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Period covering July 1, 2005 – Sept. 30, 2005
(4th Quarter of FY 2005)

Transparency, Anti-Corruption and Accountability Program
Task Order Number DFD-I-03-03-00139-00

GUATEMALA, PANAMA, NICARAGUA AND EL SALVDOR

Submitted to:

CARLA AGUILAR
Multi-Country CTO

Submitted by:

Casals & Associates, Inc.
1199 North Fairfax Street
Third Floor
Alexandria, Virginia 22314

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A. EXECUTIVE SUMMARY

This quarterly report covering the period July 1 through September 30, 2005, is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Transparency, Anti-corruption, and Accountability Program (T/AC) and includes the individual reports for Guatemala, Panama, Nicaragua and also El Salvador, which recently joined the Program at the end of the reporting period and is presenting a brief report of its initial deployment activities.

While the overall progress towards the implementation of the approved Work Plan for FY 2006 has been slower than originally anticipated, the T/AC Program has picked up the pace significantly during the reporting period. An example of this is the rapid advancement of El Salvador's start-up activities during the pre-mobilization period of August 24th through September 23rd. Program activities aimed at improving and increasing the participation of Civil Society Organizations (CSOs) in promoting and generating a demand for transparency and accountability have increased significantly in Panama, Guatemala and Nicaragua, as well as the dialogue with and support to Governmental institutions. This support came in the form of providing technical assistance to develop and/or support local initiatives directed at the improvement of transparency in the way governments manage public affairs and resources. The Program also worked with Governments and with legislative and judicial branches in promoting public policy reform activities aimed at increasing transparency and accountability as well as government compliance with the Inter American Convention against Corruption (IACC).

As stated above, progress continues to be slower than anticipated but the Program has gained credibility and momentum to continue productive dialogue with local actors in the four countries leading to an increased and sustained level of implementation.

The Program has learned important lessons during the initial seven months of implementation and has developed a Work Plan for FY 2006 that is believed to be more realistic and "doable" than the initial one. The Program also realizes that in order to overcome issues that have to do with either lack of open political will in the public sector or a slow decision-making process, it will have to be more aggressive and creative in finding avenues to quantitatively and qualitatively accelerate program implementation and begin to show the kinds of results that are expected by USAID and clearly reflected in the Results Framework that is contemplated under the Contract.

Following is a brief summary (highlights), by Sub Intermediate Result (Sub IR), of the country-specific progress that has been achieved during the reporting period:

1. GUATEMALA

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

- The Program has intensified its policy reform dialogue with the Office of the Presidential Commissioner for Transparency and Against Corruption in order to promote the development and implementation of a Transparency and Anti-Corruption Plan that is consistent with GOG commitments vis-à-vis the IACC. Specific terms of reference for technical assistance in this area have been agreed upon with the Presidential Commissioner.
- The Program also provided technical assistance to support efforts by the Office of the Presidential Commissioner to organize all aspects of the organization of the TI World Conference to be held in Guatemala in November, 2006.
- The Program has assisted the Multi-Sector Council (an advisory Board to the Presidential Commissioner for Transparency formed by notable citizens in Guatemala) to discuss the enactment of Presidential Decrees that will: a) regulate free access to information within the Executive Branch; and, b) institutionalize the Office of the Presidential Commissioner.
- The Program provided assistance to Acción Ciudadana (AC), a CSO which is the local Chapter of TI in Guatemala, and was responsible for coordinating the development of the IACC Independent Report for the country. This report was presented during the IACC Committee of Experts 8th Ordinary Meeting which took place in Washington DC in September, 2005.
- The Program assisted a local CSO, DOSES, to organize a forum to discuss the Freedom of Information Legislation that is presently before the Guatemalan Congress for approval. An international expert from Mexico was invited to speak before the forum which was jointly put together and implemented by the following organizations: Secretaría de la Paz (SEPAZ); Asociación para el Desarrollo; Organización, Servicios y Estudios Socioculturales (DOSES); Fortalecimiento de Organizaciones Sociales en temas de Seguridad (FOSS); and, Red Guatemalteca para la Seguridad Democrática.
- As part of an effort to promote synergies between USAID Programs, particularly in the area of democracy, the Program has negotiated with the Coordinator of the Anti-corruption Commission of the Judicial Sector and agreed on the terms of reference for providing technical assistance to the Judicial Branch to develop and implement a strategy and work plan to coordinate compliance by the State of Guatemala with commitments made under the IACC.

- Under a grant made by the T/AC Program, the CSO Centro de Investigaciones Económicas Nacionales (CIEN), has made progress in the development of the Budget Transparency Index for Guatemala. It has already prepared the country report in accordance with the implementation plan and schedule.
- The Program awarded its fourth CSO grant to Acción Ciudadana, with which the CSO Fundación Derechos Económicos, Sociales y Culturales para América Latina (DESC) will be working to conduct an analysis to define a reform agenda aimed at improving transparency in three key areas: discretionary government spending, procurement and budget designation criteria.



- The Program has initiated consultations and dialogue with key oversight agencies to sign Letters of Understanding (LOU) between these agencies and USAID aimed at strengthening the role of the Program in promoting transparency and preventing corruption. Agreement for the signing of LOUs has been reached with the National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch), and the Transparency Commission of the Judicial Sector.
- Alfonso Chan, a well known international consultant, was contracted by the Program to be one of the main speakers on the subject of social auditing during the Third National Conference of Audit and Public Accounting in which the Office of the Comptroller General was involved. The Consultant also provided training in this area to the staff of the Office of the Comptroller General.

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

- The Program has continued to coordinate with USAID programs in this area, particularly with the decentralization and local governance program. The Program has also shared social audit documents and has been participating in meetings with USAID programs and with the Office of the Comptroller General as deemed necessary by USAID and USAID partners.

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

- Significant progress has been achieved in this area during the reporting period, as 90% of Program resources earmarked to work with CSOs have been awarded in grants to organizations such as Coalición por la Transparencia, Acción Ciudadana, DESC and DOSES.

- Work with CSOs has already begun to produce encouraging results. For example, the grant to Coalición por la Transparencia to conduct a social audit of a GOG procurement of medicines led to the conclusion that the GOG's open procurement modality has some serious weaknesses that created flaws in the procurement process. Changes for improvements have been recommended. The GOG cancelled the procurement based on the report from Coalición and recommended improvements in the process in order to start a new competitive procurement.
- With support from the Program, the CSO Acción Ciudadana coordinated the development of the IACC independent report for Guatemala and participated in the September 2005 meeting of the Committee of Experts in Washington to present the independent report.
- The Program organized a small event as an initial step to inform on and promote the US Department of Commerce Business Ethics Program. Alysia Wilson from the DOC made the presentation and answered questions and comments from the participants. The event was attended by GOG representatives, academics, Congressional staffers, civil society organizations, the private sector and USAID. The general objective of the event was to promote the implementation of a business ethics program in Guatemala.
- The Program has developed a matrix that summarizes the nature of corruption cases, identifies the individuals charged with acts of corruption and describes the present legal status of paradigmatic corruption cases from the previous administration that have received wide press coverage. The matrix will be used as a tool to follow-up on actual progress in the fight against corruption.

D. Sub IR 2.4: Accountability of elected and appointed officials approved

- The Program staff has initiated consultations and dialogue with the Probity Directorship of the Office of the Comptroller General to improve the control of assets declarations by public and elected officials.

2. PANAMA

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

- Reached cohesion among members of the National Anticorruption Council around common goals and objectives through the preparation of its strategic plan.
- Redirected the actions of NAC's Executive Secretariat to a preventive approach by outlining its programs in three major areas: legal framework, institutional

framework and citizen's participation. Furthermore, the Program strengthened the Secretariat's research and analysis capacity by exposing its staff to international best practices and continuous training and orientation.

- Expanded cooperation links to other GOP agencies, mainly the Office of the Comptroller General, where the Program began concrete training initiatives and drafted a comprehensive support strategy.
- Obtained preliminary GOP support and began adaptation of a tool to assess transparency and efficiency at the institutional level (National Integrity Index).

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

In accordance with our 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.

- Launched a small grants program which proved to be instrumental in inserting citizen-driven initiatives in transparency and accountability in the judicial reform process.
- Coordinated with GOP agencies, civil society and other donors in the organization of a nationwide anticorruption awareness effort (National Transparency Week).
- Stimulated the participation of the National Bar Association in a project to control prerogatives and privileges bestowed on high-level GOP officials in the three branches of government. Furthermore, the National Bar Association contacted and obtained early commitments by a few members of the National Assembly to adopt and promote their recommendations on the subject matter.

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

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

3. NICARAGUA

Sub IR 2.2.2: Improved local government budget transparency, management and execution

Negotiations were completed with Grupo Civico Etica y Transparencia, representative of Transparency International in Nicaragua, for activities in the area of monitoring the execution of the budget in five selected municipalities. With the technical concurrence of USAID a Grant Agreement was signed with the organization in September 2005.

Program-funded activities were initiated at the municipal level with the first phase of execution of a participatory budget project in the city of San Marcos. Continuation and expansion of this project was nearing final negotiations with CSO Grupo FUNDEMOS at the close of the quarter and a request was submitted for technical approval for a second Grant Agreement.

Sub IR 2.3.1: Strong civil society participation and oversight

Program provided short term training course to a group of young leaders active in various civil society coalition efforts

Sub 2.4.1: Political parties and elected leaders' accountability improved

Conducted a one day forum on the theme of political party finance

4. EL SALVADOR

Ø El Salvador has nothing to report as its funds were obligated at the end of the reporting period and the Work Plan has not been approved)

B. MULTI-COUNTRY ACTIVITIES

Ø Monitoring and Evaluation Plan

M&E consultant Ronald Seligman visited Guatemala, Panama and Nicaragua and provided technical assistance in developing a revised version of the M&E Plan to address USAID comments and concerns raised during the prior reporting period. As a result of Mr. Seligman's visit and his interviews with USAID and Program staff in the three countries, a revised and more specific Monitoring and Evaluation Plan was submitted to USAID on September 2, 2005. USAID made additional comments/suggestions to the Plan and the Program is now addressing such comments/suggestions and has identified a new Consultant who will arrive in Guatemala during the first month of the following quarter to finalize the M&E Plan and present it to the Program and USAID for review and approval.

Ø Gender Action Plan

A Gender Consultant worked in Guatemala with USAID and Program personnel (in the case of Panama, Nicaragua and El Salvador through conference calls) and developed a revised Gender Action Plan for the Program. The Plan was submitted for USAID review and approval on September 16, 2005. The Program will bring back the gender consultant, Dr. Patricia Delaney, to finalize the GAP based on USAID comments and present it to USAID for its final review and approval. The main purpose of the GAP is to mainstream gender considerations throughout the T/AC Program to the extent that programmatic need and the availability of resources permit.

Ø **Multi-country Opportunity Fund**

As part of its Work Plan for FY 2006, the Program presented a proposal for the implementation and operation of the Fund, including technical criteria for its use, areas of focus, prioritization of activities, etc. During the Managua meeting, the Fund proposal was presented and comments by USAID were discussed. A summary of decisions made regarding the fund is included below under the discussion of the Program Coordination Meeting in Nicaragua.

Ø **Program Coordination Meeting in Nicaragua**

The following summary includes the topics discussed and conclusions reached during the Program Coordination meeting held in Managua, Nicaragua on September 21st and 22nd between the T/AC Program CTOs, and Program Directors. The meeting was held at the USAID Mission and at the Intercontinental Hotel in Managua. On the morning of September 21st, representatives from the Program's USAID missions met separately from the Casals staff. The groups then came together in the afternoon for the joint meeting, held at USAID's office in Managua. The agenda for this joint meeting was developed and agreed upon with sufficient anticipation. It was closely followed, and all topics contemplated for discussion were adequately covered. The following representatives from USAID and Casals & Associates, Inc. (C&A) attended the two-day meeting:

- Carla Aguilar, Multi-country CTO/ Guatemala CTO
- Ana Luz Mena, El Salvador Alternate CTO
- Luz Marina Garcia, Nicaragua CTO
- Luis Ubeda, Rule of Law Coordinator, Nicaragua
- José Garzon, Director, Office of Democracy and Governance, Guatemala

- Patricio Maldonado, C&A Chief of Party
- David Cohen, Vice President of International Programs, C&A/Washington
- Kerisha King, Program Manager, C&A/Washington
- Carlos Guerrero, Program Director, C&A/El Salvador
- Vivian Mack, Sr. Technical Expert, C&A/Guatemala
- Eduardo Flores, Program Director, C&A/Panama

- Sally Taylor, Program Director, C&A/Nicaragua
- Mayling Obregon, Technical Expert, C&A/Nicaragua
- Ulises Caldera, Technical Expert, C&A/Nicaragua
- Maria Nicaragua, Financial Manager, C&A/Nicaragua
- Daniela Urcuyo, Administrative Assistant, C&A/Nicaragua



CTO/PD Coordination Meeting in Managua

The joint meeting on the 21st began at the Offices of USAID/Nicaragua with brief welcoming remarks by Nicaragua's CTO Luz Marina Garcia. The Guatemala and also Multi-Country CTO, Carla Aguilar made the introductory remarks, led the introduction of individuals and gave a brief review of the agenda and objectives of the meeting. Ms. Aguilar was also the one who led the discussions on both days of the meeting.

The T/AC Program Chief of Party, Patricio Maldonado presented a general overview of the program's overall progress-to-date. He stressed the importance of the multi-country aspects and general approach of the Program and reminded everyone of the need to take advantage of opportunities to promote synergies, take advantage of economies of scale and exchanges of information and experiences among the participating countries.

The presentation of Guatemala's progress by Vivian Mack followed. Principal areas of progress in Guatemala include working with the Government and CSOs in the areas of compliance with the IACC, social auditing, freedom of information and improvement of control institutions in the executive, legislative and judicial branches.

Carla Aguilar then publicly recognized Guatemala's achievements-to-date as well as the technical and diplomatic skills of the program staff in Guatemala. According to her, Guatemala's achievements provide a great example of how much can be accomplished in a short period of time. David Cohen inquired about the principal obstacles confronted in Guatemala, and Vivian responded that they were, and continue to be, mostly related to a lack of definition and will in the political arena. The turnover in Government key personnel also contributes to delays and a new start is required with every new person hired. Patricio Maldonado also mentioned that political will continues to be an obstacle and that it is mostly expressed as a rhetorical manifestation.

Eduardo Flores, Program Director in Panama, presented an overview of key priorities and counterparts and the approach for implementation of activities under the Program's two main components in that country: Sub-IRs 2.1 and 2.3. He pointed out that, as a direct result of the Program's technical assistance and guidance, the Panamanian Anticorruption Council completed its strategic plan, which identifies a series of anticorruption actions and the entities responsible for executing them. Additionally, the Program designed and launched other activities with key government entities, such as the Office of the Comptroller General, and began a small grants program aimed at promoting transparency initiatives through Civil Society Organizations. His presentation also highlighted a few obstacles that emerged during the Program's execution. For instance, he explained that for a few months, all anticorruption policies and actions were placed second to other priorities in Panama. Signs of a fading political will were also detected as shown by the lack of adequate financial support to the National Anticorruption Council.

The presentation of Nicaragua's progress was done by Sally Taylor. The program in Nicaragua has focused on citizen participation, and the two main issues that it faced thus far dealt with budget transparency and access to information issues.

Finally, the presentation of El Salvador's progress was done by Carlos Guerrero. During the pre-mobilization phase of August 24th through September 23rd, Carlos, along with the Deputy Program Director, Gerardo Berthin, accomplished in a short period of time many important tasks towards establishing the office in El Salvador and getting the Program off to a good start. Some of these tasks include: meetings with USAID to discuss guidelines and the new program component of transparency in the Judicial Sector, which will be incorporated into the Program; defining the Program name in El Salvador, which was determined to be Programa de Transparencia y Gobernabilidad - El Salvador; obtaining Tax Identification Cards for the PD, DPD and C&A; identifying a law firm to handle C&A registration; opening a commercial bank account; recruitment of personnel, rental of office and residence quarters; obtaining local quotes for furniture, equipment and internet services; setting up a temporary office at Hotel Princess; and meeting with local counterparts. Patricio concluded the progress to date presentations expressing his optimism that the office in El Salvador will quickly catch up to the other program offices and will be off to a very promising start. He then thanked the CTOs for their input, guidance and constant support and, on behalf of all Program Directors, expressed the Program's appreciation for the way in which all CTOs have made very positive contributions to the Program.

A short break, was followed by presentations of the Work Plans for FY 2006. There was a presentation of Multi-Country activities, the Multi-Country Opportunity Fund and its overall operational structure and the individual country plans. The first day session concluded with these presentations.

The joint meeting continued on September 22nd at the Intercontinental Hotel. On the Work Plan, it was agreed that USAID would present their formal comments in writing to

enable PDs and their staff to work on revisions, as necessary. USAID comments have been received and are presently being addressed by the Program staff.

After reviewing the agenda, Patricio explained the purpose of the Technical Committee established in Guatemala as a quality control point for reviewing activity proposals from public and private sector organizations before being sent to USAID for technical concurrence. The Technical Committee will also review program deliverables.

The discussion then shifted to the Multi-Country Opportunity Fund and the importance of flexibility and less bureaucracy. Some important points in the discussion of the MC Fund were the following:

- § The establishment of a Technical Committee for the MC Fund itself to act as a quality control point for the review of activity proposals.
- § Carla suggested that a percentage higher than 25% be spent in the first couple of years on unanticipated expenses (emergencies or targets of opportunity), and to allocate less funds towards the end of the project.
- § There is already a budget line item of \$150,000 per country for the Fund as per Modification #3 to the Contract.
- § It was decided that the areas of intervention to be covered by the Fund would be expanded to include all areas that are consistent with Program results and objectives.
- § It was also agreed that the potential sources for activity initiatives will include USAID, the Program staff, as well as public and private sector organizations in the participating countries. Priorities on activities will be determined on the basis of the prevailing context and situations at the time an activity is proposed.
- § Since a multi-country activity is defined as one that involves two or more countries, the costs associated will be shared by the participating countries and will reflect the level of effort and costs that can be clearly assigned to each country.
- § Panama and Nicaragua PDs will present their proposals for multi-country activities with Attorney Generals and in the area of political party financing, respectively.
- § Information about the TI/LAC Proposal for a Report Card on country compliance with elements of the IACC will be presented to all Program Countries for potential interest beyond Panama and Guatemala.
- § It was also decided that the evaluation criteria for activity proposals will include a cost-benefit consideration.
- § The Good Governance and Modernization Forum in Mexico will be a bilateral and not a multi-country activity.
- § Carla mentioned the need for concrete details for the proposed Gender Workshop
- § It was agreed that rather than a Forum or seminar on investigative journalism for a multi-country activity, the Program would look into the possibility of arranging for internship-type exchanges on the subject, within or outside the participating countries.

- § It should always be clear that the initial activities proposed under the MC Opportunity Fund are illustrative in nature and not definitive.

Vivian Mack of the Program in Guatemala did the presentation of the M&E Plan. The following conclusions were reached with respect to monitoring and evaluation:

- § The Program will hire a new M&E consultant as soon as possible in order to respond to USAID's September 14th comments on the Plan and to work with the USAID Mission and the Program in El Salvador on the development of the ES portion of the Plan.
- § Patricio will include an element of gender monitoring in the consultant's scope of work
- § An M&E official has already been identified in each country to work with the consultant.
- § The Program will address the letter from the Multi-Country CTO containing general and country-specific comments on the M&E Plan

Patricio proceeded to present the Gender Action Plan. Carla mentioned that she was pleased with the progress of the Gender Action Plan, noting Chapter 7 and Appendix 9.1 as its key points. However, mention was made of the need to specifically identify the link between gender and corruption. David suggested that there should be a focus on the cost of corruption surveys on gender, to which Patricio agreed. The main conclusions on the discussion of the GAP are:

- § There needs to be a gender official appointed in each country Program, as it is with monitoring and evaluation.
- § It's necessary to look into the costs associated with gender (and M&E), as these most likely have not been reflected in the budget.
- § USAID comments to the GAP will be presented in writing.

The next topic discussed was the Intranet. Carlos began by promoting the use of this tool as a way to communication and exchange information between the Program and USAID and to share news on forthcoming events as well as Program reports and deliverables. He also addressed some of the limitations of the Intranet. Some ideas were presented to initiate the use and access to the intranet, such as establishing 2 types of users: 1) CTOs and PDs and staff; and 2) counterparts who would have invitational access. David suggested having a separate website where counterparts could access documents more easily than the regular website. Basically, there needs to be a demand for the intranet in order for people to maximize its utility. Conclusions reached were the following:

- § During the week of 9/26 Missions will develop and distribute a list of the names of people in each country who should have access. Carla would coordinate this with USAID
- § Carlos and Kerisha will look into different options with Miguel to facilitate access and input of information and announcements.

- § Carlos, with the support of Miguel, will develop an easy-to-use guide of the Intranet.

Carla Aguilar then began the discussion of administrative issues by stressing the importance of adhering to the required deadlines for submitting requests for rate and level of effort approvals. After input from Kerisha, the following conclusions were reached:

- § The Chart of Approval Requests approved by Carla is the guideline to be used for requesting approvals
- § Kerisha will distribute the final text of the program brochure to the missions and C&A staff
- § The international travel list for the upcoming year will be included in the Work Plan each year, since CTO concurrence is required before the list goes to the CO

Before concluding the meeting, it was decided that the next meeting will be held during the first week of April 2006 in El Salvador. Carlos suggested that key personnel from each of the C&A Program Offices should also participate in these meetings or to explore the possibility of holding video-conferences among the Program participating countries. Patricio suggested that the joint CTO/PD coordination meetings be held every 6 months. The objectives will be to share experiences and accomplishments, receive feedback and conduct a mid-term evaluation. Carlos suggested that technical project staff should participate once a year. However, no final decision was made on that point. The Chief of Party will develop a thematic agenda with the CTOs.

GUATEMALA

Introduction

This quarterly report covering the period July 1 through September 30, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Transparency, Anti-corruption, and Accountability Program (T/AC).

I. Technical Update

i. Key Activities by Sub-IR and LLR for the Quarter

SO: Ruling Justly: More Responsive, Transparent Governance

IR 1 – Strengthened Rule of Law

IR 2 – Greater Transparency and Accountability of Governments

Executive summary:

On July 7, José Garzón, team leader for the USAID Office of Democracy Initiatives (ODI) was introduced to civil society partners, stakeholders, GOG and State officials during a working breakfast organized by USAID and the Program. As a part of the agenda, Patricio Maldonado, Director of the Guatemala Transparency and Anti-corruption Program, presented the Program's strategic lines. An interesting dialogue among the participants followed which helped to identify the cooperation that the Program can bring to different sectors to promote transparency and combat corruption.



José Garzón, USAID/Guatemala Democracy Officer during Working Breakfast to introduce him to counterparts in the area of transparency and anti-corruption. In the picture Mr. Garzon with Presidential Commissioner for Transparency, Mr. Hugo Maul and the T/AC Program Director.

The T/AC Program personnel held several meetings with actual and potential counterparts. As a result, 90% of funds earmarked for grants to Civil Society Organizations were awarded during the reporting period in four grants to organizations such as Coalición por la Transparencia, Acción Ciudadana and DESC. In the meantime, the Program has continued to receive, review and process activity proposals from Government and State agencies and civil society organizations. The Technical Committee continues to serve as a quality control mechanism within the T/AC Program, with the purpose of critically analyzing and reviewing activity proposals as well as Program deliverables and products. The Technical Committee has also created, for each activity financed by the Program, a Steering Committee (Comité de Gestión) formed by the designated technical expert, the financial and their parallel counterparts in the implementing organizations to permanently and systematically follow-up on the implementation of program activities and ascertain that agreed upon deliverables are produced in an acceptable and timely manner. The Steering Committees will meet as frequently as required or demanded by the size and complexity of each individual activity.

The Program staff initiated consultations and dialogue with key oversight agencies to sign Letters of Understanding (LOU) between them and USAID to strengthen the role of the Program in promoting transparency and preventing corruption. Agencies with which agreement has been reached to sign such LOUs include: National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch), and the Transparency Commission of the Judicial Sector (Judicial Branch).

At USAID's request, the Program developed a matrix containing information about progress achieved by the incumbent GOG in the area of transparency and anti-corruption. This matrix will be utilized by USAID and the US Embassy as a policy dialogue tool to further pursue improvements and reform and to promote access by Guatemala to resources from the Millennium Challenge Account mechanism.

A regional conference on good governance will take place in Mexico, Nov. 6 to 11. Over the past decade, Mexico has accomplished significant advances in the area of modernization of the state aimed at improving transparency in how government does business. The objective of this activity for Guatemala is to develop and pursue a substantive public policy reform agenda in order to improve transparency and accountability of governments through a sound modernization of the State. The Program will invite at least 10 high level officials from the executive, legislative and judicial branches to attend the Forum. There will be a pre-departure meeting with the invitees to review the agenda for the Forum and to agree on the longer-term objectives of their participation in the Forum. These objectives include the implementation of a workshop in January, 2006, to define a policy reform agenda that Guatemala can undertake following the exposure to the Mexican experience in modernization of the State with respect to transparency.

After several discussion meetings and consultations, Guatemala and the participating countries submitted the 2006 Work Plan, the revised Gender Action Plan and

Monitoring and Evaluation Plan. The activities of the Work Plan are presented as instruments or means to address the USAID results framework, and tasks described are illustrative in nature and will be more specifically developed as activities get underway to reflect realities on the ground. Involvement of the PDs and technical staff during the period of consultations in the development of the FY 2006 Work Plan took a major portion of the Program staff level of effort.

An important multi-country meeting, internal to the T/AC Program (Program Directors and CTOs for Guatemala, El Salvador, Nicaragua and Panama) was held in Nicaragua on September 21-22, 2005 to discuss technical and administrative issues and to arrive at decisions aimed at facilitating and streamlining Program implementation. The agenda included such aspects as the Work Plan, progress to date, M&E Plan, Multi-Country Activities, the Multi-country Opportunity Fund and Gender Action Plan.

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

LLR 2.11: National anti-corruption/transparency strategy completed and implemented

To support the agenda of the Office of the Presidential Commissioner for Transparency and Against Corruption, the Program contracted a local consultant to assist in the organizing initial activities for the 12th Transparency International Worldwide (TI) meeting to be held in Guatemala at the end of FY 2006. The consultant has engaged government officials, civil society organizations, participating organizations and other stakeholders in defining responsibilities and logistical and administrative roles, in compliance with the commitments made by the GOG for the organization of the Conference

A letter of understanding and agreement between the Government of Guatemala, the Council of the International Anti-Corruption Conference, Transparency International, and Acción Ciudadana (the local TI Chapter in Guatemala) is being negotiated to ensure the most efficient organization and preparation for the 12th International Anti-Corruption Conference. The Program provided assistance to the Presidential Commissioner in the drafting and translation of the letter of understanding which has already been signed by the Commissioner. At the end of this reporting period, TI signatures are still pending.

The Program has also provided assistance to the Multi-sector Council that supports the Office of the Presidential Commissioner to discuss the enactment of a GOG Presidential Decree that will regulate the provision of free access to information within the Executive Branch. A specific proposal will be presented to President Berger and requires his signature. The Council has also developed a proposal for the institutionalization of the Office of the Presidential Commissioner as a permanent rather than a temporary office. The President in several public declarations to the press has declared its will to

institutionalize the Presidential Commissioner to promote transparency throughout the Government structure.

The Program has also agreed with the Presidential Commissioner for Transparency on the terms of reference for specialized technical assistance to develop and implement a GOG Transparency and Anti-Corruption Plan. It is expected that the GOG plan will include a public reform agenda and strategy consistent with the recommendations of the IACC Committee of Experts issued for Guatemala during its September meeting.

A Letter of Understanding (LOU) between the USAID and the Presidential Commissioner has been negotiated and agreed upon to provide support to the Commissioner in the fulfillment of its transparency and anti-corruption role within the GOG. It is anticipated that the LOU will be signed during the following month.

LLR 2.1.2: Implementation of the commitments with the Inter-American Convention against Corruption (IACC)

With support from the Program, the CSO Acción Ciudadana coordinated the development of the IACC independent report for Guatemala and participated in the 8th Ordinary Meeting of the IACC Committee of Experts in Washington in September, 2005, to present the independent report. The meeting was chaired by Jamaica and evaluated IACC achievements for the United States, Jamaica, San Vicente and Grenadines Islands, Canada and Guatemala.

The Government of Guatemala also participated in the meeting and has received and acknowledged the recommendations submitted by the Committee of Experts. Following the procedures established by the IACC under its Follow-up Mechanism, Guatemala was evaluated by the governments of Colombia and the Bahamas. Even though the recommendations for the State of Guatemala have not been made public, the civil society group lead by Accion Ciudadana, with Program support, will work to publicize the recommendations of the Committee of Experts and the progress-to-date achieved by Guatemala.

Accion Ciudadana, through a grant from the T/AC Program, has convened other civil society organizations to continue monitoring GOG compliance with the IACC recommendations. These CSOs will sign an agreement between them to strengthen its role and further their activities towards an action plan on IACC compliance.

Also, Accion Ciudadana has contracted the specialists that will work towards the elaboration of indexes that will measure Government compliance with IACC commitments and will serve as a social auditing tool to measure the degree to which the Government facilitates free access to information by civil society and the general public.

Presently, at least three different proposals on freedom of information law are before the National Congress for enactment. An alliance integrated by civil society groups and the Executive Branch has been formed to discuss these legal instruments and the

importance of freedom of information as a mechanism to guarantee transparency. This alliance includes Secretaría de la Paz (SEPAZ), the Asociación para el Desarrollo, Organización, Servicios y Estudios Socioculturales (DOSES), Fortalecimiento de Organizaciones Sociales en temas de Seguridad (FOSS) and the Red Guatemalteca para la Seguridad Democrática who has organized a panel-forum, with T/AC Program resources, in which Felix Martínez, an expert from the Access to Information Mexican Institute, presented the topic and led a discussion among Congressional and civil society participants highlighting the importance of the passage of this key legislation. During the panel-forum, Sergio Camargo, the congressman who attended the International FOIA Seminar in Argentina, took part in the debate and provided insight into what the Congress is doing to promote the discussion and approval of the freedom of information law.

The Technical Committee of the Program has continued to receive and review activity proposals from CSOs. For example, the CSO Grupo de Apoyo Mutuo (GAM) proposes to launch a web page to promote access to information within public sector institutions, and to show citizens how to work through legal procedures in order to get the information that it requires. The Technical Committee will continue acting as a quality control point before awarding new grants.

In order to promote coordination and synergies between USAID Programs, the Program will provide technical assistance to the Judicial Branch to develop and implement a strategy and a work plan to coordinate compliance with IACC commitments as a permanent policy of the State of Guatemala that will transcend democratic transitions. The terms of reference have already been negotiated and agreed upon with the Magistrate that presides over the Judicial Sector Anti-corruption Commission, and the Program is in the process of identifying a source for the provision of this critical technical assistance activity.

LLR 2.1.3: Improved national government budget transparency, management and execution

The Centro de Investigaciones Económicas Nacionales (CIEN) is the civil society organization that, through the T/AC Program grant, is developing the Budget Transparency Index (BTI) for Guatemala. The transparency index is built from the understanding that actors external to the government have studied how the budget process operates. The CIEN analysis of the budget process should allow outsiders to verify if the distribution of public resources reflects the established priorities, policies and its criteria. The methodology is based on three aspects: 1) legal information on transparency; 2) information on common budgetary practices; 3) survey on the perception of different users.



Signing of Grant between CIEN and the USAID T/AC Program

The progress to date achieved by CIEN was in turn evaluated by the regional coordinator of the BTI from Mexico, and results were satisfactory. The Guatemala team achieved a higher rate of survey performance (85%) than the other countries involved in the BTI. The survey and report elaboration phases are near completion and, after final publication of BTI results for Guatemala by the end of October, the dissemination and incidence phases will follow. The program is working with CIEN and other actors on the best possible uses of the BTI as a policy dialogue and reform tool to further advance in the area of budget transparency.

LLR 2.1.4: Systematic Government deficiencies identified and addressed in key line ministries

At the beginning of the Program, USAID suggested that activities related to this LLR be based on the assessments coordinated by USAID in different Government ministries and institutions. After a proper analysis, the Program received a letter from the USAID CTO stating that the Program could initiate other activities conducive to the achievement of this result but not necessarily linked to the USAID assessments. The FY 2006 Work Plan presented some of these proposed activities for USAID consideration.

The fourth grant made by the T/AC Program during the reporting period was awarded to Acción Ciudadana. Through this Grant, Fundación Derechos Económicos, Sociales y Culturales para América Latina (DESC) will be working along to conduct an analysis to define a reform agenda aimed at improving transparency in three key areas: discretionary government spending, procurement and budget designation criteria.



Signing of Grant between the USAID/TAC Program and Acción Ciudadana

The Program Technical Committee also reviewed a proposal submitted by Instituto Centroamericano de Estudios Fiscales (ICEF) that suggested monitoring budget spending in some specific public institutions/trust funds. After its review, the Program Technical Committee decided to meet with the officials of this organization to explain the objectives of the T/AC Program in order to better define the proposed activity.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

Acción Ciudadana (AC) was awarded a grant that includes building a corruption perception and experience index (IPEC). The Program has reviewed with AC other victimization surveys done in Guatemala particularly, the Democratic Indicators Monitoring System (DIMS), and will include in the IPEC survey questions from the DIMS to monitor the accomplishments achieved to date. In addition, the Program has initiated a dialogue with AC and other actors to develop and implement specific program activities in FY 2006 aimed at having a positive incidence in reducing petty corruption.

Furthermore, the Program also fully supports the need to incorporate gender analysis, gender integration and gender mainstreaming throughout the project and particularly under this LLR. Through the IPEC survey, gender considerations will also be included to better understand how petty corruption affects men and women. AC is in the process of contracting the survey and anticipates having some conclusions during the next quarter.

LLR 2.1.6: Key oversight agencies strengthened

The Program staff has negotiated and obtained agreement to sign Letters of Understanding (LOU) between USAID and key oversight agencies in order to strengthen the role of the Program in promoting transparency and preventing corruption. Agencies approached by the Program include the National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch), the Justice Sector Transparency Commission and the Probity Directorship of the Office of the Comptroller General.

The initiatives directed to the Presidential Commissioner and the President of the Justice Sector Commission have already been mentioned above. The National Congress presented proposals aimed at rationalizing Guatemala's legal structure (de-legislation), promoting services and information to the general public by installing kiosks with computer access, and improving the Congress' website. These proposals have been reviewed by the Technical Committee. The de-legislation technical assistance was not approved due to procedural issues, and the other two proposals are now in the hands of the Congress for revision before final presentation.

After intensive dialogue with the Probity Directorship of the Office of the Comptroller General, the Program and the Directorship agreed to form a joint working group to further advance in the identification and definition of technical assistance and training needs that the T/AC Program could support as well as the actions needed by the Comptroller General to reinforce the operation of this unit. The working group had begun holding regular meetings and agreed on a calendar of actions to be implemented. To further this activity, the Program met with the Comptroller General to discuss the reassignment of technical personnel that had been previously transferred from the Probity Directorship to other areas of the Comptroller's Office as well as the need for additional strengthening of the Probity Directorship. Unfortunately, the Comptroller General was not open to do either and even restated his decision to move the very active and committed Probity Director to other duties within his Office. These decisions are not considered very favorable for the achievement of the results that are

relevant to the Program and the Program is now waiting to see if a better opportunity and situation is presented to rebuild the relationship and the activity in the near future.



At the request of the Office of Comptroller General (OCG) and USAID/FMO, the Program provided assistance in social auditing experiences to the Third Conference of Audit and Public Accounting Students. Alfonso Chan, a well-known international consultant, was contracted by the Program to be the main speaker at the Conference. The focal point of the Conference was to provide tools and methods as well as to develop students' habits in order to increase their knowledge and ability to adapt to the

demands of globalization. The Consultant also conducted training for high-level staff of the OCG aimed at analyzing the OCG oversight and capacity as related to the existing situation and budget. The agenda also involved aspects related to the IACC, the United Nations Convention against Corruption, the OCG role within those conventions and how to strengthen such a role and prevent corruption.

Alfonso Chan Provides Technical Assistance to the Office of the Comptroller General

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

In accordance with agreements reached through several coordination meetings with the USAID CTO and other USAID Programs, and specifically the decentralization and local government program of USAID, the USAID Mission decided that the T/AC Program's role in this area will only be at a national policy level. On social auditing, it was also agreed that the Program would coordinate any social audit training with the decentralization and local government USAID program and would concentrate social auditing activities to the national level.

To pursue adequate levels of coordination/operation, the Program has shared social audit documents and has been participating in meetings with USAID programs and with the Office of the Comptroller General and will continue to collaborate in this area as needed and requested.

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

LLR 2.3.1: Strong civil society participation and oversight

As mentioned before, the Program has made significant progress in advancing civil society participation and involvement in promoting transparency and deterring corruption. In fact, the Program has awarded four grants to CSOs during the reporting period and utilized 90% of the Program resources earmarked for this purpose in FY 2005. Budget transparency, compliance with the IACC government discretionary budgeting and spending, freedom of information and social auditing of government procurement are among the subject matters included in the four grants. Some of the civil society organizations that received Program grants include: CIEN, Acción Ciudadana, Coalición por la Transparencia, DESC and DOSES.

As stated above, the grants were awarded and signed during the reporting period in small ceremonies that took place at the T/AC Program offices.



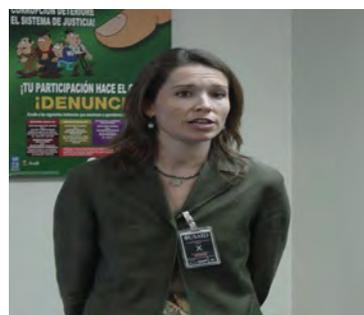
As mentioned earlier, the Program Technical Committee has rigorously and critically reviewed all proposals that have been received to date from both civil society organizations and the GOG. The Program has been actively engaged in processing the corresponding USAID approvals and documents to implement those activity proposals that have been favorably considered.

USAID Officials attend signing of T/AC Program Grant to Acción Ciudadana

The Program's work with Civil society organizations is already paying off. One example is the grant to Coalición por la Transparencia, an alliance between three important civil society organizations that was asked by the Government to carry out a social audit of the procurement process for the acquisition of medicines. Coalición por la Transparencia has finished the social audit and presented a preliminary report that is being used by the GOG to cancel the procurement and review the open procurement modality which the report identified as weak and too complex. The social audit highlighted the importance of adequate procurement processes as a means to foster transparency, reduce costs, and encourage economies of scale, competitiveness, etc.

Another positive example is provided by Acción Ciudadana. AC presented at least five strategic recommendations to be included in Guatemala's report during the IACC/OAS Committee of Experts meeting in September, 2006. Most of these recommendations have been included in the Guatemala report, which clearly demonstrates the benefit of civil society participation in monitoring how the GOG conducts public affairs and uses public resources.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector



As a result of close coordination with the USAID Mission's Trade and Economic Analysis area, the T/AC Program in Guatemala and the US Department of Commerce (DOC), the Latin America and Senior Trade Policy Advisor for the International Trade Administration of the DOC (Alysia Wilson) came to Guatemala in August to promote the interest of private sector leaders in adapting and replicating in the country the Good Governance /Business Ethics

DOC Business Ethics Program visits the T/AC Program in Guatemala

Program that has been developed by the Department of Commerce. During her visit, the T/AC Program invited a small group of representatives from different sectors in Guatemala to her presentation on the Business Ethics Program. Representatives from the Government, academia, the Congress, civil society organizations, the private sector and USAID attended the presentation to look into the need to replicate this kind of program in Guatemala. This group will serve as a point of contact for follow-up by the Program during FY 2006.

The Good Governance Program (GGP) works to help establish a level playing field for U.S. companies in emerging markets and developing countries by encouraging broad private sector leadership to promote sustainable reform in the following four main program areas: 1) business ethics/anti-corruption, 2) corporate governance, 3) commercial dispute resolution, and 4) intellectual property rights.

Currently, the Department of Commerce is engaged in GGP activities in eleven countries in the Caucasus, Central Asia, Eastern Europe, Latin America and Russia. Regardless of program area or country, all of the GGP's activities are designed to: build awareness and dialogue, provide practical tools and resources necessary to effect change, and develop skills and expertise in the private and public sectors in each of the program areas.

The Centro para la Acción de la Responsabilidad Social Empresarial en Guatemala (CENTRARSE), is a private organization comprised of businesses devoted to promoting good practices and social responsibility in the business sector. CENTRARSE invited the Program and the US Department of Commerce to attend the I Business Social Responsibility Conference in Guatemala on August 4th. During this event, the CENTRARSE Board of Directors showed interest in working with the Program in this area and is preparing specific activity proposals to this effect.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

The T/AC Program in Guatemala has been informed that the USAID Office of Public Relations will coordinate a general training to the media sector in areas such as education, VIH, corruption, etc. Investigative journalism will be a cross cutting theme in this training. The Program is waiting for USAID guidance in order to coordinate these activities. In addition, the Program has included in its FY 2006 Work Plan activities for providing internships (in or outside the T/AC Program countries) aimed at improving

their investigative capacity to systematically report on corruption cases. The Program is also proposing the establishment of an Annual Award to recognize work conducted by investigative journalists on corruption cases.

D. SUB IR 2.4: Accountability of elected and appointed officials approved

LLR 2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

As mentioned above, the Program approached the Probity Directorship of the Office of the Comptroller General to improve the control of assets declarations by public and elected officials. Progress has been made in defining the elements for technical assistance and training to key oversight institutions, but strengthening of the Probity Directorship is essential in order for these activities to be carried out. The Program expects there to be greater cooperation, particularly from the Office of the Comptroller General (as discussed above) after the recommendations from the IACC Committee of Experts are made public.

Ø List of In-Country Training Events

Training Program	Field of Study	Relationship to the objectives	Date	Female	Male
Access to Information panel forum	Access to Information, IACC commitments	LL2.1.2	September 23, 2005	31	37
Multi-sectoral Council for Transparency (MCT), Presidential Commissioner	Access to Information Presidential Decree, institutionalization of the Office of the Presidential Commissioner	LL 2.1.1	August 3, 2005	3	4
Office of the Comptroller General	Social audit	LL 2.1.6,	September 2, 5, 2005	13	44

ii. Other activities:

Ø Donor coordination

The Program prepared a proposal for an agenda to be launched during a donor coordination meeting, or through the Dialogue Group meeting, under USAID leadership. At the same time, the Program prepared a Millennium Challenge Account agenda for Guatemala to be discussed with USAID officials. The Program is aiming to take advantage of an opportunity to discuss transparency and anti-corruption plans and

activities with the donor community, explain the scope and objectives of the T/AC Program and hopefully establish a permanent transparency and anti-corruption coordination mechanism among donors. In fact, there have been at least two donor coordination meetings attended by the Program to specifically discuss assistance to the Congress. These meetings were attended by the OAS project, the IDB, and Embassy of Sweden representatives, among others.

Ø Other Activities

On July 7, José Garzón, team leader for the USAID Office of Democracy Initiatives (ODI), was introduced to civil society partners, stakeholders, GOG and State officials. As a part of the agenda, Patricio Maldonado, Director for the Guatemala Transparency and Anti-corruption Program presented the Program's strategic lines. An interesting dialogue among the participants followed which helped to identify the cooperation that the Program can bring to different sectors to promote transparency and combat corruption.

The Program staff in Guatemala has been involved in and provided input on the conceptualization and development of important overall program documents (discussed in the Executive Summary above) such as the M&E Plan, the Gender Action Plan and the Multi-Country Opportunity Fund

iii. Achievements and Obstacles

Principal achievements include:

- The development, negotiation, approval and signing of four grants to civil society organizations aimed at improving the role of CSOs in promoting transparency and fighting corruption.
- 90% of total funds earmarked for awards to CSOs have been committed by the Program.
- The grants and actions displayed by civil society have already had positive impacts in the areas of government procurement, in helping define the recommendations of the IACC Committee Experts for the Government of Guatemala and in promoting the passage of freedom of information legislation.
- Greater awareness of IACC commitments as evidenced by press releases and public statements.
- Clear progress in policy dialogue with the Congress, the Office of the Presidential Commissioner for Transparency and the Judicial Sector to advance reform agendas and sign letters of commitment to serve as a basic framework for Program assistance to these institutions.

- Better knowledge and better information to define and implement improved transparency policies and strategies obtained through the development of indexes and evaluations
- New techniques and methodologies to keep track of progress on transparency are being discussed.
- Building synergies: Congress donor coordination, USAID Programs and staff.

However, the Program experienced the following challenges:

- The FY 2005 Work Plan was perhaps overly ambitious in proposing too many activities.
- Lack of definition of GOG plans for transparency and implementation strategies.
- Inability to develop and present clearly defined activity proposals
- Institutional weakness due to unstable labor conditions, lack of resources, political issues, etc

iv. Planned Activities by each Sub-IR and LLR for the next Quarter

SO: Ruling Justly: More Responsive, Transparent Governance

IR 1 – Strengthened Rule of Law

IR 2 – Greater Transparency and Accountability of Governments

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

LLR 2.11: National anti-corruption/transparency strategy completed and implemented

- § Signing of the LOU with the Presidential commissioner.
- § Assist the Presidential Commissioner for Transparency in the development and implementation of the GOG Transparency and Anti-Corruption Plan.
- § Follow up on the activities of TI consultants.
- § Assist the Multi-sector Council for Transparency in the discussion and development of proposals to improve GOG transparency and accountability.

LLR 2.1.2: Implementation of the commitments of Inter-American Convention against Corruption (IACC)

- § Support activities for public awareness of IACC Committee of Expert recommendations.

- § Follow up on the elaboration of the Index for measuring compliance with IACC commitments.
- § Sign the LOU with the President of the Judicial Branch and provide technical assistance to the Judicial Sector in the development and implementation of its strategy to ascertain compliance by the State of Guatemala with the commitments vis-à-vis the IACC.

LLR 2.1.3: Improved national government budget transparency, management and execution

- § Follow up on the completion of the CIEN index of budget transparency report.
- § Promote public awareness of the recommendations contained in the Guatemala Budget Transparency Index.
- § Improve the capacity of the media and CSOs to advocate for 2006 budget transparency.

LLR 2.1.4: Systematic Government deficiencies identified and addressed in key line ministries

- § Follow up on Acción Ciudadana/ Fundación DESC's activity to promote a reform agenda to reduce discretionary spending.
- § Follow up on Accion Ciudadana's update of the National System of Integrity.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

- § Follow up on activities related to the development of the corruption perception and experience (victimization) Index (IPEC).
- § Develop and implement pilot activities to reduce petty corruption and include in them gender considerations.

LLR 2.1.6: Key oversight agencies strengthened

- § Sign the LOU with the President of the National Congress (Legislative Branch).
- § Follow up on the National Congress activity proposals to be submitted.
- § Support the dissemination of the IACC Committee of Expert's recommendations.

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

- § Hold meetings with USAID Local Governments Program to coordinate activities and decide T/AC Program involvement at the local level, if any.

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

LLR 2.3.1: Strong civil society participation and oversight

- § Continue to review and analyze within the Program Technical Committee the activity proposals received from civil society and other organizations and obtain approvals to implement those proposals that are consistent with program objectives and level of effort.
- § Develop and begin to implement the Bilateral Rapid Response Fund that USAID has decided to establish for Guatemala under the Program.
- § Develop and implement a small competitive grant fund for civil society organizations involved in social auditing at the national level.
- § Follow up on the Donor Coordination Plan for a donor meeting with USAID concurrence.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

- § Continue coordination and promotion with private sector representative institutions that are interested in pursuing such transparency activities as the Business Ethics Program.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

- § Follow up on USAID guidance regarding the media training activity.
- § Explore possibilities to strengthen the work of journalists, particularly in the area of investigative reporting by establishing an annual award.

D. SUB IR 2.4: Accountability of elected and appointed officials approved

LLR 2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

- § Look for alternative ways to provide support to the Probity Directorship within the Office of the Comptroller General
- § Support the dissemination of the IACC Committee of Expert's recommendations.

II. Administrative Update

i. Staffing

The recruitment process to fill the vacant multi-country administrative position was conducted. Karla Salas was recruited as the Multi-country Assistant.

It is expected that on October 27 – 28, Panama Technical Expert Rafael Reyes will travel to Guatemala to train the staff there on the relevance and practical applications of the Mind Manager software.

ii. Office equipment and furniture

Miguel García-Gosalvez, C&A IT specialist, traveled to Guatemala July 21-26 to assess the Program's IT facilities. After his evaluation, he recommended the purchase of new hardware, the installation of the corporate anti-virus software and the purchase of a copy center with e-mail scanner and a voice over IP phone, which has helped reduce long distance communication costs. Taking advantage of his expertise, Mr. Garcia-Gosalvez also participated in a meeting to discuss the Congressional proposal to improve the web page.

Upon USAID approval of the budget modification, the Program purchased office furniture and installed new computers that will contribute to improving overall Program efficiency.

Panama

Introduction

This quarterly report for July - September, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00 (Central America and Mexico Anti-corruption, Transparency and Accountability Program).

I. Technical Update

i. Key Activities

Following is a description of key activities conducted in this period broken down by Sub Intermediate Results and Lower Level Results.

SUB IR 2.1: More Transparent Systems for Management of Public Resources by the National Government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented.

Completing the strategic plan of the National Anticorruption Council and its Executive Secretariat

At the beginning of the reported period, the Program concentrated most of its efforts in holding a special session (Gamboa – July 22) with the National Anticorruption Council (hereinafter NAC or the Council) as a follow up to an initial meeting held on May 17, 2005. At this session, postponed twice before for reasons beyond our control, the Program sought to assist the Council in finalizing its strategic plan. This document represents a necessary step towards the preparation of a comprehensive National Anticorruption Strategy.

Attending the meeting were most members of the National Anticorruption Council (except for the Comptroller General and the media representative, who randomly takes part in them). By serving as facilitator of this process, the program described the links between corruption and lack of long-term economic development and assisted the Council in defining its institutional profile (e.g. values, vision, mission, objectives and general and operational strategies). In preparation for this activity, the Program worked on a draft version of the strategic plan which was submitted to the Council along with supporting documents a week before the extraordinary session. This expedited discussions during the session itself which was held for one full day, instead of two days, as originally expected.

Following are some of the most significant results achieved by the Program at this meeting:

- 1) A draft version of the Strategic Plan was unanimously approved by the Council.
- 2) The Council agreed to recommend to the President the inclusion of all branches of government into the preparation of a broad Anticorruption Strategy
- 3) The Council expressed its preliminary interest in supporting the development of a National Integrity Index as a tool to assess the government's performance on transparency and efficiency.



National Anticorruption Council's Extraordinary Session (July 22)

As per request of the President's Chief of Staff, who presides over the National Anticorruption Council, the Program worked over the following few days on finalizing the strategic plan of the Council based on changes proposed by its members at their one-day retreat in Gamboa. Furthermore, in conjunction with technical staff from the Executive Secretariat, the Program developed an action agenda, to be incorporated into the strategic plan, which identified targets and entities responsible for their implementation. The strategic plan and related program of actions were then endorsed by the National Anticorruption Council at its following session held on August 5. Also at this session, an additional two-week period was set to review and present comments on the amended decree that created the National Anticorruption Council. This document was prepared by the Executive Secretariat with support from our program. The proposed changes addressed weaknesses and legal shortcomings that could render the work of the Council, and particularly that of its Executive Secretariat, ineffective in practice. To date, only the Solicitor General and the Ombudsman have presented their comments on the proposed amendments. The Program also drafted the internal regulations for the Council and its Executive Secretariat, but, given that they should be closely tied to the amended decree that created these entities, they will be presented upon approval of the proposed changes.

To kick off implementation of the Council's strategic plan, which remained largely dormant immediately upon its approval, the Program worked with the Executive Secretariat on devising a strategy to promote its adoption and wide dissemination by the

chief Executive. Specifically, the Program recommended addressing written requests to the President and his Chief of Staff for the adoption and wide dissemination of the Council's strategic plan as an official anticorruption policy. This seeks to further commit GOP agencies, particularly those that are a part of the Council, in the implementation of actions identified in the plan. The President has yet to proclaim this document into a public policy. In the upcoming quarter, the Program will continue working together with the Executive Secretariat to promote an effective response to this matter.

Providing continuous support to the Executive Secretariat of the National Anticorruption Council

In addition to supporting the National Anticorruption Council, the Program assisted its Executive Secretariat in preparing an outline of their own anticorruption projects (linked to its three major programs: legal framework, institutional framework and citizen's participation) that were presented for review of international donors at a meeting on August 3. These initiatives intend to redirect the role of the Executive Secretariat as the government's unit responsible for compiling, reviewing and analyzing anticorruption data. In the weeks following this activity, the Program supported the Executive Secretariat in further detailing these projects and costing them to seek financial support for their execution from other international organizations. Technical materials, including a one-page results framework with a comprehensive chart of the Secretariat's activities, were also prepared with the Program's support and presented at a second meeting with international donors.

Additionally, to strengthen the corruption research and analysis capacity of the Executive Secretariat, the program reviewed and agreed to sponsor the participation of its technical staff in an on-line course on Ethics, Transparency and Anticorruption organized by the *Universidad Nacional del Litoral* (Argentina) and the *Centro de Desarrollo y Asistencia Técnica en Tecnología para la Organización Pública*. The 12-week course is divided into four modules: 1. Approach and paradigms to public ethics, 2. International treaties and corruption indicators, 3. Preventive measures and 4. Transparency in the Judiciary. The course is directed specifically to government officials responsible for the design and implementation of transparency systems.

Identifying potential transparency initiatives at the Social Security Administration (Caja de Seguro Social)

The program also assisted the Executive Secretariat of the National Anticorruption Council in identifying potential activities to improve accountability and transparency within the Social Security Administration (*Caja de Seguro Social*). Specifically, the program prepared a proposal to strengthen internal controls at the *Caja de Seguro Social* (CSS) which was presented and accepted by representatives of this agency in a joint meeting with the Executive Secretariat. To formalize their cooperation links in this area, the program also participated in the drafting of a Memorandum of Understanding signed between the Executive Secretariat and the *Caja de Seguro Social*.

Exposing members of the National Anticorruption Council and other GOP officials to international best practices on government innovation and transparency

CLAD: As per the request of NAC's Executive Secretariat, the Program agreed to fund the participation of two members of its staff in the Tenth Congress of CLAD (Latin American Centre for Development Administration) on State and Public Administration Reform (Chile, October 18-21, 2005). CLAD's annual congress will have, unlike previous gatherings, methodological innovations that aspire to give consistency and depth to the discussion and exchange of experiences in subtopics such as government innovation and anticorruption.

The Congress' agenda has been structured under eight thematic areas that will include close to 150 panels overall. The Program reviewed them all and submitted a recommended schedule of conferences and presentations for the recipients of our financial support. The list of identified panels focuses mainly on two thematic areas: 1) Promoting ethics and transparency in public management, and 2) Professionalization of civil service and promotion of public management. The Program Director, who will serve as speaker at the event itself, will accompany GOP officials to the proposed panels and will also arrange individual meetings for them with some of the featured specialists.

Mexico-Central America Forum on Good Governance: In conjunction with USAID/Panama, the program identified and invited (see list below) high-level GOP officials to attend a Regional Forum on Good Government to take place in Mexico City on November 7-11, 2005. The purpose of the forum is to share best practices and lessons learned from the Government of Mexico's Good Government and Innovation Programs and create an innovators network of practitioners from Central American countries and Mexico's federal and state governments. The event is designed for government officials at the level of Assistant Minister or General Director in the following areas: 1) Innovation/Good Government. 2) Digital Government. 3) Civil Service. 4) Regulatory Improvement. 5) Quality Government Initiatives and 6) Honest and Transparent Government (e.g. Access to Information Officers).

Potential GOP participants:

- 1) Ebrahim Asvat, Secretary of Presidential Targets
- 2) Dani Kuzniecky, Comptroller General
- 3) David Saied, Head of the Public Policies Unit at the Ministry of Economy and Finance
- 4) Arnulfo de León, Director of Civil Service
- 5) Oscar Ceville, Solicitor General

Others GOP officials, such as Gaspar Tarte, Secretary of Government Innovation and Alma Montenegro, NAC's Executive Secretary, who were originally invited to participate at the Forum, cancelled their attendance given the upcoming visit to Panama of President George W. Bush, which coincides with the event's dates. In anticipation of

other potential cancellations, the Program will identify and submit for USAID/Panama's approval a list of alternate candidates.

Establishing links with international anti-corruption and good governance specialists

Taking advantage of a trip to Washington, DC of NAC's Executive Secretary in late September (she served as a member of the OAS follow-up mechanism for the Inter-American Convention Against Corruption), the Program arranged meetings for her with the Office of Institutional Integrity of the Inter-American Development Bank, the World Bank Institute, and the Americas' Accountability/Anticorruption Project. The meetings were intended to expose her to some of the latest trends in the fight against corruption and to sow the seeds for potential partnerships with international organizations in the anticorruption field.

a) Office of Institutional Integrity (OII) at the Inter-American Development Bank: The OII is the IDB's unit responsible for promoting institutional integrity at the Bank. It does so through education and training, as well as through the detection, investigation, and prevention of fraud, waste, abuse, and misconduct. Present at the meeting were four IDB officials (Roberto de Michele, Steve Zimmermann, Roberto Cambor and Miguel Toruno) and one World Bank representative (DeLaurentis), who discussed with Ms. Montenegro areas of potential support to the National Anticorruption Council.

b) World Bank Institute: By combining citizen-participatory actions, capacity-building tools and data, the World Bank Institute (WBI), in collaboration with many units in the World Bank, supports countries in improving governance and controlling corruption. Using a multidisciplinary approach, the WBI applies action-learning methods to link empirical diagnostic surveys, their practical application, collective action, and prevention. Ms. Montenegro met with senior advisors from the WBI's governance team. These included, Parastoo Anita Mesri, Ronald McLean, a four time mayor of La Paz, Bolivia, co-funder of Transparency International, and co-author with Robert Klitgaard of *Corrupt Cities*, and José Carlos Ugaz, former Special Prosecutor of the Fujimori – Montesinos investigations and former President of TI's local affiliate in Peru.

c) Americas' Accountability/Anticorruption Project: The Americas' Accountability/Anti-Corruption Project (AAA), funded by USAID, is the first and only regional project of its kind. Launched in 1989, its twofold purpose is to increase public awareness about the disastrous effects of government corruption on society and to foster transparency and accountability in the administration of public resources by governments in Latin America and the Caribbean. In its current phase, the AAA project supports USAID Missions' anti-corruption initiatives by providing short-term technical assistance for project design and it continues to provide training for government officials and employees. The meeting with AAA Project staff, including its acting Director, sought to expose Ms. Montenegro to the type of technical support that the National Anticorruption Council may receive from this initiative.

Developing an index to measure integrity and efficiency in selected public institutions in Panama

Based on a comparative analysis of national transparency indicators, such as Mexico's Good Governance and Corruption Survey and Colombia's National Integrity Index, the Program, along with USAID/Panama, approached NAC's Executive Secretariat and *Fundación para el Desarrollo de la Libertad Ciudadana* (Transparency International's local affiliate, henceforth TI Panama) to promote the adaptation and execution in Panama of the latter tool.

The National Integrity Index is based on a mix of subjective and objective indicators that rank public institutions according to their integrity, risk of corruption and efficiency. Since it was first developed in 2002 by the Colombian Chapter of Transparency International, three additional editions have followed (2003, 2004 and 2005). Its scope, which goes beyond transparency considerations and methodological strictness, convinced the Program that this was the most adequate alternative to replicate locally.

Among other objectives, the Panamanian version of this index seeks to achieve the following: 1) Design country-specific corruption indicators applicable annually across all branches of government, 2) Serve as the base-line to assess corruption levels broken down by GOP entities, 3) Identify areas prone to corruption with the purpose of focusing efforts towards them, 4) Evaluate GOP's institutional performance, and 5) monitor the impact of anticorruption strategies over time.

At its retreat on July 22 (see full description above), the National Anticorruption Council charged one of its members (Angélica Maytín, from TI Panama) with exploring the adaptability of this index to the local context (in its Panamanian version, the index will purposely cover three major sectors: government officials, users of government services and the public at large). In support of this request, the Program identified and contacted Martha Badel, the specialist that developed it and is currently responsible for its annual implementation in Colombia. In August 22-27, she traveled to Panama to assist TI Panama and NAC's Executive Secretariat in this task. During her first visit, she carried out the following activities:

- Met with USAID/Panama and Program staff to review the scope and objectives of the National Integrity Index.
- Worked with members of the National Anticorruption Council (through its Executive Secretariat and TI Panama) and others (e.g. opinion survey firms and the National Directorate of Statistics from the Office of the Comptroller General) in adapting integrity assessment methodologies to the local context.
- Prepared a timetable of activities for the future design and execution of this index.
- Presented a report describing the activities undertaken and a summary of achieved results, conclusions and recommendations (analytical memory).

On September 9, during a second trip to Panama by Martha Badel, she met, as requested by NAC's Executive Secretariat, with a selected group of multidisciplinary specialists to validate before them the index's methodology. These included:

- 1) José Chen Barría, former Comptroller General
- 2) Gaspar Tarté, Secretary of Government Innovation
- 3) Carlos González Miranda, Director of the National Budget from the Ministry of Economy and Finance
- 4) Glenda A. Medina, Technical Secretary from the Secretariat of Presidential Targets
- 5) Nelson Rojas Avila, Acting Vice-Minister from the President's Office
- 6) Dolores Hernández, Statistics Specialist from the *Universidad de Panamá*
- 7) Carme Miró from the *Centro de Estudios Latinoamericanos "Justo Arosemena"* (CELA)
- 8) Dimas Quiel, Director of Statistics and Census from the Office of the Comptroller General
- 9) Donaciana Acosta, Director of institutional Development at the Ministry of Economy and Finance

Also attending the presentation were Alma Montenegro and her technical staff from NAC's Executive Secretariat, Angélica Maytín, from TI Panama and the Program's Director and Technical Advisors.

By and large, the local specialists had a favorable reaction for the adoption in Panama of the National Integrity Index. Furthermore, Martha Badel and TI Panama gathered their specific recommendations for its implementation. The Program prepared a briefing of this meeting for NAC's Executive Secretariat, which included a series of recommendations to accelerate the approval of this tool by the Council, such as the following:

- a) Schedule a session with the National Anticorruption Council to present for their consideration and potential approval the adapted version (one that shall include the suggestions made by local specialists) of the National Integrity Index. The Program offered to do so through Martha Badel.
- b) Prepare a memorandum of understanding between the National Anticorruption Council and TI Panama for the execution of the index. This seeks to promote a sense of ownership of the tool by the Council. A similar action was taken in Colombia with favorable results.
- c) Create a permanent Advisory Committee composed of members of the Council that would serve as continuous mechanisms for the collection of suggestions/improvements to the index. Colombia also followed this path with positive results. The Advisory Committee could be created in the framework of the memorandum of understanding.

NAC's Executive Secretariat has expressed its interest in extending the local consultation process throughout the rest of the year and beyond on the grounds of

further validating its methodology (already endorsed by the World Bank Institute and the University of Pittsburgh). In practice, this would defer the presentation of the first index towards the end of 2006 or in early 2007. As a next step, the Program will focus its efforts towards the implementation of the above recommendations, particularly in regards to NAC's Executive Secretariat. Immediately upon obtaining the tentative approval by the National Anticorruption Council, the Program will likely fund the execution of the National Integrity Index through a small grant to TI Panama.



Presentation of National Integrity Index before local specialists

LLR. 2.1.2. Implementation of the commitments of the Inter-American Convention against Corruption (IACC).

Tracking compliance with GOP commitments under international anticorruption conventions

The Program continued to study the latest OAS report (2004) on Panama's compliance with the Inter-American Convention against Corruption with the purpose of preparing a comprehensive list of conclusions and recommendations to the National Anticorruption Council.

The report will be broken down in the same elements that compose the Council's strategic plan of (1. Legal Framework, 2. Institutional Framework and 3) Citizen's Participation). This would facilitate the incorporation of action items into the Council's program and the identification of GOP agencies responsible for their implementation. The Program is simultaneously considering supporting a proposal by the Latin American branch of Transparency International (Report Card Mechanism) to assess the observance in Panama and Guatemala of the UN and OAS anticorruption conventions on selected topics: 1) Procurement, 2) Public integrity, 3) Citizen's participation, and 4) Private sector involvement. If approved, this project will be funded under the multi-country opportunity fund.

LLR. 2.1.3 Improved national government budget transparency, management and execution.

Exploring the feasibility of adapting into Panama an abridged version of the Budget Transparency Index

Citizen participation plays an important role in advancing transparency and efficiency in the design and execution of the national budget. Accordingly, the Program continued to seek local partners qualified to implement the methodology developed by the International Budget Project (IBP) on the subject matter (a key performance indicator under our proposed Monitoring and Evaluation Plan). In connection with a network of civil society organizations, the IBP updates and publishes its results for Latin America every two years. The next version, which includes ten countries of the region, will be made public later this year. It has recently come to our attention that the Ministry of Economy and Finance would be very receptive to support this type of study. In the next quarter, the Program will reinstate contact with FUNDAR, a Mexican NGO that serves as regional coordinator for the IBP, to determine the possibility of implementing this tool in Panama in 2006.

LLR 2.1.4: Systemic government deficiencies identified and addressed in key line ministries.

Supporting the organization of one week of events (National Transparency and Integrity Week) under the theme “For a Panama Free of Corruption

In the first half of the reported period, the Program worked along with GOP agencies and civil society organizations in the organization of one week of events (National Transparency Week - August 16-19, 2005) under the theme “For a Panama Free of Corruption”. The idea for this type of event was proposed by our Program to take advantage of the gathering in Panama, that same week, of international anticorruption specialists who took part in a democracy and transparency seminar organized by the local NGO CEASPA and the Open Society Institute (a.k.a. Soros Foundation).

Its primary objective was to increase public awareness among the media, decision makers and the public at large on specific issues related to the fight against corruption in Panama (e.g. promoting specific linkages between civil society and government). Ultimately, it sought to influence public policy decisions, such as the removal of unjustified prerogatives to high-level GOP officials that time and again result in abuses and corruption.

The Executive Secretariat of the National Anticorruption Council, which served as the Week’s main organizer, was closely supported in this task by our Program as well as *Alianza Ciudadana pro Justicia*, CEASPA, TI Panama, the Panamanian Association of Businessmen (APEDE), the Young Men’s Christian Association (YMCA) of Panama, and other GOP agencies (namely the Attorney General’s Office). During National Transparency Week, the Program directly organized the following events:

1) International experiences in the investigation and prosecution of illicit enrichment cases

Speaker: Oscar Avila (Costa Rica)

Co-organizer: *Alianza Ciudadana* and CEASPA

Date: August 17, 2005

Site: Hotel Panamá

Audience: Journalists, government officials, NGO representatives and public at large.

Strategic objective: Support the passing at the National Assembly of *Alianza Ciudadana's* proposal to simplify the investigation process of illicit enrichment cases. Among other changes, it calls for an increased number of GOP officials obliged to present a disclosure of assets and the elimination of obstacles for the investigation of this crime, such as the summary evidence (*prueba sumaria*).

2) Uncontrolled prerogatives as an open door to corruption

Speaker; Jaime López (El Salvador)

Co-organizer: Executive Secretariat of the National Anticorruption Council and CEASPA

Date: August 19, 2005

Site: Hotel Panamá

Audience: Journalists, GOP officials, NGO representatives, and the public at large.

Strategic objective: Identify regulations that award superfluous privileges to high-level government officials and evaluate their impact in lost revenues for the state as a preliminary step to propose its control and/or elimination.

By responding to the following questions, the presentation outlined international experiences in dealing with this issue:

- Is it ethical to grant prerogatives to government officials in connection with their duties?
- What should be the penalties if these prerogatives are misused?
- Which controls have to be established to limit the risk of abuses in the system of prerogatives?
- What are the practices in other Latin American countries to control abuses to official prerogatives?

Jaime López, Executive Director of *Probidad* (www.probidad.org), one of the leading anticorruption organizations in Latin America, served as speaker at this event. His one-hour presentation was followed by short concluding remarks from Alma Montenegro and a question and answer session. The event aimed at maintaining momentum on media and civil society efforts to limit or revoke prerogatives bestowed on high-level GOP officials that are often misused for unethical purposes. It was directed, particularly, toward the media, but was also open to the public at large.

This event and the one on illicit enrichment were purposely scheduled to take place a few days before the National Assembly's current ordinary session as to exert some influence on the orientation of their discussions of both topics. The Program also assisted in organizing and co-sponsoring the following presentations.

3) Dialogue among the Executive Secretariat of the National Anticorruption Council and civil society organizations

Format: Roundtable discussion

Co-organizer: *Alianza Ciudadana* and the Executive Secretariat of the National Anticorruption Council

Date: August 18, 2005. Site: Hotel Continental

4) The role of media in promoting ethical values and fostering government transparency

Speakers: Luis Botello (Panama) and Issa Luna (Mexico)

Co-organizer: TI Panama and the Executive Secretariat of the National Anticorruption Council.

Date: August 19. Site: Executive Secretariat

5) It's cool to be honest

Format: Posting of 15,000 bumper stickers with the text "It's Cool to be Honest" at the intersection of Calle 50 and Vía Brasil

Co-organizer: YMCA Panama and 75 high-school volunteers

Date: August 19, 2005

In addition to putting together their presentations, the Program arranged for interviews and visits to TV and radio shows (such as *Encontremos Soluciones* and *En Directo*) for all international speakers. In the case of Jaime López and Issa Luna, they were also asked to prepare short articles on the topics of their lectures that were submitted for publication to "Panamá América" and "La Prensa" (unfortunately, they were not published). Overall, the funding invested by the Program in these conferences and alternate activities was marginal (\$2,813.99) thanks to financial contributions of other local organizers (invited by the Program) that co-sponsored most of the expenses.

As a result of National Transparency Week, the following outcomes were reached:

- Pressing needs on the fight against corruption (e.g. proposed reforms to facilitate the investigation of illicit enrichment cases and to control and/or eliminate prerogatives to GOP officials) received a lot of attention of the media, which in turn may have served to promote the public's awareness on these issues.
- The profile of the National Anticorruption Council, and particularly that of its Executive Secretariat and the Attorney General, was raised significantly in terms of their credibility and will to fight corruption.
- The number of corruption accusations filed before the Attorney General's Office increased (source: Panamá America, August 25, 2005) during that week. Some of them resulted in high profile investigations and prosecutions, such as the one conducted for corruption allegations against District Attorney Arquímedes Sáez.
- More than 40 newspaper articles were published before, during and after National Transparency Week that referred directly to this event, its objectives and related topics. The electronic media (radio and TV) also reported extensively on its development.



National Transparency Week – Press Conference (August 16, 05)



Inauguration of NAC's offices (August 16, 05)



Presentation to the President of Anticorruption Posters (August 16, 05)



Media Encounters (August 18, 05)



Media Encounters (August 19, 05)



Media Encounters (August 19, 05)



Media Encounters (August 19, 05)



Ethics Symposium organized by APEDE (August 17, 05)



Presentation on illicit Enrichment Investigations (August 17, 05)



Conference on Controlling Prerogatives (August 19, 05)



Conference on Illicit enrichment investigations (August 18, 05)



Ethics presentation at YMCA (August 17, 05)



Conference on ethics in journalism (August 19, 05)



Posting of anticorruption bumper stickers (August 19, 05)



Posting of anticorruption bumper stickers (August 19, 05)

LLR. 2.1.5 Initiatives to reduce petty corruption (bribe solicitation) developed and implemented.

Assisting simplification of high impact government transactions

On September 19, the Program held a meeting with Ricardo Vargas, who was recently appointed as head of the Immigration Directorate. Over the last few months, government officials from this agency have been at the center of many corruption scandals (e.g. human trafficking, fraudulent nuptial interviews, illegal use of agency automobiles/resources and unlawful award of visas to restricted nationalities). The meeting was intended to introduce him to the Program and identify areas of potential support, namely in regards to the simplification of immigration processes as a means to limit the risks of corruption. In the next quarter, the Program will draft a collaboration project in this area for consideration of the Immigration Directorate. Some early steps, such as beginning the identification of immigration specialists have already been taken.

See also promotion of a National Integrity Index on LLR. 2.1.1.

LLR 2.1.6. Key oversight agencies strengthened.

Stepping up support provided to the Office of the Comptroller General

Following the preparation of a customized work strategy (that could serve as the basis of a Memorandum of Understanding between USAID and the Office of the Comptroller General), several activities took place this period aimed at strengthening the technical capacity of Office of the Comptroller General and directing its efforts towards the modernization of auditing standards. The pre-control function (*control previo*), long ago discarded by supreme audit institutions throughout the hemisphere, remains deeply rooted in the institutional fabric of the Panamanian Comptrollership. Given that the elimination of “*control previo*”, ingrained in a constitutional provision, is a difficult task in the short-term, the Program has focused its initial efforts towards promoting a more efficient use of this function. Below is a brief description of activities conducted this quarter in support of the Office of the Comptroller General.

Comprehensive training program on government auditing

As a first task of the customized support strategy, the program prepared a training plan in modern government auditing techniques. The proposed training program, endorsed by the Comptroller General, includes courses on financial, performance, forensic and public works auditing, all of which are areas that require reinforcement in the Office of the Comptroller General. The program anticipates that this initial activity, organized swiftly to respond in a timely manner to the Office of the Comptroller General's own request, will enable it to extend its cooperation links with this entity to other key areas.

Public works auditing. The program worked in conjunction with an international specialist in the design of materials for a course on public works auditing. Among other

tasks, the Program adjusted course contents to take into account local auditing and internal control standards. The course followed a theoretical and practical approach. That is, in addition to teaching in-class principles and practices for a five-day period, the instructor supervised the execution of actual public works audits in the field for three additional weeks. These field practices took place in Panama City and regional offices of the Office of the Comptroller General in Colón, Chiriquí, Santiago de Veraguas and Los Santos, where government auditors normally do not receive any type of locally-based training. Following is a list of the actual structures that were subject to a public works audit under the supervision of the Program's international instructor:

- Don Bosco elementary school (Panama City)
- Sewage system in San Miguelito (Panama City)
- Surrounding Fence (Colón)
- Basketball court (Santiago de Veraguas)
- Road Santa Ana-Playa Rompío-Playa Monagre (Los Santos)
- Remodeling of municipal building in the Guanaca District (Chiriquí)

Course trainees included personnel not only from the Office of the Comptroller General (central and regional units in Bocas del Toro, Chiriquí, Veraguas, Los Santos, Colón and Darién), but also from other GOP agencies that work directly in this field (e.g. Ministry of Health, the *Fondo de Inversión Social*, the Ministry of Public Works, MEDUCA and the Ministry of Housing).

Additionally, the public works auditing specialist was asked to review and propose recommendations on the re-organization of the Office of the Comptroller General's internal public works auditing structures. A complete report of all of these activities was presented separately to USAID/Panama.



Closing ceremony – Public works auditing course

Computer auditing. The Program motivated the interest and approved the registration of two members of the Office of the Comptroller General at the X Annual Latin American Conference on Computer Audit, Control and Security Conference. This event, the most

important of its type in the region, is being organized by the Information Systems Audit and Control Association (ISACA) and will take place for the first time in Panama on October 16-19, 2005. By attending this event, government auditors will become acquainted with the latest trends and practices on computer audit. The Office of the Comptroller General identified and proposed two participants, one from the Information Technology Directorate and a second one from the Audit Directorate. As in all our training events, the Program will entrust selected candidates to disseminate materials and schedule briefings/presentations on the event's topics among their colleagues.

Forensic auditing. The Program is in the process of designing the syllabus and materials of a five-day training workshop on forensic auditing for the Office of the Comptroller General starting in November 2005. The course's instructor will also provide technical assistance on forensic auditing practices in the field for an additional two-week period broken down in two stages. The first one will start immediately upon conclusion of the training course. The second one will take place during a second visit to Panama to be scheduled subject to the preparation of a practical case.

IT, Risk Management and Control Practices. The Program prepared the Terms of Reference and submitted the approval request for a one-week workshop on IT (Information Technology) Risk Management and Control Practices for the Office of the Comptroller General in October. This course is intended to improve the capacity of the Office of the Comptroller General to conduct government auditing processes on electronic data reliability based on practices and standards from the COBIT (Control Objectives for Information and related Technology) framework. Furthermore, it will provide a reference framework for information systems audit, control and security practitioners at the Office of the Comptroller General and other GOP agencies as applicable.

Establishing cooperation links with the Attorney General's Office

To open the door for collaboration with the Attorney General's Office and facilitating the exchange of experiences and practices, the Program held three working sessions with its International Programs Directorate to assist in the design of a regional gathering with its Central American counterparts. Specifically, the Attorney General's Office is interested in hosting a meeting of the Central America Network of Public Prosecutors (*Consejo de Fiscales Generales de Centroamérica y Panamá*) with a twofold objective: 1) motivating legal assistance in the investigation of transnational corruption and 2) strengthening the network to serve as a support group against political interference.

The Program prepared and presented a proposal that seeks to clearly define the strategy of the network and promote its functionality in connection with these objectives. The regional event was programmed for mid November 2005. However, considering that at the time of preparation of this report (mid October 2005) the Program was still awaiting a response from the Attorney General's Office on the proposed approach, it is very likely that it may have to be postponed to a later date.

To maintain momentum on this endeavor, particularly if it is pushed back for next year, the Program has prepared an alternate event that would serve as a preamble to the gathering in Panama of Central American public prosecutors. Specifically, the Program drafted a project to hold a simultaneous videoconference in all countries of the region, plus Chile and the U.S. to share best practices in the investigation of transnational corruption. The idea would be to showcase two or three success stories (Peru, Chile and Costa Rica) with the participation as speakers of district attorneys directly involved in them. This would help establish a first contact of Panama's Attorney General with her Central American counterparts and tentatively facilitate their participation at the regional gathering in Panama, which would be proposed at the videoconference itself.

The three-hour videoconference would be organized along with the Attorney General's Office and the Global Development Learning Network (linked to the World Bank Group) in early December 2005 to coincide with the international day against corruption.

SUB IR 2.2: Increased Devolution of Responsibilities and Resources to the Local Level Resulting In Greater Responsiveness by Local Governments to Citizens Needs.

LLR. 2.2.1 Improved decentralization policy framework.

Several international donors are already engaged in decentralization programs in Panama. Thus, in accordance with the Mission's Activity Design Document, activities under this Sub-IR will be directed towards transparency and anti-corruption, rather than decentralization per se, as detailed in LLR 2.2.2.

LLR. 2.2.2 Improved local government budget transparency and accountability standards in selected municipalities.

The Program interviewed a local sector specialist from CEASPA to assess a feasible approach in working at the municipal level through *Consejos Consultivos Comunitarios*, but based on the USAID mission's priorities, work under this LLR will be conducted as opportunities arise.

SUB IR 2.3: More Opportunities for Citizen Participation in and Oversight of National Government Decision-Making.

LLR 2.3.1: Strong civil society participation and oversight.

Incorporating transparency considerations into the judicial reform process through civil society involvement

The program received and began the reviewing process of financial and technical reports presented by *Alianza Ciudadana* in connection with the implementation of its grant. Among other accomplishments, *Alianza Ciudadana's* project, which seeks to promote transparency within the judicial system, brought about concrete proposals for

consideration of the State Commission for Justice Reform. For instance, through the program's sponsorship, *Alianza Ciudadana* drafted a proposal aimed at simplifying the prosecution of illicit enrichment cases. This reform will have a significant impact on expediting the investigation process and increasing the number of legal actions brought against allegedly corrupt GOP officials.

In accordance with its schedule of activities, *Alianza Ciudadana* also completed the assessments of six rulings by Supreme Court justices allegedly tainted with political and criminal interference. *Alianza Ciudadana* presented the findings of such assessments in an event on September 19 for the media and the public at large. The study's findings had a considerable impact in public opinion and are expected to support *Alianza Ciudadana's* proposal for the selection of Supreme Court candidates, which recommends preliminary assessments of all of them by a committee of civil society representatives. The latter proposal is the result of *Alianza Ciudadana's* work within the Judicial Reform Commission (*Comisión de Estado por la Justicia*). Its participation in this mechanism was instrumental in discarding another method, put forward by the National Assembly and backed up by most GOP officials, (with the notable exception of the Attorney General), that favored the status quo, that is, appointments of Supreme Court justices marked by political interests.

Throughout the reported period, the Program monitored closely all activities conducted by *Alianza Ciudadana* and provided advice on its implementation. It also attended the citizen consultation process promoted by *Alianza Ciudadana*, its working meetings, and the presentation of the final report issued by the Judicial Reform Commission, which comprised all the proposals described above. In the upcoming months, the Program will continue working with *Alianza Ciudadana* to adjust the schedule of activities under its grant and explore other potential projects, such as the design of an initiative aimed at encouraging collaboration among civil society and the media in anticorruption efforts. Particularly, the Program will focus its efforts towards supporting the adoption of those reforms proposed by *Alianza Ciudadana* under the Judicial Reform Commission.



Accountability Sub-Committee of the Justice Reform Pact

Making use of distance-learning technologies to exchange experiences and best practices on access to information

On August 3, the Program supported the organization of a multi-country videoconference on “Experiences on the Implementation of Access to Information Laws”. Seven Latin American countries participated simultaneously in this discussion through viewing sites in Brazil, Bolivia, Costa Rica, Honduras (Tegucigalpa and San Pedro Sula), Panama, Peru and the Dominican Republic. The event was organized by USAID/Ecuador’s Anticorruption Program and the Global Development Learning Network (GDLN), a partnership of learning centers that apply advanced information technologies to share knowledge and experiences in development from around the world. *Ciudad del Saber*, GDLN’s affiliate in Panama, served as our main counterpart in this activity by enabling the use of its multimedia room and broadcasting facilities. GDLN has also local partners in Guatemala, Nicaragua and El Salvador.

Speakers in four of the seven participating countries (Ecuador, Costa Rica, Panama and Peru) made brief presentations on practices that promote compliance with access to information acts. These were followed by a question and answer session. The Program assisted in the organization of this event by identifying a local speaker (Angélica Maytín, Executive President of TI Panama) that outlined Panama’s experiences in the subject matter.

Originally, the Program invited the head of the Ombudsman’s Office, or another member of his staff, to serve as this event’s speaker for Panama. However, given their lack of availability and following their own recommendation, Ms. Maytín was asked to make the subject presentation. Additionally, the Program invited GOP officials (Executive Secretariat of the National Anticorruption Council and the Ombudsman’s Office) and civil society representatives (*Alianza Ciudadana*, Transparency International and *Comisión de Justicia y Paz*) to attend this discussion.



International Videoconference on Access to Information

Outlining a competitive mechanism to provide financial support for citizen-driven anticorruption initiatives.

Throughout the quarter, the Program was approached by a number of civil society organizations (NGOs and professional associations) interested in obtaining funding for the implementation of their own anticorruption projects (most of them are still a work-in-progress). Some of these entities included FeTV, *Comisión de Justicia y Paz*, Fundep, *Asociación Panameña de Ejecutivos de Empresa (APEDE)*, *Centro de Estudios y Acción social Panameño (CEASPA)*, and *Colegio Nacional de Abogados*. In view of this, the Program drafted a Request for Proposals (modeled after RFPs used by other USAID contractors) that was submitted for approval to USAID/Panama at the time of preparation of this report (October 2005). The Program expects to widely disseminate the request for proposals early next quarter.

Furthermore, the Program continued to feed its database of local civil society organizations, which is currently composed of more than 140 entities.

Providing advice and financial support to the Panamanian Association of Judges

In response to a request for support redirected by USAID/Panama, the Program worked with the Panamanian Association of Judges on incorporating transparency and accountability sub-themes into the agenda of their Annual Congress (scheduled to take place on October 5-7, 2005). In view of the above, the Program identified and will fund the participation of three international speakers at this event who will showcase best practices in connection with judicial reform processes and their impact on reducing corruption in the justice system. Their lectures may contribute significantly to the public debate on the administration of justice in Panama and its transition to an oral trials system. The Program will sponsor the travel, lodging and per diem of the following specialists.

Judge Pablo Llarena (Spain)

Topics: *“El Sistema Acusatorio: Transparencia y Garantías Fundamentales”* and *“Avances del Sistema Acusatorio en América Latina y su impacto en la transparencia dentro del poder judicial”*.

Luppy Aguirre (Chile)

Topic: *“Cómo el proceso de transformación del Sistema Judicial ha influido en la lucha contra la corrupción”*

César Solanilla (Colombia)

Topic: *“Sistemas Procesales Contemporáneos, garantías, eficiencia, transparencia y rendición de cuentas”*

Since none of the speakers will be charging for honoraria, the total estimated cost for this activity will be marginal (\$5,600). “Additionally, the Program is planning to organize

roundtable meetings (*conversatorios*) for all of them with the Criminal Code Subcommittee of the Judicial Reform Commission and with GOP agencies, such as the Office of the Comptroller General, in areas related to their expertise (e.g. public procurement oversight).

Design of an anticorruption seminar in support of the Institute of Criminology of the Universidad de Panamá

The Program began to work, in collaboration with the Institute of Criminology, on the design of a seminar on “Corruption in Panama: a Sociological, Legal and Criminological Approach”, which will take place at the end of October. In response to a request for support, the Program decided to co-finance this event on the premise that specific products and public transparency actions, as the ones listed below, will be obtained from it.

- An activities report that compiles conclusions, recommendations, papers and pictures of the event.
- A document that contains civil society proposals to fight corruption in the legislative and executive branches.
- An outline for the design of continuous training activities.
- A draft brochure that provides ordinary citizens with basic information related to the problem of corruption.

LLR. 2.3.2 Clear leadership role and ethical standards for the private sector.

Establishing contacts with public opinion makers in the private sector

On September 2, the Program was invited to participate, as per circumstances induced by ourselves, at the weekly Ethics Committee meeting of the Panamanian Association of Businessmen (APEDE). There, the Program made a brief presentation of its nature, scope and under-going activities, stressing the relevance of establishing future partnerships with the private sector. Through the presentation of some of APEDE’s own projects, the Program also identified potential joint initiatives, such as the use, practically free of charge, of commercial billboards to disseminate anticorruption messages. APEDE asked for the requirements to present proposals for financial support to our Program, which the Program expects to submit once the public request for proposals is approved by USAID/Panama (see page 24 above).

Advancing a project to regulate prerogatives, exemptions and privileges for GOP officials

This quarter, the National Bar Association (*Colegio Nacional de Abogados* or CNA) confirmed its participation in a project conceived by the Program to map out all prerogatives, exemptions and privileges granted to high-level GOP officials (in all branches of government). Additionally, the study will include specific proposals to regulate their use and, when applicable, their elimination. The final product (broken

down in three reports, one for each branch of government) will be presented to the National Assembly as a citizen's initiative to promote legal reforms in this area. The CNA has secured preliminary support from a few members in Congress to hold the passing of legislation on this subject contingent to the presentation of its own initiative. The Executive Secretariat of the National Anticorruption Council and private sector representatives, such as the Construction Chamber, are likely to join the CNA in promoting and executing this project. The Program will resort to local consultants for the development of all technical documentation and will act as an overall coordinator of this task. If passed, some of these potential reforms, such as the elimination of tax exemptions on imported automobiles for members of Congress, could save millions in loss revenues for the public treasury.

LLR. 2.3.3 Capacity of the media to report on transparency and corruption issues increased.

Strengthening local capacities on investigative journalism

The Program received this quarter a proposal from the International Center for Journalists on the creation of an Information Center for Public Integrity.

Its stated goal is to “facilitate the creation over a three-year period of an independent and endowed Information Center for Public Integrity. The Center will generate in depth yet accessible studies to encourage debate and build broad-based agendas to improve public policy on key issues from access to information to municipal development. These reports will also train select members of the media in citizen-empowering (rather than 'got you') investigative reporting. This would be used to bring the critical debates of public policy into a wider citizen domain.”

Given its required funding and questions about its sustainability, the Program is holding a decision on this project until it assesses it in conjunction with other proposals to be received under our small grant competitive process. The objective is to evaluate their merits all together as to prioritize them according to their creativity, institutional capability and expected results.

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

LLR. 2.4.1 Political Party and elected leaders' accountability improved.

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

LLR. 2.4.2 Improved government ethics and disclosure of assets of public officials and candidates for public office.

Expanding cooperation links with the Solicitor General's Office

On July 28, the Program met briefly with the Solicitor General to identify areas of potential collaboration. Based on an early review, the Program detected two on-going projects that link directly to our strategic objectives. These include: 1) the dissemination and training to GOP officials on the universal code of ethics, and 2) preparing and offering training on transparency practices at the local level.

As a next step, the Program held a meeting (August 2) with senior level staff from CIMAP (*Centro Istmeño de Modernización de la Administración Pública*), a research and training center on government ethics and modernization linked to the Solicitor General's Office. The meeting was intended to follow up on contacts established with the Solicitor General to support the implementation of long-distance training modules for local level officials on procurement and results-based management (other courses may include quality control on government processes). CIMAP's Director, who was recently appointed as such, offered an overview of their planned activities in these areas and committed to presenting a project for the Program's consideration in the near future.

∅ List of In-Country Training Events

Training Program	Field of Study	Relationship to the objectives of the Contract	Date	Estimated Cost	Female Participants	Male Participants
Public Works Auditing	Gov't Auditing	LLR 2.1.6	Sept-Aug. 2005 (four weeks)	\$9,000 (including honoraria, lodging, transportation and per diem). The training recipient contributed with financial resources to its organization.	7	18

ii. Other activities:

Other project activities throughout this quarter included the following:

Developing performance indicators and targets for the Program

The Program worked with an external advisor on reviewing and adjusting a uniform Performance Monitoring and Evaluation Framework based on the indicators proposed by our regional headquarters in Guatemala. This included the identification of performance indicators, data sources, collection methods, frequency, responsibility and estimated collection costs. Furthermore, the Program set base lines and performance targets for each selected indicator that were presented for review of USAID/Panama.

Numbers and targets may be revised to reflect reality in the ground as the project is implemented.

Enhancing donor coordination

On September 13, the Program held a working meeting with David Pezullo, Central American representative of the Open Society Institute (Soros Foundation) and Mariela Arce from CEASPA, its local grantee. They were both fundamental in the organization of National Transparency Week, built around one of their regional events. The Soros/CEASPA alliance is planning to work with the National Anticorruption Council (through its Executive Secretariat) and the Attorney General's Office in support of selected items of their anticorruption agenda. In conjunction with Soros/CEASPA, the Program identified a few areas where our interests converge (access to information, social auditing and investigative journalism), and that could result in joint projects in the future. One that will receive immediate attention is an ICFJ (International Center for Journalists) proposal for the creation of an Information Center for Journalists, presented simultaneously to Soros /CEASPA and our Program (see page 26).

Assessing compliance with Freedom of Information Act

In September, the Program finalized an early, non-scientific assessment of GOP agencies' compliance with basic standards under the Freedom of Information Act. The study's findings, which covered 71 agencies, showed that an overwhelming majority of public entities fail to meet minimum information criteria that have to be posted in their respective Internet sites. In the upcoming months, the Program will put together and launch an initiative to interest local NGOs in tracking observance of the Freedom of Information Act. Its periodical publication and dissemination would exert pressure on GOP agencies to meet their obligations under the law. This activity would require previous training, by an international specialist, on the implementation of tested methodologies for these purposes.

Book presentation

On August 30, the Program sponsored the presentation of a book under the title "Ethical Management for a Competitive Organization" (*Gestión ética para una organización competitiva*). This event was jointly organized by the Program, its author and the Solicitor General's Office. Roberto Eisenmann, Jr., owner of *La Prensa* and President of TI Panama, Oscar Seville, Solicitor General, and Luis Cleghorn, the book's author served as the event's speakers.

Multi-country meeting

On September 21-22, Panama's Program Director attended a multi-country meeting of the Transparency, Accountability and Anticorruption Program in Nicaragua. The meeting's agenda covered briefings of project execution by country, presentations of their respective Work Plans and the review of multi-country activities, the M&E Plan and

the Gender Action Plan. A special summary of discussed topics and conclusions reached was prepared and submitted to USAID.

iii. Achievements and Obstacles

Some of the program's highlights in this quarter include the following:

- Reached cohesion among members of the National Anticorruption Council around common goals and objectives by finalizing and obtaining approval of their strategic plan.
- Redirected the actions of NAC's Executive Secretariat to a preventive approach and strengthened its research and analysis capacity by exposing its staff to international best practices and continuous training and orientation.
- Expanded cooperation links to other GOP agencies, mainly the Office of the Comptroller General, where the Program began concrete training initiatives and drafted a comprehensive support strategy.
- Launched a small grants program which proved to be instrumental in inserting citizen-driven initiatives in transparency and accountability in the judicial reform process.
- Obtained preliminary GOP support and began adaptation of a tool to assess transparency and efficiency at the institutional level (National Integrity Index).
- Coordinated with GOP agencies, civil society and other donors in the organization of a nationwide anticorruption awareness effort (National Transparency Week).
- Stimulated the participation of the National Bar Association in a project to control prerogatives and privileges bestowed on high-level GOP officials in the three branches of government. Furthermore, the National Bar Association contacted and obtained early commitments by a few members of the National Assembly to adopt and promote their recommendations on the subject matter.

Obstacles

- Anticorruption policies and actions were placed second to other priorities by some of the members of the National Anticorruption Council, which in practice slowed down its work significantly. This experience taught the Program to diversify its actions beyond just one entity.
- There were signs of fading political will as shown by the lack of adequate financial support to the National Anticorruption Council.

iv. Planned Activities by each Sub-IR and LLR for the next Quarter

Following is a projection of some of the tasks that the program anticipates conducting during the upcoming quarter:

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

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

Anticorruption Strategy

The Program will continue working with the Executive Secretariat in promoting the implementation of the anticorruption actions put forward in NAC's strategic plan

International Day against Corruption

The Program is planning to organize, in cooperation with NAC's Executive Secretariat, a series of public awareness events in early December in connection with the international day against corruption. As part of these activities, the Program would be holding an international videoconference to share best practices among public prosecutors in the investigation of transnational corruption.

Forum on Ethics in the Public Sector

Subject to USAID/Panama approval, the program agreed to support a seminar for NAC's Executive Secretariat on "The role of values in the building of public ethics". This activity, programmed for October 13, is directed at decision-makers that are in a position to replicate similar actions in their respective institutions. Its main objective is to promote awareness among public servants on the need to strengthen their ethical values and culture as means to improve government efficiency.

Exposing GOP officials to international best practices in government innovation and transparency

As per the request of NAC's Executive Secretariat, the Program will fund the participation of two members of its staff in the Tenth Congress of CLAD (Latin American Centre for Development Administration) on State and Public Administration Reform (Chile, October 18-21, 2005). The program will also invite high-level GOP officials to attend a Regional Forum on Good Government to take place in Mexico City on November 7-11, 2005.

National Integrity Index

The Program will focus its efforts towards submitting and obtaining the endorsement of the National Anticorruption Council for the execution of the National Integrity Index.

LLR 2.1.2: Implementation of the commitments of the Inter-American Convention against Corruption (IACC)

Monitoring compliance with IACC and UN Anticorruption Conventions

The program will explore the opportunity with the Latin American bureau of Transparency International to jointly implement a report card mechanism to assess regional compliance with international anticorruption conventions.

LLR 2.1.3: Improved national government budget transparency, management and execution

Exploring the feasibility of adapting an abridged version of the Budget Transparency Index

In the next quarter, the Program will reinstate contact with FUNDAR, a Mexican NGO that serves as regional coordinator for the International Budget Project, to determine the possibility of implementing a Budget Transparency Index in Panama in 2006.

LLR 2.1.4: Systemic Government deficiencies identified and addressed in key line ministries

Launching execution of a National Integrity Index

(See LLR 2.1.1)

Monitoring compliance with the Freedom of Information Act

The program plans to instruct local civil society organizations in the design and implementation of a methodology to assess compliance by GOP entities with their obligations under the Transparency and Access to Information Law.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

(See National Integrity Index on LLR 2.1.4 above).

Assisting simplification of high impact government transactions

The Program will draft a project for consideration of the Immigration Directorate on the simplification of immigration processes as a means to limit the risks of corruption.

LLR 2.1.6: Key oversight agencies strengthened

Strengthening the government auditing function

Among other activities in benefit of the Office of the Comptroller General, the Program will carry on next quarter with its audit training program with courses on forensic audit and IT, Risk Management and Control Practices. Furthermore, it will present a training proposal directed to the *Dirección General de Fiscalización*, responsible for overseeing the work of fiscal control auditors.

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

LLR. 2.2.1 Improved decentralization policy framework.

Several international donors are already engaged in decentralization programs in Panama. Thus, in accordance with the Mission's Activity Design Document, activities under this Sub-IR will be directed towards transparency and anti-corruption, rather than decentralization per se, as detailed in LLR 2.2.2.

LLR. 2.2.2 Improved local government budget transparency and accountability standards in selected municipalities.

Promoting social auditing activities at the local level

To foster a closer scrutiny of government actions at the local level, the program will explore joining efforts with CEASPA and other NGOs in the design of social auditing exercises.

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

LLR 2.3.1: Strong civil society participation and oversight

Supporting Civil Society involvement in the judicial reform process

The program will continue supporting *Alianza Ciudadana* in connection with the implementation of its grant.

Publicizing a request for proposals for the design and execution of anticorruption projects

Upon USAID's approval, the Program will widely disseminate a request for proposals to fund citizen-driven anticorruption projects.

Assessing compliance with Access to Information Act

(See planned activity under LLR 2.1.4)

Providing advice and financial support to the Panamanian Association of Judges

The Program identified and will fund the participation of three international speakers at the Annual Congress of the Panamanian Association of Judges. They will showcase best practices in connection with judicial reform processes and their impact in reducing corruption in the justice system.

Design anticorruption seminar along with the Institute of Criminology of the Universidad de Panamá

In response to a request for support, the Program will co-finance a seminar on "Corruption in Panama: a Sociological, Legal and Criminological Approach", which will take place at the end of October.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

Presenting a civil society initiative to control prerogatives, exemptions and privileges for GOP officials

The Program and the National Bar Association will work together in preparing a study and a series of legal reforms to regulate, and, when applicable, eliminate the use of prerogatives, exemptions and privileges granted to high-level GOP officials.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

Strengthening local capacities on investigative journalism

The Program will review and assess against other projects a proposal, presented by the International Center for Journalists, for the creation of an Information Center for Public Integrity.

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

LLR. 2.4.1 Political Party and elected leaders accountability improved.

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

LLR. 2.4.2 Improved government ethics and disclosure of assets of public officials and candidates for public office.

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

II. Administrative Update

i. DEC

No documents were submitted to the Development Experience Clearinghouse this quarter.

Nicaragua

Introduction

This quarterly report covering the period July 1 through September 30, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, USAID/Central America and Mexico Anti-Corruption, Transparency and Accountability Program.

I. Technical Update

i. Key Activities by Sub-IR and LLR for the Quarter

The following is a description of key activities conducted in this period broken down by Sub Intermediate Results and Lower Level Results.

SUB IR 2.1: More Transparent Systems for Management of Public Resources by the National Government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

The Transparency Program continued to benefit from its close working relationship with the *Direccion de Comunicacion Estrategica y Gobernabilidad, Presidencia de la Republica* (GON), to promote anti-corruption activities within the public sector. A key element of the GON's plan is the second phase of the Multi-Donor Anti-Corruption Fund (approximately \$1.8 million) which drew close to final approval during the quarter and is supported by the programs of Norway, Finland, Denmark, Holland, Sweden, Switzerland, Germany, United Kingdom and UNDP. The major beneficiary of this agreement will be the Attorney General's Office (*Procuraduria General de la Republica*), and particularly the Anti-Corruption Unit. The Transparency Program maintained contact with many of the missions involved in the Multi-Donor agreement including the Embassy of Norway that coordinates the fund.

The *Direccion de Comunicacion Estrategica y Gobernabilidad* made several informal requests for assistance from the Program. Serious discussions have centered on support for the GON's *Estrategia Voluntaria de Acceso a Informacion* (EVA), which is part of a wider program known as the *Red Nacional por la Transparencia* and the Modernization of State effort. Promotion of this voluntary initiative will further the Transparency Program's objectives in a myriad of directions. First and foremost, the initiative demonstrates the political will of the Executive branch to take the lead in creating a more transparent environment. The entities that have volunteered to be a part of the pilot program (listed below) are, overall, of critical interest to the Mission's Program.

- *Dirección General de Impuestos (DGI)*
- *Dirección General de Presupuesto (DGP)*
- *Instituto de Desarrollo Rural (IDR)*
- *Fondo de Inversión Social de Emergencia (FISE)*
- *Instituto Nacional de Estadísticas y Censos (INEC)*
- *Ministerio de Salud (MINSa)*

Efforts in this direction will also lay the necessary groundwork for passage of Access to Public Information legislation, a real possibility during coming months. Activities in support of the EVA are perceived to be an excellent opportunity for awareness of the rights of citizens to demand public information and to expect to receive it in an intelligible, useful and timely manner. Certainly, parallel benefits will be that of reducing the likelihood for petty corruption while creating a climate of social control.

At the end of the second quarter two specific areas of prospective support had been defined and included in next year's Work Plan. The first activity would be technical support for improving the Web sites of some of the pilot entities to create portals for citizen consultations and prompt access to the data that is sought most often. The second activity would involve the design and production of a public awareness campaign centered on posters that spell out in easy-to-understand terms the rights of those using public services, the steps to be taken to access those services, the cost (or absence of cost) for the services, and the steps to be taken to report negligence by public servants.

After consultations within USAID/Nicaragua, several high level GON officials were identified for invitation to the Regional Forum on Good Governance to take place in Mexico City during November 7-11, 2005. The participation of these individuals, to be funded under the Transparency Program, was carefully considered because 2006 will be the final year of this GON administration. The Forum program is aimed at sharing best practices and lessons learned from the Government of Mexico's Good Government and Innovation Programs. It is expected that a network of good governance practitioners will be created as a result of this week-long exchange of ideas and experiences.

With the September validation of the United Nations Convention against Corruption (UNCAC) the project for ratification in Nicaragua has moved from the commission level to the agenda of the National Assembly. Such ratification would be a major step forward for the GON's anti-corruption program.

Virtually all of the activities reported under other LLRs also directly or indirectly support the implementation of the national anti-corruption/transparency strategy.

LLR 2.1.2: Implementation of Inter-American Convention against Corruption Commitments

During this quarter, with the close cooperation of the *Oficina de Etica Publica* (OEP), progress was monitored on the evaluation of Nicaragua's compliance with recommendations of the Committee of Experts. The OAS/Washington is overseeing the work, with funding from Canada, and Dr. Manuel Arauz of the *Facultad de Derecho – Universidad Centroamericana* - is the contracted consultant. The results of this report will define actions for the Program's support and it has been agreed with the *Oficina de Etica Publica* that it will be important to distribute the results of the evaluation through publicity events.

Since there has been little civil society participation in monitoring the progress of the GON commitments, this has been an important theme of discussions with Nicaraguan CSOs, such as *Hagamos Democracia* and *Etica y Transparencia*. The *Universidad Centroamericana* (UCA) has also developed plans to replicate a framework that has been used regionally for monitoring compliance.

Throughout the quarter coordination meetings were held with Checchi, the Mission's Rule of Law contractor. A number of possible joint efforts were identified including one urgent task, that of providing technical assistance for the definition of corruption crimes as part of the reform of the *Codigo Penal*. This subject was under review by the Mission at the close of the reporting period. In expectation of approval, a search was launched for an expert consultant to perform the work as soon as possible. This action would support implementation of the Inter-American Convention against Corruption and the United Nations Convention against Corruption, the latter scheduled for consideration by the National Assembly for ratification.

LLR 2.1.3: Improved national government budget transparency, management and execution

The Program opened discussions with the *Centro de Informacion y Servicios de Asesoría en Salud* (CISAS), an organization recognized for promoting community health as a human rights issue for more than twenty years. CISAS is one of the CSOs involved in the Latin American Index of Budget Transparency (ITP) and will carry the primary responsibility for the effort in Nicaragua for the year 2005. Few in Nicaragua are aware of this biennial assessment, much less how the country is rated by the Index. The funding provided for the study covers only minimal dissemination of the results, what would seem to be a missed opportunity for wide promotion of this valuable tool. The Program exchanged ideas with CISAS and agreed that support could be provided for dissemination of the second round results for Nicaragua for which the organization will provide a chronogram of activities early in the next quarter.

Agreement was reached with the *Instituto de Estudios Estrategicos y Politicas Publicas* (IEEPP) for development of an activity during late November 2005 to bring attention to the national budget and emphasize the sectors of health, education and defense. IEEPP is part of a regional network focused on defense spending and encouraging transparency and social auditing in the use of public resources. It was determined that IEEPP could be an effective partner for this activity that will be timed to coordinate with

the consideration of the budget by the National Assembly. Local and international consultants will facilitate the workshop and IEEPP's original proposal has been reviewed by both the Program and the Mission. An improved version is expected to be approved early in the next quarter in preparation for this major event.

The Transparency Program has been exploring with the *Direccion de Comunicacion Estrategica y Gobernabilidad, Presidencia de la Republica* (GON), areas where technical assistance could substantially improve the quantity and quality of publicly accessible information. There is agreement that the initial effort could and should be in the *Direccion General de Presupuesto* (DGP). This activity has been submitted as part of the FY06 Work Plan.

LLR 2.1.4: Systemic government deficiencies identified and addressed in key line ministries.

There were no activities for Nicaragua under this LLR for the quarter.

LLR 2.1.5: Initiatives to reduce petty corruption (bribe solicitation) developed and implemented

A request for assistance was received from the *Secretaria de Coordinacion y Estrategia, Presidencia de la Republica* (GON), and this proposal has been considered for the FY06 activities to reduce petty corruption and promote transparency. The GON has selected three ministries - *Educacion, Salud and Hacienda y Credito Publico* – for an ordered and user friendly system of instructional signs to assist in obtaining public services and to inform on citizen rights to such services, thus reducing opportunities for petty corruption.

Information resulting from the current municipal diagnostic will also be used to address this issue at the local level, i.e., to identify transactions where bribes (solicited or otherwise) make services available to some and out of reach to others.

LLR 2.1.6: Key oversight agencies strengthened

In coordination with the Rule of Law contractor and the Mission, the Program approached the Office of the Attorney General (*Procuraduria General de la Republica*) to demonstrate the Program's interest in providing assistance for areas not covered by the Rule of Law or other programs. As the quarter ended Checchi was completing an initial diagnostic of the needs of the PGR and no further definitive action will be taken by the Transparency Program until the results of this study are made available. The Director of the Anti-Corruption Unit of the PGR made clear that there are many unmet needs and that the Program's support would be welcomed. Follow-up is expected to take place early in the following quarter.

Technical-level contact with the National Assembly was maintained, principally to obtain updates on critical pieces of legislation, such as the Access to Information law.

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

LLR 2.2.1: Improved decentralization policy framework.

There were no activities for Nicaragua under this LLR for the quarter

LLR 2.2.2: Improved local government budget transparency, management and execution

Negotiations with CSO *Etica y Transparencia* continued into this quarter and the focus of the original proposal was narrowed down to the municipal budget process. Various versions of the technical approach and budget were considered and Mission concerns were addressed. It was agreed that the Program would fund activities for the monitoring of the execution of the budget in five selected municipalities. A base line rapid response survey will establish citizen expectations in each locale and this information will be provided to local authorities in a public forum. After arming the citizens with the tools to monitor the budget process, *Etica y Transparencia* will assist the populace in reporting on the utilization of municipal funds.

With the assistance of international consultants during the final stages, negotiations resulted in a technical package that was approved by the Program and the Mission, and in late September a grant was awarded to *Etica y Transparencia* for municipal activities over the next year.

The Program initiated a short term consultancy for preparation of a diagnostic in a number of municipalities in the areas of budget transparency, political will, social auditing experiences and civil society organization, including organizations focused on issues of women and minorities. The local consultant, a recognized expert in the field, worked with Program staff in preparing criteria for the selection of twenty municipalities and in assimilating data collected by the Program to date on other donor efforts at the municipal level.

During the month of September Program-funded activities began in the municipality of San Marcos, Carazo. This project is an initial phase of what is expected to become part of a Grant agreement with Grupo FUNDEMOS and is part of the CSO's continuing work in participatory budget at the local level. Along with receiving useful information on the legal foundations, local citizens are consulted on their priorities for the use of municipal resources. The CSO facilitates presenting these criteria to the local government as the local officials prepare to present the budget project for the coming year. These efforts will be continued into the coming quarter and extended to other municipalities.

Alongside these activities, negotiations continued with Grupo FUNDEMOS for development of a project to be funded through a Grant agreement. International consultants were brought in to provide input on the development of this program.

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

LLR 2.3.1: Strong civil society participation and oversight

As the negotiations for Access to Public Information activities progressed, it became apparent that bringing two or more CSOs into one proposal compounded the coordination efforts, so it was agreed to separate the project into two distinct proposals, each directed by one of the CSOs toward mutual goals. The *Fundacion Violeta B. de Chamorro* continued to lead efforts in creating an opportune environment for passage of Access to Information legislation and a commitment on the part of the GON to move toward transparency with or without the law. In accordance with this decision regarding the proposal and other recommendations made by the Program for improvement of the project, a revised proposal was presented by the *Fundacion* in September and was under negotiation at the close of the quarter. As presented, these efforts would include creation of an Access to Public Information Support System, an observation mechanism for the bill currently in the National Assembly and public events to evaluate progress toward implementation.

The second component of this activity, to be handled by the Centro para Programas de Comunicacion (CPC), includes public awareness campaigns and intermittent studies to measure the effectiveness of the campaign and areas in need of reinforcement. At the close of the quarter negotiations had progressed and the Program had received a number of quotations for development of specific publicity products. It is anticipated that this will be presented to the Mission for technical approval during the early weeks of the next quarter.

During discussions with the Centro (CPC), Program staff reviewed Public Service Announcements (PSAs) of a USAID-funded campaign developed several years ago ("*Participacion Ciudadana Activa*"). This campaign included several topics including democracy and transparency. The Mission has recently approved re-broadcasting a soap opera (*novela*) from the same campaign. The Program has proposed giving life to the campaign with new sponsorship in preparation for future publicity efforts. All organizations involved will be brought together early in the next quarter to arrive at an agreement to put this into effect.

With the appointing of the new Executive Director at the *Consejo Nacional de Planificacion Economica y Social* (CONPES), the Program immediately took action to establish a working relationship with this umbrella commission of civil society organizations that serves as a conduit to the President. Unfortunately, CONPES has been underused and thus discredited, and this has led to its lack of sufficient funding by the National Assembly. The Program anticipates that with new management this can

be a much-needed stimulus for CSOs to come together around the common issues that affect the lives of most Nicaraguans.

Once this relationship with the new Director was well in place, discussion began on how the Transparency Program could move CONPES into a more active and visible role in representation of civil society, not the Executive Branch. Basic agreements included the need to go “door to door” in presenting CONPES’ renewed commitment and the development of a publicity campaign. A meeting was arranged with the Centro para Programas de Comunicacion (CPC) where an exchange of ideas included one to revive a public awareness campaign that had been developed to promote greater citizen participation (see above). CONPES has provided brief descriptions of areas of vital support and will develop these into proposals for presentation during the next reporting period.

The *Grupo de Reflexion y Participacion Ciudadana*, an alliance formed in recent months to promote a national dialogue for civil society, continued to pursue Program assistance during this quarter. The group has presented numerous versions of proposals for a Citizen Dialogue, an idea that seems to be worthy of consideration. This issue has involved a great deal of discussion with the Mission and the Program is supporting the idea of funding one event to demonstrate the results, before making a more long term commitment.

During the month of August a request was received and responded to for the short-term training of a group of young leaders between the ages of 18 and 33 in developing leadership skills. These individuals were selected based on their active participation in various civil society coalition activities, such as those of the *Red por Nicaragua*, *Juventud por la Democracia* (JUDENIC) and *Generacion por el Cambio*.



¹ Arlen Serrano and Olga Centeno, “Red por Nicaragua” from Bolsa de Noticias

The Program contracted a well-known expert in social communications who put the twenty-three students through thirty hours of training, both formal and practical. Supported by audio and video tools, the students developed skills in making effective public presentations, formulating organizational messages and appearing before the media. Part of the curriculum was the daily presentation of a short speech, followed by peer evaluations and then a self-evaluation of the performance recorded by video camera. The students eagerly demonstrated their growing confidence and skills. All of them have made various radio and television appearances during and since the course to promote their democratic causes. The Program has received numerous requests for additional training in this area.

The CSO Hagamos Democracia made an initial inquiry about the possibility of picking up the funding for its project “Strengthening the Office of Citizen Participation at the National Assembly.” While the project has its origins as a USAID initiative, its current funding is provided by the governments of Holland and Japan and administered by the World Bank. The funding period ended on August 31 and it remains unclear if the organization will require additional funding. This project will be considered during the following quarter.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

A meeting was held with the American Chamber of Commerce (AMCHAM) to obtain an update on the progress in promoting business ethics, a project initiated by the US Department of Commerce, and supported by the US Department of State and other USAID programs. The new Executive Director of AMCHAM has been a valuable contact for the Program while in her previous positions in other private sector associations, the Camera de Comercio de Nicaragua (CACONIC) and the Consejo Superior de la Empresa Privada (COSEP). The Program Director reiterated the availability of international speakers and training for future events and the need for closer cooperation between civil society organizations and the private sector. There is encouraging evidence that this alliance is developing through the more public support of business associations for civil society coalitions calling for accountability on the part of the public sector. It is generally known that private sector donations fund most of these coalition activities.

A definition of efforts needed to promote implementation of the recently passed *Ley de Mediacion y Arbitracion*, valid since August 2005, continued as part of the Program’s coordination with the Mission’s Rule of Law contractor. While the ROL program has the overall responsibility for support efforts, the Transparency Program proposed a number of ways to provide limited support while using these opportunities to promote the governance objectives of the Program.

Dialogue meetings continued with the Association of Internal Auditors of Nicaragua (AAIN) and in September the Program arranged a round table discussion between members of the Association, representatives of the Certified Public Accountants, the Federation of Associations of Professionals (CONAPRO) and various universities,

including the University Centroamericana (UCA) and the National Autonomous University of Nicaragua (UNAN).

This exchange between public and private sectors, including academia, was frank in its assessment that the professional groups are not fulfilling their role in promoting ethical standards. Among the examples mentioned were: few businesses have an implemented ethics code; the business associations have not taken a public role on corruption even though it is economically damaging to the country; certified professionals, such as public accountants, are rare in the control entities such as the Contraloría General de la República (CGR), and there is a lack of compliance and enforcement of the requirement for publishing private sector financial statements in the *Gaceta*, according to the Commercial Code. It was also noted that the 2002 US Sarbanes-Oxley Act requiring financial and accounting disclosure has forced compliance on companies involved in international business.

The meeting resulted in a commitment to bring together professionals, university-level students and media to develop projects that promote ethics. At least two universities have expressed willingness to host debates between students and professionals on topics such as how learning about ethical behavior is completely different from actually applying it in the business world. The associations also agreed to study the idea of sponsoring a public awareness campaign.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

During the quarter Program personnel visited the *Universidad de Centroamérica's Facultad de Ciencias de Comunicaciones* to discuss with Dean Guillermo Rothschuh current donor programs that promote ethics and investigative skills among the journalism students. The Department has been an active player in the campaign for Access to Public Information legislation. Dr. Rothschuh expressed interest in the long-term possibilities of working with the Program, especially the idea of providing expert consultants in the areas of combating international crime.

A brief meeting was also held with the representative of the Trust for the Americas, principally to exchange information on work in progress, such as their activities with the *Fundación Violeta B. de Chamorro*.

Sub IR 2.4: Accountability of elected and appointed officials improved

LLR 2.4.1: Political parties and elected leaders' accountability improved

Under a co-sponsorship agreement with the International Republican Institute (IRI) and Probidad of El Salvador (with representation in Nicaragua), during the month of July a one day forum was conducted around the theme of political party financing ("*Financiamiento a los Partidos Políticos*").



3

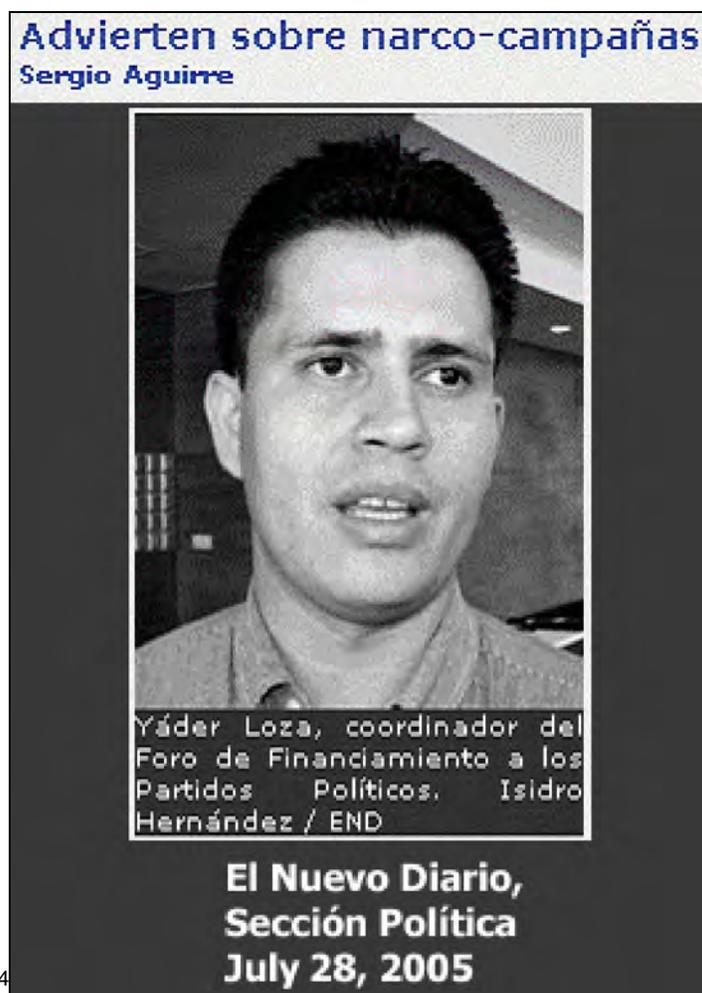
The Transparency Program co-financed the participation of international expert Juan Rial who made the keynote speech and offered his services during his visit for another event on a related theme for local organizations. Grupo FUNDEMOS, *Hagamos Democracia* and the *Fundacion Violeta B. de Chamorro* assumed the role of local sponsors of the public forum and provided, as counterpart, assistance in handling logistical arrangements, , serving as masters of ceremony and handling the publicity strategy.

The event generated substantial publicity on the subject of political party financing and the importance of guaranteeing its regulation and transparency. Expositions were also made by the legal representative of the Conservative Party and the Secretary of the *Consejo Supremo Electoral*, the entity responsible for ensuring accountability on the part of political parties. Jaime Lopez representing Probidad and Edgar Pereira, President of the Nicaraguan organization *Hagamos Democracia*, completed the program presentations. A number of political parties and the media were also

² Participants in Political Party Finance Forum

³ Representative of the Conservative Party, Emilio Rapaccioli

represented. The organizational group for this event has been converted into a follow-up committee that has been addressing the finance issue as part of a need for election reform.



The Program initiated negotiations with IFES, one of the partners in the C&A proposal, for activities programmed for FY06 in preparation for the national elections of that year in Nicaragua. At the close of the quarter IFES was preparing a concept paper for the Program's consideration and for discussion within the Mission. Plans include training to public oversight groups for the collection and monitoring of political party finances and public awareness campaigns focused on transparency in democratic elections.

⁴ • Yader Loza, Hagamos Democracia, one of the coordinators of the Forum "Financiamiento a los Partidos Políticos"

A regional activity on political party finances has been included in the Program’s agenda for Multi-Country events and will build upon previous studies undertaken by the AAA Project and other recent election experiences.

LLR 2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

No major activities have occurred under this LLR during the quarter.

Special Provision: The Program Director was included in a Round Table Discussion Group hosted by the US Embassy on August 24. Many high-level GON officials with functions related to fighting corruption participated in this straightforward exchange of information.

The incoming RLO came to post for a short visit but will not be permanently assigned until next quarter so no meetings were conducted during the quarter. Coordination meetings were held with the Public Diplomacy officer and the Program continues to share information as required. Requests for updated information were responded to within the purview of the Program.

∅ List of In-Country Training Events

Training Program	Field of Study	Relationship to Objectives	Date/s	Female Participants	Male Participants
Forum on Political Party Financing	Public Debate on Regulation & Accountability of Political Parties	LLR 2.4.1	July 26	32	79
Training Course for Young Leaders	Effective Communication Skills for Transmitting an Organizational Message	LLR 2.3.1	Aug 15 – 26 (30 hrs)	11	12
Budget and Project Planning	Municipal Level Budget Processes	LLR 2.2.2, LLR 2.3.1	Sep 28– 30	6	10
Budget and Project Planning	Municipal Budget and Citizen Participation	LLR 2.2.2, LLR 2.3.1	Sep 28- 30	137	105

Ø Consultancies

Sergio Diaz-Briquets and Francois Vezina from C&A headquarters provided technical assistance September 6-9 in the preparation of the FY06 Work Plan. Frank Miller (September 19-30) and Olga Nazario (September 22-30) assisted in the development and negotiations of civil society grants to *Etica y Transparencia* and Grupo FUNDEMOS; Carlos Guerrero provided technical support from July 20 to August 5. Other short-term technical assistance were those of Ronald Seligman (August 15-19) for the development of the proposed Monitoring and Evaluation Plan and Alejandro Bravo (September 21 continuing through end of quarter) for preparing a diagnostic of municipal budget and transparency issues.

Other activities:

- Ø The FY06 Work Plan was submitted on September 12, 2005.
- Ø Participation in the development of the Gender Action Plan (GAP) for application in Nicaragua and in coordination with development of the Work Plan.
- Ø The Program Director made a presentation of the Program's contemplated activities at the Mission-sponsored Partners Meeting on September 26, 2005.
- Ø The Program office hosted the T/AC Program Coordination meeting in Nicaragua during the period September 21-22.
- Ø Coordination meetings were held with Checchi for FY06 activities that can be mutually supported.
- Ø Made initial logistical arrangements for AAA Mainstreaming Workshop that was later postponed to the following quarter due to a conflict in the Mission on the dates proposed.

ii. Achievements and Obstacles

Achievements

- Ø Coordination with GON entities continues to flow smoothly.
- Ø Short term training for young leaders produced instant and low cost positive results with all of the participants applying their skills in public venues in support of activities promoting democracy.
- Ø Municipal efforts under the Program launched in the city of San Marcos, Carazo
- Ø CSO grant to *Etica y Transparencia* approved and a second to Grupo FUNDEMOS ready for signature at close of quarter.

Obstacles

- Ø Absence of a consensus on a national anti-corruption/transparency strategy
- Ø The Good Governance Table is not currently active

iii. **Planned Activities by each Sub-IR and LLR for the next Quarter**

Sub IR 2.1: Support for national anti-corruption, transparency and accountability implementation

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

Finalize agreement with the *Fundacion Violeta B. Chamorro*

Initiate activities with various CSOs in the area of Access to Public Information

Promote citizen participation mechanisms via Oficina de Etica Publica and/or the Consejo Nacional de Planificacion Economica y Social

LLR 2.1.2: Implementation of Inter-American Convention against Corruption Convention

Propose and support actions based upon current OAS evaluation of Nicaragua's compliance with Committee of Experts' recommendations

Assist in the widespread dissemination of the results of the OAS evaluation

LLR 2.1.3: Improved national government budget transparency, management and execution

Contract consultants and initiate technical support to *Direccion General de Presupuesto (DGP), Ministerio de Hacienda y Credito Publico (MHCP)*, for implementing a strategy for Voluntary Access to Information

Through activities with the *Centro de Informacion y Servicios de Asesoría en Salud (CISAS)* disseminate results for Nicaragua of the Latin American Index of Budget Transparency (ITP) for 2005

LLR 2.1.5: Initiatives to reduce petty corruption (bribe solicitation) developed and implemented

Include corruption diagnostic and Bureaucratic Simplification Assessments (BSAs) in discussions with the Mission and public service sectors, particularly health services

LLR 2.1.6: Key oversight agencies strengthened

Utilizing results of the Checchi (ROL) diagnostic of the *Procuraduria General de la Republica* (PGR), present and negotiate an action plan for technical assistance to the PGR

Through the *Fundacion Violeta B. Chamorro* (FVBC) and the *Centro de Derechos Constitucionales* (CDC), provide training opportunities (such as exchanges of experiences in other countries) to key National Assembly commissions in support of Access to Information legislation

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

LLR 2.2.2: Improved local government budget transparency, management and execution

Finalize and sign grant agreement with Grupo FUNDEMOS and expand municipal participatory budget activities to two locales in addition to San Marcos

Monitor and evaluate progress of both local level grantees (FUNDEMOS and *Etica y Transparencia*)

Present to USAID the results of the municipal diagnostic along with a proposed list of twenty municipalities for longer term efforts for the duration of the Program

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

LLR 2.3.1: Strong civil society participation and oversight

Conclude agreement with *Fundacion Violeta de Chamorro* for Access to Public Information efforts

Negotiate re-release of USAID-produced public awareness campaign and distribute through local and national media

Conduct one social audit fair at the local level to provide basic foundations and to identify local organizations for further support

Be alert for opportunities for awarding grants to initiatives that promote heightened awareness and participation on the part of citizens

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

Support pilot encounters between professional associations and university students

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

Explore training possibilities for journalists in areas of international anti-corruption measures and access to public information

Expose media to results of IACC evaluation and effects of ratification of UNACC

LLR 2.4.1: Political parties and elected leaders' accountability improved

Conduct civil society meetings with IFES in preparation for next quarter's political party finance activities

LLR 2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

No major activities are planned for next quarter

II. Administrative Update

i. Local registration of C&A: Resolution of issue provided by local tax experts; legal documents prepared and presented to initiate registration within thirty days

ii. List of Documents Submitted to DEC During this Reporting Period

No documents were submitted to DEC during this quarter

EL SALVADOR

SO: Ruling Justly: More Responsive, Transparent Governance

Quarterly Report # 1(July 1-September 30, 2005)

El Salvador: Transparency and Governance Program

Pre-Mobilization Phase (August 24th-September 23th, 2005)

In mid-August, Casals & Associates, Inc. (C&A) was informed that as of August 24, 2005, some limited steps could be taken to start activities in El Salvador, while final program documents were being negotiated with the government. Immediately after official notification to pre-mobilize, the team composed by Project Director (PD) Carlos A. Guerrero and Project Deputy Director (PDD) Gerardo D. Berthin, assisted by the Project Manager, Ms. Kerisha King and the supporting administrative headquarters personnel, initiated activities in C&A Headquarters to implement deployment. This involved preparing the necessary documentation and materials, such as Program Binders, power of attorney, country clearances, C&A main administrative templates and other important documents. The PD and PDD traveled to El Salvador on August 26th. The objective of this trip was to maximize the one-month pre-mobilization authorization, to initiate logistical and programmatic activities to start-up the Program.

During the first month of pre-mobilization the following activities and accomplishments were achieved:

Technical Issues:

- Two meetings with USAID officials (including CTO), to receive briefing on important issues and rules of engagement related to activities during this pre-mobilization period of the program, and to discuss adjustment of the scope of work and priorities, as well as delineate initial milestones and expected results for the program. During this meeting the CTO and other USAID officials presented the main programmatic areas of the program and C&A team provided feedback and ideas. It was requested by USAID that C&A prepares a revised “mini” scope of work by mid-October, including the issues of PMPs and M&E Plan. Also it was decided, in concurrence with the Program CTO, the official name of the Program: “Transparency and Governance Program, El Salvador” (*Programa de Transparencia y Gobernabilidad, El Salvador*).
- Held various conference calls with CAM/Guatemala to discuss and provide feedback to the Gender Action Plan consultant (with Dr. Patricia Delaney), the M&E Plan (with Mr. Ronald Seligman) and regional meeting of CAM in Nicaragua, and the Mainstream Training for USAID in Guatemala, Nicaragua and Panama (with Patricio Maldonado). CAM/ES also, provided extensive feedback to the memorandum from Patricia Delaney on Considerations for Gender Action Plan.

- Preliminary meetings were held with potential partners like PROBIDAD and FUNDAUNGO officials to discuss program activities during the implementation of our program. At the request of USAID, the PD and DPD met with coordinator of the *Consejo Nacional para el Desarrollo Local (CONADEL)* at the *Secretaria de la Presidencia*.
- Participation in the General Meeting of CAM in Managua, Nicaragua.
- At the request of USAID, four potential experts on local/municipal issues were identified to support future CONADEL activities. Feedback was provided to the TORs. The CVs of the four experts were sent to USAID.
- On September 23, USAID informed C&A that authorization for full mobilization and deployment was approved and funding was allocated.

Administrative Issues

During the pre-mobilization process the PD and DPD moved swiftly to accomplish the following:

Program Office Premises

The team identified a real state agent familiar with USAID requirements. After visiting several potential premises, a house that conforms to a majority of the needs and requirements (size, location, functionality) of the Program. Nonetheless, several structural modifications and improvements were requested to the landlord to fully comply with the program needs and requirements. With the advise and concurrence of headquarters, a contract was negotiated. The house is scheduled to be ready the week of 17-21 of October. In the mean time the Program is operating at two offices rented at Hotel Princess Hilton, where meetings and interviews will take place.

Legal Services

- Vidaurre and Alegria Legal Firm (V&A) was identified and hired to handle all legal matters like the registration of C&A in El Salvador, and the preparation of all legal documentation to comply with the local laws. V&A has also provided support in the recruitment process.
- The Program Bank account was established at Banco Cuscatlan, to handle all financial matters in El Salvador.
- Met with V&A legal advisor to review all tax laws and applicable charges applicable to the program.
- Conference call held between C&A Attorneys in Washington, and Attorney Paula Berdugo from V&A to discuss future permanent and exclusive services for CAM/ES under a retainer program.

Recruitment

- Revised and adapted the local staff vacancy announcements; revised and adapted existing generic job descriptions to the country specific needs for all the positions available.

- Designed vacancy announcement and published it in two major local newspapers during a 3 day period.
- Begun receiving applications and CVs for the advertised positions and reviewing applications, categorizing and setting up appointments for potential candidates.
- Interviewing schedule to candidates for Driver/Messenger, Secretary/Receptionist and Administrative Assistants completed. HQ is carrying final negotiation with the selected candidates (Below is a chart that summarizes the number of applications and interviews by position).

CAM/EI Salvador: Resumen de las Aplicaciones Recibidas y Numero de Entrevistas Programadas para Septiembre 26-Octubre 11, 2005		
Puesto	Numero de Aplicaciones Recibidas	Numero de Entrevistas
Chofer/Mensajero	29	6
Secretaria Recepcionista	24	10
Asistente Administrativo(a)	86	16
Gerente de Oficina/Financiero	47	13
Expertos	66	20
Sin Especificar	24	0
Total	276	65

Furniture, Computer and Services

- Elaborated specification sheet and directly invited five major suppliers of U.S. manufactured good to provide proposals.
- After obtaining technical specification from headquarters, directly invited three major computer suppliers to present proposals.
- Obtained quotes from 3 major vendors for Internet, Telephone and Cable services; and obtained 3 quotes for a photocopy machine.
- Held a conference call with Ravi Suaris and Kerisha King from headquarters to discuss administrative matters. It was agreed that Wednesdays at 10:00 am CAM/ES will hold call conference with headquarters regularly.
- Meeting with representatives from the telephone company for service installation at the office premises.
- Local temporary transportation and clerical services hired for the pre-mobilization period.
- First transfer of funds from headquarters received at Banco Custcatlan and confirmed.
- First checking account and identification and passwords for electronic banking issued and verified its access by Alejandro Beltran and Ravi Suaris at HQs.
- While at headquarters, PD and DPD received financial training and general guidelines.

- Submission of accounts and preparation of first Impress Fund report with the assistance of Alex Beltran.

Other Activities

- Residences for PD and DPD identified. With the assistance of Headquarters and V&A, contracts were drawn and residences secured.