City (November, 2005).
6. Expanded cooperation links to other GOP agencies, mainly the Attorney General's Office, where the Program began the design of a virtual encounter of Attorney Generals' of Central America.

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs.

1. In accordance with the Work Plan and USAID/Panama's priorities, the Program will schedule activities under this LLR as opportunities arise.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making.

1. Supported the design of a stage play on ethical dilemmas in all sectors of civil society written and performed by middle-school students. The students offered four performances for a general audience of more than 400 people, mostly teenagers, in Colon and Panama City.
2. Sponsored *Alianza Ciudadana's* work in connection with its participation in the Pre-Selection Committee of Supreme Court Justices. This was the first time that a non-governmental organization was invited by a President to provide input on the candidates for the highest posts in the Judiciary.
3. Identified and funding the participation of three international speakers at the Annual Congress of the Panamanian Association of Judges, who spoke on the judicial reform process and its impact in reducing corruption.
4. Designed an anti-corruption seminar and a round table on fraud detection and investigation along with the Institute of Criminology of the Universidad de Panama.

Sub IR 2.4: Accountability of Elected and Appointed Officials Improved.

1. In accordance with the Work Plan and USAID/Panama's priorities, the Program will schedule activities under this LLR as opportunities arise.

NICARAGUA

Sub IR 2.1: More transparent systems for management of public resources by the national government:

1. Facilitated the formation of a civil society group focused on monitoring the progress of GON commitments under the IACC.

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs:

1. Grant signed with CSO Grupo FUNDEMOS for municipal participatory budget efforts.
2. Excellent results were obtained from participatory budget process in San Marcos, Carazo.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making:

1. A training of Nicaraguan journalists was conducted in Panama.

Sub IR 2.4: Accountability of elected and appointed officials improved:

1. Contract agreement with IFES for political party finance assessment.